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SEC Enforcement's Third Quarter: More Cases, Broader Reach

Introduction

The Commission frequently increases the rate at enforcement actions are filed in advance of the September 30th fiscal year end. That fiscal year end is followed by Congressional budget hearings where statistics are at least one measure of performance. Yet filing over 120 enforcement actions as the Government fiscal year end approached roughly approximated the number of cases brought in the earlier two quarters of the year, clearly suggesting a push to increase the number of filings.

The push and number of cases may, however, also reflect a possible shift in the enforcement program focus. During the third quarter for the first time in years more administrative proceedings were filed than federal court cases. In addition, a review of the cases suggests that the focus was broader with, for example, more financial fraud actions and cases involving market professionals being filed. These points will have to be carefully assessed by compliance professionals to ensure a proper focus.

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