CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

SEC Enforcement Activity: Public Companies and Subsidiaries

Fiscal Year 2020 Update

ANALYSIS AND TRENDS

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Executive Summary

The SEC filed 61 actions against public company and subsidiary defendants in FY 2020—a decrease from the highs observed during recent fiscal years and the lowest total since FY 2014. Although new actions were down from their FY 2019 record high, the SEC imposed $1.6 billion in monetary settlements on defendants in public company and subsidiary actions, slightly surpassing FY 2019's total.

Findings on public company and subsidiary defendants are based on data from the Securities Enforcement Empirical Database (SEED), a collaboration between the NYU Pollack Center for Law & Business and Cornerstone Research. SEED data cover FY 2010 through the present.[1]

Public companies are defined as those that traded on a major U.S. exchange as identified by the Center for Research in Security Prices (CRSP) at the time the enforcement action was initiated or within the five-year period preceding the initiation.

Filings and COVID-19

- The SEC filed a total of 405 independent actions in FY 2020, the lowest number since FY 2013, yet the SEC imposed a record $4.68 billion in monetary settlements.[2] (page 3)
- While the SEC filed six actions related to COVID-19, none of these targeted a public company or subsidiary as defined by SEED. (page 3)
- Of the total 405 actions, the SEC filed 61 actions against public companies and subsidiaries in FY 2020, the lowest number since FY 2014. (pages 3–4)

Allegations

- Issuer Reporting and Disclosure allegations increased to nearly half (49 percent) of actions filed in FY 2020 against public companies and subsidiaries, consistent with levels from fiscal years 2013–2014. (page 5)
- The actions involving Issuer Reporting and Disclosure included the first two actions brought under the SEC's new Earnings Per Share (EPS) Initiative. (page 5)

Enforcement Venue

- The SEC brought 11 percent of the public company and subsidiary actions in federal court during FY 2020, consistent with the 10 percent average over the last five fiscal years. (page 6)

Disgorgement was a major component of monetary settlements in FY 2020. The SEC imposed $565 million in disgorgement and prejudgment interest for civil actions, the highest amount in a fiscal year since the start of the SEED database in 2010.

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Industry

- Filings against Manufacturing or Services industry defendants increased from a combined 23 percent in FY 2019 to a combined 41 percent of FY 2020 actions against public companies and subsidiaries. (page 7)

Settlements

- Settlements imposed in public company and subsidiary actions that noted cooperation by defendants declined from a record-high 77 percent in FY 2019 to 62 percent in FY 2020, which is still above the historical average of 54 percent from FY 2010 to FY 2019. (page 8)
- Monetary settlements imposed in public company and subsidiary actions totaled $1.6 billion in FY 2020, including two actions with settlements of $500 million or more. (page 9)
- The share of total monetary settlements imposed in public company and subsidiary actions from disgorgement and prejudgment interest in civil actions increased to 35 percent, from an average of 14 percent over the last five fiscal years. This increase was driven by a large settlement in a single FCPA action. (page 10)

Key Trends

Following a decline in SEC enforcement activity during the early phases of COVID-19, activity ramped up during the second half of FY 2020. The SEC filed nearly one-third of all FY 2020 public company and subsidiary actions in September. Issuer Reporting and Disclosure allegations reemerged as the dominant allegation faced by public company and subsidiary defendants, accounting for nearly half of actions filed.

- Enforcement against public companies and subsidiaries slowed during the early phases of the COVID-19 pandemic in the spring. However, after three consecutive months of three or fewer actions per month, enforcement activity began to increase in June (five actions). Similar to recent years, FY 2020 ended with a flurry of activity in which the SEC filed 18 of the 61 total actions during the last two weeks.
- The SEC established a Coronavirus Steering Committee. One of the committee's tasks is to "proactively identify and monitor areas of potential misconduct associated with COVID-19." The SEC opened more than 150 COVID-related inquiries or investigations between mid-March 2020 and September 2020.[3]
- While the SEC filed six enforcement actions related to COVID-19, these actions are not in SEED since they involved only microcap companies and individuals.[4]
- Issuer Reporting and Disclosure allegations reemerged as the most common allegation type in actions filed against public companies and subsidiaries in FY 2020 with the most actions filed in any fiscal year in SEED.
- Cooperation by defendants declined from a FY 2019 record high of 77 percent, bolstered by the Share Class Selection Disclosure Initiative (Share Class Initiative), to 62 percent in FY 2020. The first half of FY 2020, which coincided with the slowdown in new filings, only had cooperation noted in 45 percent of actions against public companies and subsidiaries.
- Administrative proceedings accounted for 75 percent of actions against public companies and subsidiaries filed in the first half of FY 2020, the lowest percentage in a half year since the first half of FY 2014. Administrative proceedings increased in the second half of FY 2020 to account for 95 percent of actions, resulting in 89 percent of actions overall in FY 2020.

Figure 1: Key Trends in Public Company and Subsidiary Actions
FY 2010–FY 2020

	FY 2010–FY 2019 *Average*	1H FY 2020	2H FY 2020	**FY 2020** ***Total***
New Actions	64	20	41	**61**
Issuer Reporting and Disclosure Allegations	36%	60%	44%	**49%**
Investment Adviser/Investment Company Allegations	15%	15%	27%	**23%**
Actions Filed as Administrative Proceedings	70%	75%	95%	**89%**
Defendants with Settlements Noting Cooperation	54%	45%	70%	**62%**
Defendants with Monetary Settlements Imposed	86%	86%	95%	**92%**
Average Monetary Settlements Imposed by the SEC	$28 million	$59 million	$13 million	**$28 million**
Median Monetary Settlements Imposed by the SEC	$4 million	$2 million	$5 million	**$4 million**
Disgorgement and Prejudgment Interest Imposed by the SEC in Civil Actions	$285 million	$540 million	$25 million	**$565 million**

Number of Filings

All Independent SEC Actions

The SEC reports the annual number of enforcement actions filed as independent (stand-alone) actions, follow-on administrative proceedings, and delinquent filing actions.[5] The defendants in these actions include public companies, subsidiaries of public companies, individuals, and other (non-public) entities.

- The SEC initiated a total of 405 independent actions in FY 2020. This was the lowest total since FY 2013. However, the SEC imposed a record-setting $4.68 billion in monetary settlements.[6]
- The SEC described FY 2020 as "another successful year for the Division of Enforcement, despite the unprecedented challenges posed by the global COVID-19 pandemic."[7]
- Six of the independent actions pertained to COVID-19.
- These six COVID-19 actions involved allegations of pump-and-dump schemes as well as false claims and misleading statements related to COVID-19 tests and personal protective equipment (PPE).[8]

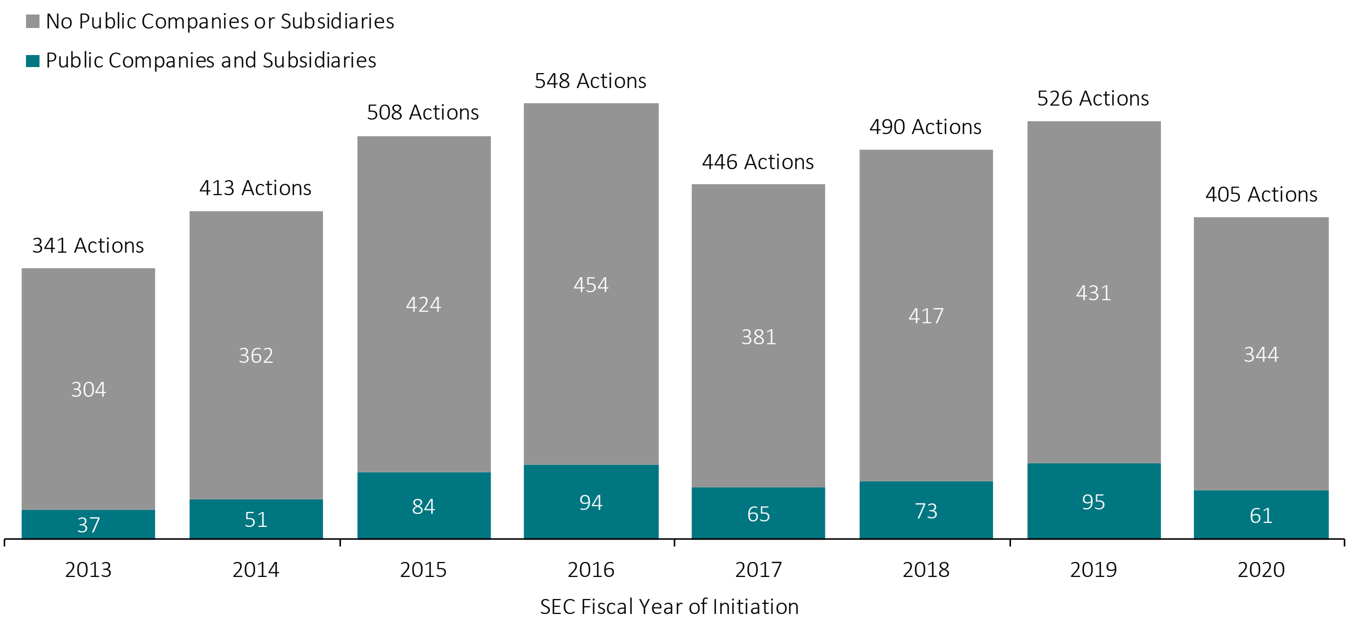
SEED covers independent actions that are filed against public companies or subsidiaries of public companies. Collectively these defendants are referred to as public companies and subsidiaries. See Research Sample.

- Actions against public companies and subsidiaries accounted for 15 percent of the 405 independent actions, the same percentage as the FY 2013–FY 2019 average.

134

Total number of independent actions filed in 1H FY 2020, the lowest in any half year since at least 1H FY 2015.

Figure 2: All Independent SEC Actions
FY 2013–FY 2020



Source: Securities Enforcement Empirical Database (SEED); SEC Data ("Select SEC and Market Data Fiscal 2013," "Select SEC and Market Data Fiscal 2014," "Select SEC and Market Data Fiscal 2015," "Select SEC and Market Data Fiscal 2016," "Division of Enforcement Annual Report: A Look Back at Fiscal Year 2017," "Division of Enforcement Annual Report 2018," "Division of Enforcement Annual Report 2019," and "Division of Enforcement Annual Report 2020.")

Note: Relief defendants are not considered.

Public Company and Subsidiary SEC Actions

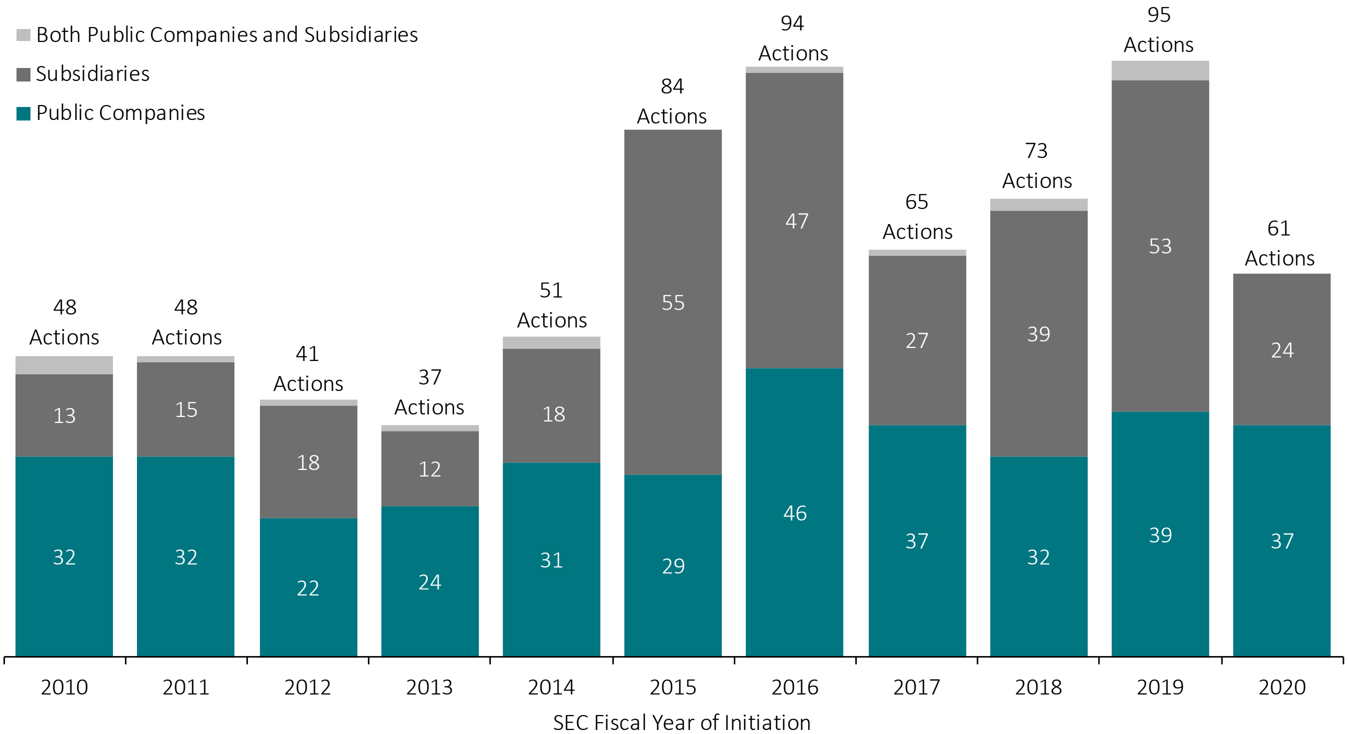
The remainder of this report focuses on actions against public companies and subsidiaries based on data from SEED unless noted otherwise.

- The SEC filed 61 public company and subsidiary actions in FY 2020, the lowest number since FY 2014. The 61 actions were a 36 percent decrease from the record high of 95 actions in FY 2019 that included 26 actions related to the Share Class Initiative.
- Excluding actions related to the Share Class Initiative in FY 2019, the number of actions filed in FY 2020 was closer, albeit still below, the FY 2017–FY 2019 average of 69 actions.
- Over twice as many actions were filed in the second half of FY 2020 than the first half (41 vs. 20 actions). The second half's share of the total number of actions in FY 2020 (67 percent) was high compared to 45 percent in the second half of FY 2019.
- Consistent with past years, the SEC filed a large number of actions at the end of its fiscal year, including 18 actions filed in the last two weeks of FY 2020.
- The actions filed at the end of FY 2020 included the first two actions brought under the SEC's new EPS Initiative. The EPS Initiative "utilizes risk-based data analytics to uncover potential accounting and disclosure violations caused by, among other things, earnings management practices."[9]

31%

Percentage of FY 2020 public company and subsidiary actions filed in September.

Figure 3: Public Company and Subsidiary Actions FY 2010–FY 2020



Source: Securities Enforcement Empirical Database (SEED)
Note: Relief defendants are not considered.

Allegations

- Issuer Reporting and Disclosure was the most common allegation type in FY 2020, accounting for nearly half (49 percent) of all public company and subsidiary actions.
- In FY 2020, the SEC filed 30 Issuer Reporting and Disclosure actions, the highest number of any fiscal year in SEED. Two of these actions stemmed from the EPS Initiative.
- Investment Adviser/Investment Company actions declined from their FY 2019 high of 37 percent to 23 percent of actions in FY 2020—still well above the historical average of 15 percent.
- Collectively, Issuer Reporting and Disclosure and Investment Adviser/Investment Company allegations accounted for more than 70 percent of actions in FY 2020, the highest combined percentage for two categories in any fiscal year in SEED.
- Only seven FCPA actions and six Broker Dealer actions were filed during FY 2020, the lowest levels since fiscal years 2014 (seven FCPA actions) and 2013 (zero Broker Dealer actions).
- The share of public company and subsidiary actions stemming from FCPA allegations reached a record low in FY 2020, accounting for only 11 percent of actions.

49%

Percentage of actions involving Issuer Reporting and Disclosure allegations—the highest percentage since FY 2014.

Figure 4: Heat Map of Allegations against Public Companies and Subsidiaries
FY 2010–FY 2020

Allegation Type	SEC Fiscal Year of Initiation											
	Average 2010–2019	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Issuer Reporting and Disclosure	36%	42%	33%	32%	49%	49%	23%	27%	40%	33%	29%	49%
Investment Adviser/ Investment Company	15%	6%	4%	10%	14%	10%	8%	20%	18%	18%	37%	23%
Foreign Corrupt Practices Act	19%	25%	35%	24%	14%	14%	12%	19%	15%	14%	16%	11%
Broker Dealer	13%	10%	13%	10%	0%	14%	13%	12%	12%	26%	16%	10%
Public Finance Abuse	8%	4%	10%	10%	0%	4%	38%	12%	0%	1%	1%	2%
Securities Offering	5%	6%	4%	7%	19%	4%	0%	6%	0%	3%	1%	2%
Market Manipulation	2%	0%	0%	5%	5%	2%	1%	0%	6%	1%	0%	2%
Other	3%	6%	0%	2%	0%	4%	5%	4%	8%	4%	0%	2%
Number of Actions	64	48	48	41	37	51	84	94	65	73	95	61

Legend	0%	1–10%	11–20%	21–50%	51–100%

Source: Securities Enforcement Empirical Database (SEED)

Note: Relief defendants are not considered. Percentages may not add to 100 percent due to rounding. "Public Finance Abuse" includes actions that were categorized by the SEC as "Municipal Securities and Public Pensions" prior to FY 2016. "Other" includes actions categorized by the SEC as "Other" or "Transfer Agent."

Enforcement Venue

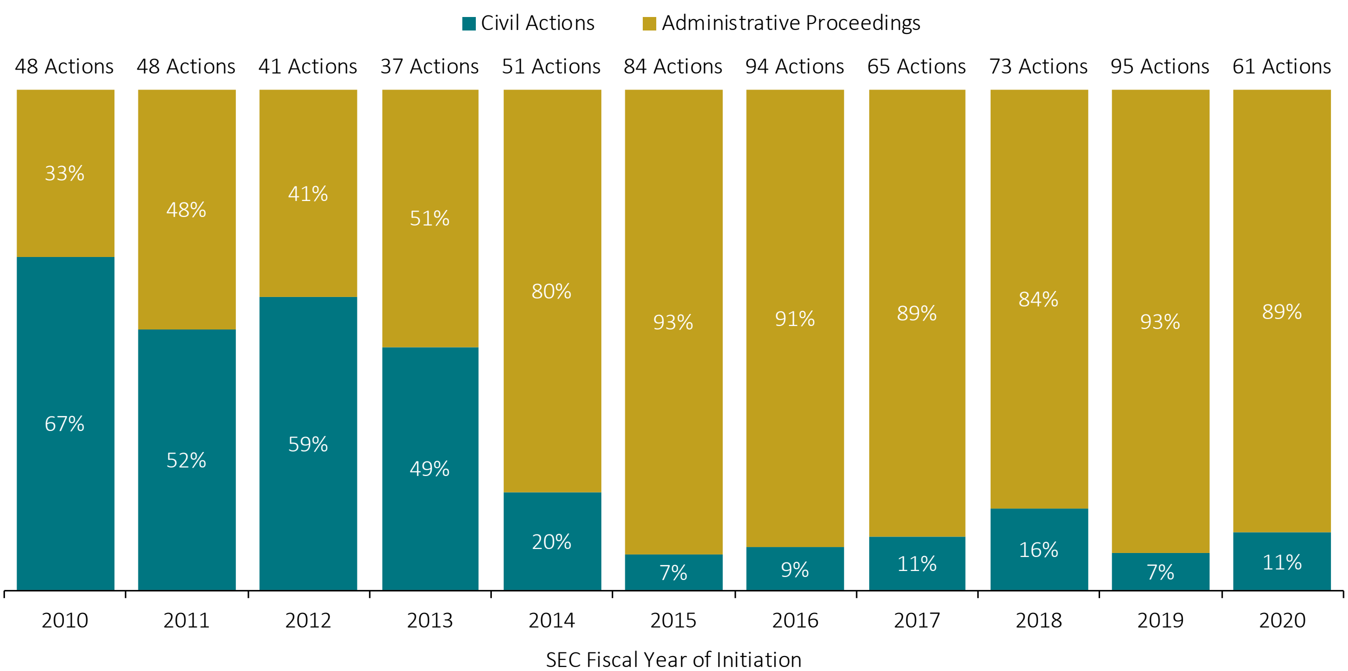
- The SEC brought 11 percent of public company and subsidiary actions in federal court during FY 2020, consistent with the average of 10 percent over the last five fiscal years.
- In 1H FY 2020, the SEC brought 75 percent of public company and subsidiary actions as administrative proceedings, the lowest percentage in any half year since 1H FY 2014. In 2H FY 2020, administrative proceedings were 95 percent of all actions, more in line with recent half years.
- Challenges to the constitutionality of protections preventing removal of the SEC's administrative law judges (ALJs) continued in FY 2020 with a petition for *en banc* review following a ruling from the U.S. Court of Appeals for the Fifth Circuit that was in favor of the SEC.[10]

89%

Percentage of public company and subsidiary actions brought as administrative proceedings in FY 2020.

- In FY 2020, Issuer Reporting and Disclosure actions were more frequently brought as civil actions than the overall average (20 percent of Issuer Reporting and Disclosure cases vs. 11 percent of all FY 2020 cases). In fiscal years 2015–2019, 22 percent of Issuer Reporting and Disclosure actions were brought as civil actions.
- All 70 actions with Investment Adviser/Investment Company allegations prior to FY 2019 were brought by the SEC as administrative proceedings. However, during fiscal years 2019–2020, there was one action (of 49) that was filed in federal court.

Figure 5: Public Company and Subsidiary Actions by Enforcement Venue
FY 2010–FY 2020



Source: Securities Enforcement Empirical Database (SEED)
Note: Relief defendants are not considered.

Industry

SEED classifies public companies and parent companies of subsidiaries by Standard Industrial Classification (SIC) code.

- In FY 2020, the 28 actions with public company and subsidiary defendants in the Finance, Insurance, and Real Estate industry accounted for 46 percent of all actions—similar to the average over the prior 10 fiscal years.
- Following FY 2019's record number of actions targeting Commercial Banks (29 actions, all within the Finance, Insurance, and Real Estate category), Commercial Banks were targeted in only 11 actions in FY 2020, the lowest number since FY 2014.
- Within the Finance, Insurance, and Real Estate category, a single action targeting Security Brokers, Dealers, and Flotation was filed in FY 2020, the fewest in any SEED fiscal year. In previous fiscal years such actions ranged from two (in FY 2010) to 22 (in FY 2015).
- Issuer Reporting and Disclosure allegations against defendants in both the Manufacturing and Services industries increased. Issuer Reporting and Disclosure accounted for 72 percent of actions with Manufacturing industry defendants in FY 2020, the highest percentage in any fiscal year, and 86 percent of actions with Services industry defendants, the highest percentage since FY 2011.

41%

Combined share of FY 2020 actions targeting defendants in either the Manufacturing or Services industries, the highest combined share for these two industries since FY 2017.

Figure 6: Heat Map of Industries of Public Companies and Subsidiaries
FY 2010–FY 2020

SIC Industry Division	SEC Fiscal Year of Initiation											
	Average 2010–2019	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Finance, Insurance, and Real Estate	49%	35%	33%	51%	46%	53%	64%	59%	42%	51%	59%	46%
Manufacturing	26%	38%	38%	34%	27%	20%	17%	17%	34%	19%	15%	30%
Services	10%	21%	15%	7%	5%	12%	8%	4%	8%	11%	8%	11%
Nonclassifiable	4%	0%	0%	5%	8%	4%	1%	7%	2%	11%	6%	5%
Wholesale Trade	2%	4%	0%	0%	0%	4%	0%	3%	3%	0%	1%	3%
Mining	4%	2%	8%	0%	8%	4%	4%	4%	5%	4%	3%	2%
Transportation, Communications, Electric, Gas, and Sanitary Service	2%	0%	2%	2%	5%	0%	0%	4%	6%	0%	4%	2%
Retail Trade	1%	0%	4%	0%	0%	2%	2%	1%	0%	1%	3%	2%
Other	1%	0%	0%	0%	0%	2%	4%	0%	2%	3%	0%	0%
Number of Actions	64	48	48	41	37	51	84	94	65	73	95	61

Legend: 0% | 1–10% | 11–20% | 21–50% | 51–100%

Source: Securities Enforcement Empirical Database (SEED)

Note: Relief defendants are not considered. SIC industry divisions are as of the SEC enforcement action initiation date, or otherwise are as of the latest available date within the five-year period preceding the initiation. Subsidiaries are categorized according to the SIC industry division of their public parent company. "Other" contains all SIC industry divisions that did not have any actions filed in FY 2020: "Construction" and "Agriculture, Forestry, and Fishing." Percentages may not add to 100 percent due to rounding.

Settlements

Cooperation

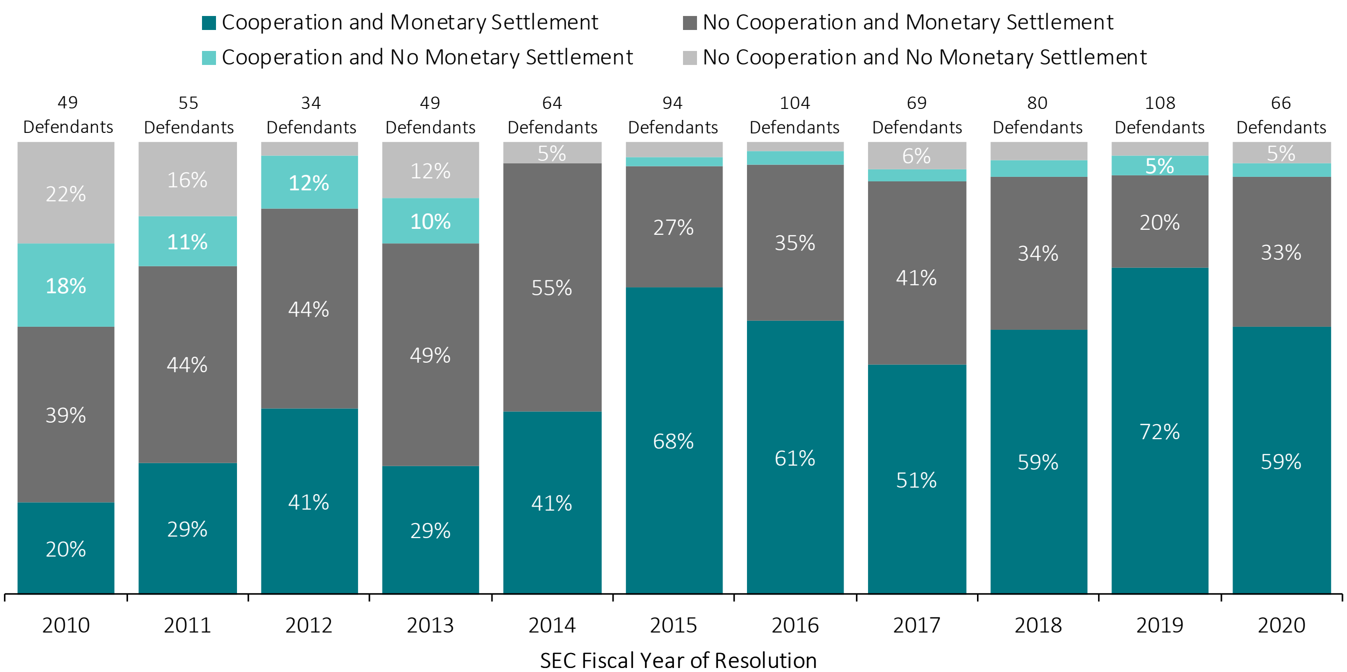
The SEC considers four factors when negotiating a settlement with a cooperating defendant: "self-policing, self-reporting, remediation, and cooperation."[11] SEED measures the latter three factors as an indication of whether a public company or subsidiary defendant cooperated with the SEC based on whether the SEC acknowledges voluntary reporting or explicitly mentions "remediation" or "cooperation" by the defendant in the settlement announcement (collectively referred to in this report as "cooperation" or "cooperated").

- The SEC continued to note cooperation by the majority of public company and subsidiary defendants (62 percent) in FY 2020.
- This was a decrease from the record high of 77 percent in FY 2019, which included the Share Class Initiative (in which all defendants cooperated and self-reported). However, cooperation in FY 2020 remained above the average of 54 percent from FY 2010 to FY 2019.
- With a relatively low number of new actions filed in 1H FY 2020, only 45 percent of settlements noted cooperation. Defendants with monetary settlements declined to 86 percent. These were the lowest half-year percentages since 2H FY 2017.
- In 2020, 92 percent of settlements involved monetary penalties, consistent with the average over the past six fiscal years of 94 percent.

41% vs. 68%

Percentages of settling defendants that noted cooperation and involved monetary settlements: 1H vs. 2H FY 2020.

Figure 7: Public Company and Subsidiary Defendants—Monetary Settlements and Cooperation Noted
FY 2010–FY 2020



Source: Securities Enforcement Empirical Database (SEED)

Note: Settlements are counted at the defendant level. Relief defendants, individual defendants, and non-public company/non-subsidiary defendants are not considered. Defendants that did not settle, either because the action is ongoing or because the action was resolved through trial, are excluded. A defendant with cooperation indicates the defendant cooperated with the SEC prior to the non-trial resolution of that action. The words "cooperation" or "remediation" must be mentioned in the document detailing the non-trial resolution, or the SEC must acknowledge voluntary reporting by the defendant. Percentages may not add to 100 percent due to rounding.

Total Monetary Settlements

SEED includes data for monetary settlements imposed by the SEC on all types of defendants in public company and subsidiary actions: public companies, subsidiaries, individuals, and other entities.[12]

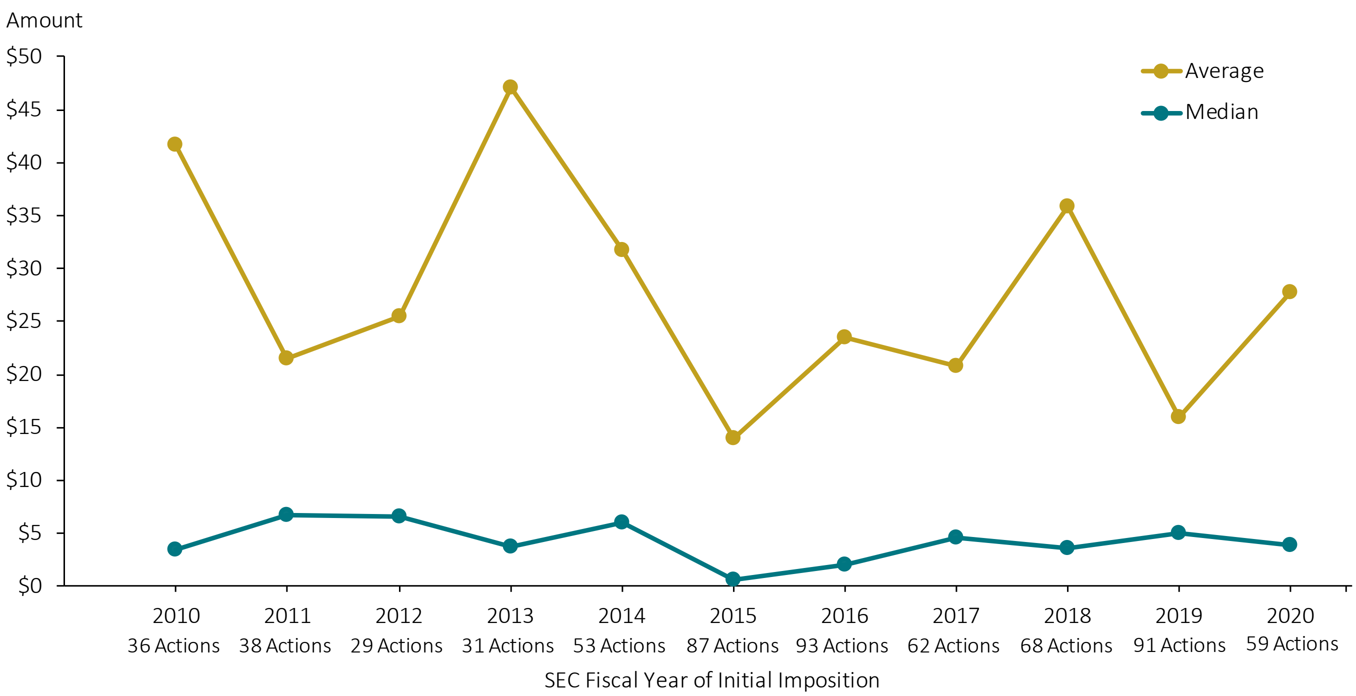
- Monetary settlements imposed in public company or subsidiary actions totaled $1.6 billion in FY 2020, which is consistent with total monetary settlements of $1.5 billion in FY 2019 and average total monetary settlements of $1.5 billion for FY 2010–FY 2019.
- The average monetary settlement in FY 2020 was $28 million, compared to $16 million in FY 2019. The average for FY 2010–FY 2019 was $28 million.
- The median monetary settlement imposed in a public company or subsidiary action in FY 2020 was $4 million, compared to $5 million in FY 2019, and the median of $4 million across FY 2010–FY 2019.
- The largest monetary settlement imposed in a public company or subsidiary action in FY 2020 was $540 million, the third-highest maximum in a fiscal year in SEED. The highest maximum in SEED was $1,787 million in FY 2018. Each of the large settlements from FY 2020 and FY 2018 was imposed in an action alleging FCPA violations against a single public company defendant.
- FY 2020 also included the fifth-largest monetary settlement in SEED, a $500 million settlement in an action with Issuer Reporting and Disclosure allegations.

64%

Percentage of total monetary settlements in FY 2020 from two actions.

Figure 8: Monetary Settlements Imposed in Public Company and Subsidiary Actions FY 2010–FY 2020

(Dollars in millions)



Source: Securities Enforcement Empirical Database (SEED)

Note: Relief defendants are not considered. For actions where monetary settlements are not imposed on all defendants in the same fiscal year, actions are classified by the first fiscal year in which a monetary settlement was imposed. There are 12 actions for which not all defendants have settled. Total monetary settlements for those actions only include monetary settlements through September 30, 2020.

Disgorgement

- On June 22, 2020, in response to a challenge to the SEC's ability to pursue disgorgement in civil actions, the Supreme Court in *Liu v. SEC* ruled that the SEC is authorized to seek equitable relief that deprives wrongdoers of their net profits and is awarded for the benefit of the victims. In allowing monetary awards consistent with such equitable relief, the Court called into question prior court awards of disgorgement in SEC civil enforcement proceedings that "test the bounds of equity practice: by ordering the proceeds of fraud to be deposited in Treasury funds instead of disbursing them to victims, imposing joint-and-several disgorgement liability, and declining to deduct even legitimate expenses from the receipts of fraud."[13]
- Disgorgement and prejudgment interest imposed on public companies and subsidiaries totaled $878 million in FY 2020, which is 54 percent of the total monetary settlement amount of $1.6 billion imposed on public companies and subsidiaries. This is slightly higher than the average of 52 percent from FY 2010 to FY 2019.

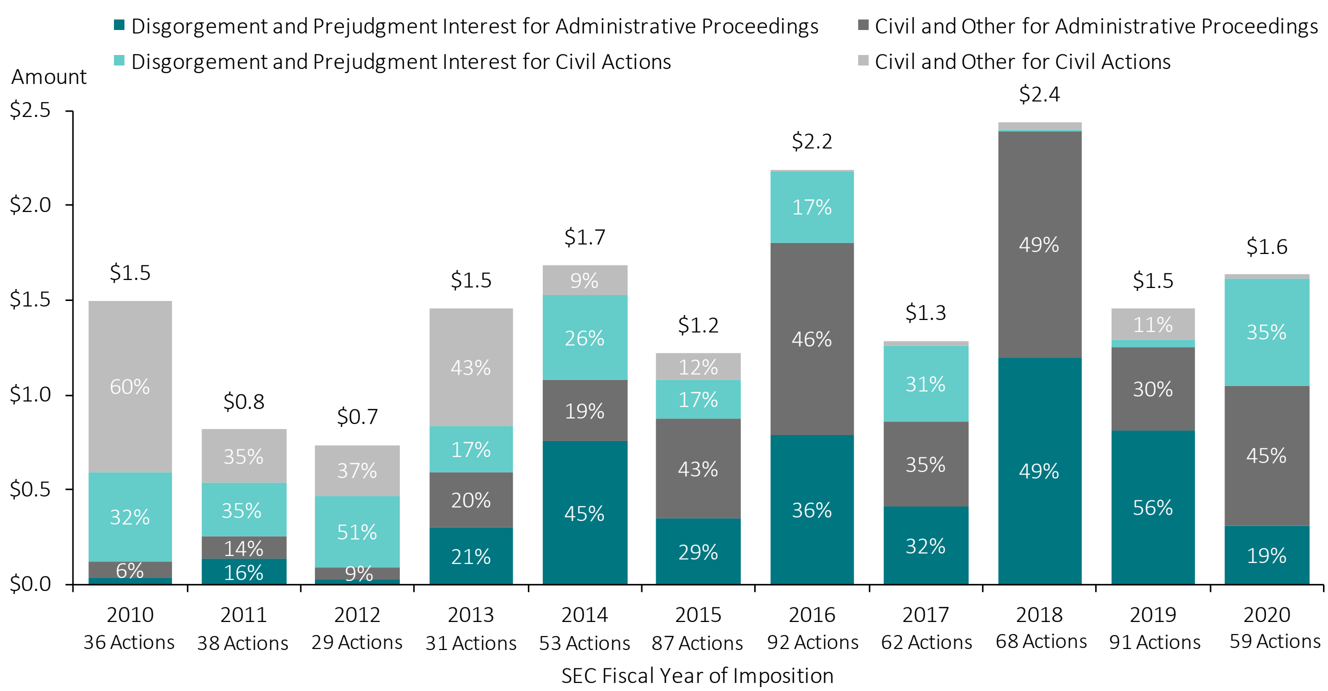
35%

Share of monetary settlements imposed in FY 2020 from disgorgement and prejudgment interest in civil actions.

- The disgorgement and prejudgment interest for civil actions totaled $565 million in FY 2020 (35 percent of total monetary settlements, and 64 percent of total disgorgement and prejudgment interest). This is the highest amount in a fiscal year in SEED, and the highest percentage of disgorgement and prejudgment interest from civil actions since FY 2012.
- The disgorgement and prejudgment interest for administrative proceedings totaled $313 million in FY 2020 (19 percent of total monetary settlements). This percentage is lower than the average of 29 percent from FY 2010 to FY 2019.

Figure 9: Disgorgement and Prejudgment Interest Imposed in Public Company and Subsidiary Actions FY 2010–FY 2020

(Dollars in billions)



Source: Securities Enforcement Empirical Database (SEED)

Note: Relief defendants are not considered. For actions where monetary settlements are not imposed on all defendants in the same fiscal year, actions are classified by the first fiscal year in which a monetary settlement was imposed. There are 12 actions for which not all defendants have settled. Total monetary settlements for those actions only include monetary settlements through September 30, 2020. Percentages may not add up to 100 percent due to rounding.

Research Sample

- The Securities Enforcement Empirical Database (SEED) is a collaboration between the NYU Pollack Center for Law & Business and Cornerstone Research. The analysis in this report is based on data identified by NYU and Cornerstone Research as of November 5, 2020 (http://seed.law.nyu.edu).
- SEED identifies 697 SEC enforcement actions initiated against 603 public companies and subsidiaries between October 1, 2009, and September 30, 2020.
- SEED identifies 297 individuals that are named defendants in the 697 actions initiated against public companies and subsidiaries between October 1, 2009, and September 30, 2020.
- The sample used for the majority of this report is referred to as "actions initiated against public companies and subsidiaries" and includes only those enforcement actions with public companies or their subsidiaries listed explicitly as defendants. The sample does not include cases where the allegations relate exclusively to delinquent filings.
- Public companies are defined as those that traded on a major U.S. exchange as identified by the Center for Research in Security Prices (CRSP) at the time the enforcement action was initiated, or otherwise within the five-year period preceding the initiation. Thus, public companies that traded over-the-counter or only on major non-U.S. exchanges are excluded, as are companies that did not become publicly traded until after the enforcement action was initiated.

SEED provides easily searchable and verified data on SEC enforcement actions to researchers, counsel, and corporations.

- Subsidiaries are defined as those entities that had a publicly traded parent company at the time the enforcement action was initiated, or otherwise within the five-year period preceding the initiation. The public parent companies of subsidiaries were identified as those cited in the enforcement action document initiating proceedings when available, or those identified through SEC filings if no parent company was mentioned in the initial enforcement action document.
- Individuals are defined as individuals who are named as defendants in actions against public companies or their subsidiaries.

Endnotes

[1] SEC fiscal years begin on October 1 of the prior year and end on September 30. SEC fiscal year 2010 through fiscal year 2020 spans October 1, 2009, to September 30, 2020.

[2] See "Division of Enforcement Annual Report 2020," U.S. Securities and Exchange Commission, November 2, 2020, p. 7, https://www.sec.gov/files/enforcement-annual-report-2020.pdf.

[3] See "Division of Enforcement Annual Report 2020," U.S. Securities and Exchange Commission, November 2, 2020, pp. 11–12, https://www.sec.gov/files/enforcement-annual-report-2020.pdf.

[4] No public companies or subsidiaries, as defined in SEED, have yet been the target of a COVID-19-related action. See "Division of Enforcement Annual Report 2020," U.S. Securities and Exchange Commission, November 2, 2020, pp. 25–26, https://www.sec.gov/files/enforcement-annual-report-2020.pdf.

[5] See, e.g., "Division of Enforcement Annual Report 2020," U.S. Securities and Exchange Commission, November 2, 2020, p. 16, https://www.sec.gov/files/enforcement-annual-report-2020.pdf.

[6] See "Division of Enforcement Annual Report 2020," U.S. Securities and Exchange Commission, November 2, 2020, p. 7, https://www.sec.gov/files/enforcement-annual-report-2020.pdf.

[7] "Division of Enforcement Annual Report 2020," U.S. Securities and Exchange Commission, November 2, 2020, p. 16, https://www.sec.gov/files/enforcement-annual-report-2020.pdf.

[8] "Division of Enforcement Annual Report 2020," U.S. Securities and Exchange Commission, November 2, 2020, pp. 25–26, https://www.sec.gov/files/enforcement-annual-report-2020.pdf.

[9] U.S. Securities and Exchange Commission, "SEC Charges Companies, Former Executives as Part of Risk-Based Initiative," September 28, 2020, https://www.sec.gov/news/press-release/2020-226.

[10] Al Barbarino, "Accountant Challenging SEC ALJs Seeks Full 5th Circ. Review," *Law360*, September 25, 2020, https://www.law360.com/articles/1313774/.

[11] Andrew Ceresney, Director, Division of Enforcement, U.S. Securities and Exchange Commission, "The SEC's Cooperation Program: Reflections on Five Years of Experience" (Speech, University of Texas School of Law's Government Enforcement Institute, Dallas, TX, May 13, 2015), https://www.sec.gov/news/speech/sec-cooperation-program.html.

[12] Total monetary settlements include disgorgement, prejudgment interest, civil penalties, and other monetary penalties imposed by the SEC in public company and subsidiary actions that were initiated in FY 2010 and later. For actions where monetary settlements are not imposed on all defendants in the same fiscal year, actions are classified by the first fiscal year in which a monetary settlement was imposed. There are 12 actions for which not all defendants have settled. Total monetary settlements for those actions only include monetary settlements through September 30, 2020.

[13] *Liu v. SEC*, No. 18-1501, 591 U.S. ___ (2020), p. 12, https://www.supremecourt.gov/opinions/19pdf/18-1501_8n5a.pdf.

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The authors request that you reference the NYU Pollack Center for Law & Business and Cornerstone Research in any reprint of the information or figures included in this report.

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