



SEC Enforcement Activity: Public Companies and Subsidiaries

FISCAL YEAR 2024 UPDATE

ANALYSIS & TRENDS

ACTIONS | ALLEGATIONS | SETTLEMENTS | COOPERATION

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EXECUTIVE SUMMARY

An analysis of the Securities and Exchange Commission’s (SEC’s) enforcement activity in FY 2024 reveals that the SEC initiated 80 enforcement actions against public companies¹ and subsidiaries, marking a 12% decline from FY 2023. However, this number is still nearly 5% above the prior nine-year average.

The findings in this report 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 FY 2024.²

FY 2024 saw several recent trends in SEC enforcement activity. The SEC brought 38 actions against public companies and subsidiaries as part of five sweeps. Recordkeeping violations due to off-channel communications continued to be a high priority for

the SEC, accounting for 22 enforcement actions against public companies and subsidiaries in FY 2024. The SEC brought seven actions against public companies and subsidiaries for violations of the whistleblower protection rule in FY 2024, up from three in FY 2023.

Actions against public companies and subsidiaries with Broker Dealer allegations increased in FY 2024. The actions in the SEC’s sweep for recordkeeping failures due to off-channel communications were a driver of this increase.

The SEC noted cooperation by 75% of public company and subsidiary defendants, representing the highest level of cooperation since FY 2019. This trend is consistent with the SEC’s emphasis on the benefits of cooperation, which the SEC has stated can lead to reduced or even no penalties.³

Settlement types shifted in FY 2024, with the proportion of public company and subsidiary defendants with no monetary settlement rising to 15% from 9% in FY 2023. This is higher than the FY 2015–FY 2023 average of 6%.

NUMBERS AT A GLANCE

80 actions initiated against public companies and subsidiaries	75% of defendants in settled actions had cooperation noted by the SEC, the highest level since FY 2019
\$784 million in civil penalties imposed in administrative proceedings	38 actions brought under five sweeps
\$19.8 million average monetary settlement	34 defendants had admissions of guilt in FY 2024, the most in any year in SEED



The SEC’s FY 2024 enforcement actions reveal a focus on trends like off-channel communications and whistleblower protection. We also saw a focus on cooperation and non-monetary settlements, as the agency prioritized efficiency and cooperation in its enforcement approach.”

Stephen Choi

Bernard Petrie Professor of Law and Business, New York University School of Law
Co-Director of the Pollack Center for Law & Business, New York University

NUMBER OF ACTIONS

After a near-record level of actions in FY 2023, the number of SEC enforcement actions against public companies and subsidiaries dipped to 80 in FY 2024. While there were 11 fewer actions in FY 2024 as compared to FY 2023, 80 actions is still higher than the average number of actions initiated over the last nine fiscal years (76).

Of the 80 actions, 44% (35) were initiated in September, the last month of the SEC’s fiscal year. This is the highest number of any month in SEED. The second-highest number of actions (31) occurred in FY 2023 (September) and FY 2019 (March).

In FY 2024, the SEC initiated just one action against public companies and subsidiaries that had ties to crypto markets, alleging that investors were misled regarding the monitoring of crypto customers. Two public company and subsidiary actions had ties to crypto in FY 2023. The SEC initiated three actions related to cybersecurity against public companies and subsidiaries in FY 2024, up from two the previous fiscal year.

HIGHLIGHTS FOR FY 2024

5

The lowest number of civil actions in SEED.

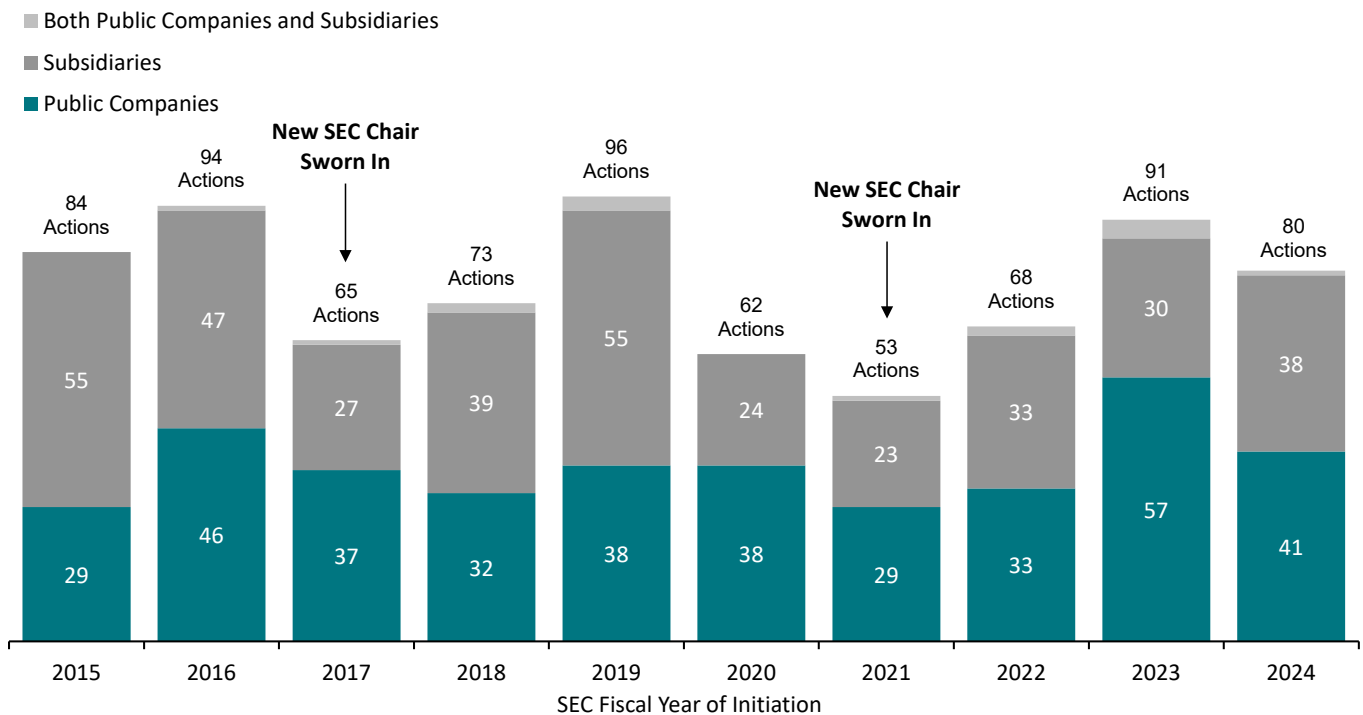
96%

The percentage of actions with concurrent resolutions.

3

The number of actions not resolved concurrently, all of which were civil actions.

Figure 1: Public Company and Subsidiary Actions
FY 2015–FY 2024



Source: Securities Enforcement Empirical Database (SEED)

Note: Relief defendants are not considered.

SPOTLIGHT: SEC SWEEPS

Sweeps were a notable trend in FY 2024. The SEC brought 38 enforcement actions against public companies and subsidiaries as part of five sweeps, accounting for 48% of the enforcement actions against public companies and subsidiaries.

Off-Channel Communications

Off-channel communications continued to be a high priority for the SEC in FY 2024. The SEC prioritized the enforcement of rules related to recordkeeping: 22 of the 38 sweep-related enforcement actions were part of the off-channel communications sweep.

Whistleblower Protections

According to the SEC, its “whistleblower program plays a critical role in [its] ability to effectively detect wrongdoing, protect investors and the marketplace, and hold violators accountable.”⁴ Consistent with the SEC

placing high value on the whistleblower program, seven actions against public companies and subsidiaries were brought for violations of the whistleblower protection rule in FY 2024, up from three in FY 2023.

The SEC brought nine additional actions against public companies and subsidiaries under sweeps:

- Six actions for failing to timely file beneficial ownership and insider transaction reports
- One action for failing to file a Form 13F
- Two actions for violating the Marketing Rule

Figure 2: Summary of Sweeps
Public Companies and Subsidiary Actions
FY 2024

	Off-Channel Communications Sweep	Other Four Sweeps	All Five Sweeps	Other Actions
New Actions	22	16	38	42
Broker Dealer Allegations	86%	0%	50%	10%
Settled Actions	22	16	38	41
Total Monetary Settlements Imposed by the SEC	\$465 million	\$6 million	\$471 million	\$995 million
Total Civil Penalties Imposed by the SEC	\$465 million	\$6 million	\$471 million	\$469 million
Average Monetary Settlement Imposed by the SEC	\$21 million	\$360 thousand	\$12 million	\$28 million
Defendants with Monetary Settlements Imposed by the SEC	100%	100%	100%	72%
Defendants with Settlements Noting Cooperation	100%	100%	100%	51%
Defendants with Settlements Noting Self-Reporting	24%	6%	18%	8%
Defendants with Admissions of Guilt	100%	0%	68%	0%

ALLEGATIONS

In FY 2024, the SEC initiated an increased number of actions against public companies and subsidiaries with Broker Dealer allegations, primarily related to its sweep for alleged recordkeeping failures due to off-channel communications.

In addition, the number of Issuer Reporting and Disclosure actions (33) was the second highest in the FY 2015–FY 2024 period, with only FY 2023 being higher (41).

Figure 3: Heat Map of Allegations Against Public Companies and Subsidiaries
FY 2015–FY 2024

Allegation Type	SEC Fiscal Year of Initiation										
	Average 2015–2023	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Issuer Reporting and Disclosure	37%	23%	27%	40%	33%	29%	50%	49%	38%	45%	41%
Broker Dealer	15%	13%	12%	12%	26%	16%	10%	6%	24%	19%	29%
Investment Adviser/ Investment Company	19%	8%	20%	18%	18%	38%	23%	25%	15%	7%	13%
Foreign Corrupt Practices Act	13%	12%	19%	15%	14%	16%	11%	8%	9%	12%	3%
Public Finance Abuse	8%	38%	12%	0%	1%	1%	2%	4%	7%	3%	1%
Securities Offering	2%	0%	6%	0%	3%	1%	2%	2%	6%	2%	0%
Insider Trading	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%
Market Manipulation	1%	1%	0%	6%	1%	0%	2%	0%	0%	0%	0%
Other	5%	5%	4%	8%	4%	0%	2%	6%	1%	12%	14%
Number of Actions	76	84	94	65	73	96	62	53	68	91	80

0%	1–10%	11–20%	21–50%	51–100%
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Source: Securities Enforcement Empirical Database (SEED)

Note: Relief defendants are not considered. Percentages may not add to 100% 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.”

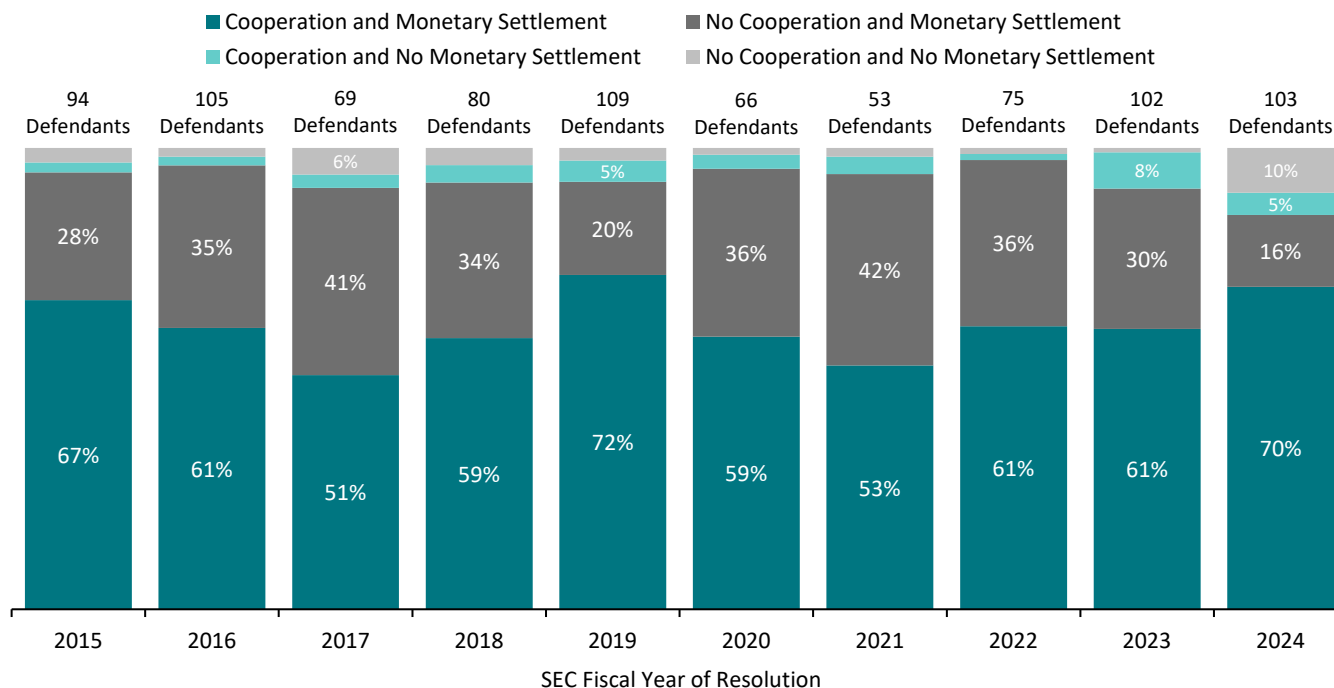
SETTLEMENTS AND COOPERATION

The SEC continues to emphasize the importance of self-reporting and cooperation in cases of securities law violations. Companies that self-report and cooperate with the SEC may receive better outcomes, including reduced or even no penalties.⁵ In FY 2024, the percentage of public company and subsidiary defendants for which the SEC noted cooperation was at its highest level (75%) since FY 2019 (77%). The average from FY 2015 through FY 2023 was 64%.

The SEC considers five key factors when negotiating a settlement with a cooperating defendant: self-policing, self-reporting, remediation, cooperation, and collaboration. By cooperating, the SEC asserts that companies can demonstrate their commitment to compliance and potentially avoid harsher penalties.⁶ SEED measures three of the factors—self-reporting, remediation, and the SEC noting cooperation in the settlement announcement—as an indication of whether the public company or subsidiary defendant cooperated with the SEC.

The SEC's emphasis on this approach is reflected in its FY 2024 enforcement activity. In FY 2024, 77 public company and subsidiary defendants (75% of all defendants) had cooperation noted, the highest since FY 2019 when there were 84 (77%). A shift in settlement outcomes is also evident in the percentage of defendants that settled with no monetary penalty, which reached 15% in FY 2024—a substantial increase from the FY 2015–FY 2023 average of 6%. This was the highest percentage of defendants that settled without a monetary penalty since FY 2013.

Figure 4: Public Company and Subsidiary Defendants: Monetary Settlements and Cooperation Noted FY 2015–FY 2024



Source: Securities Enforcement Empirical Database (SEED)

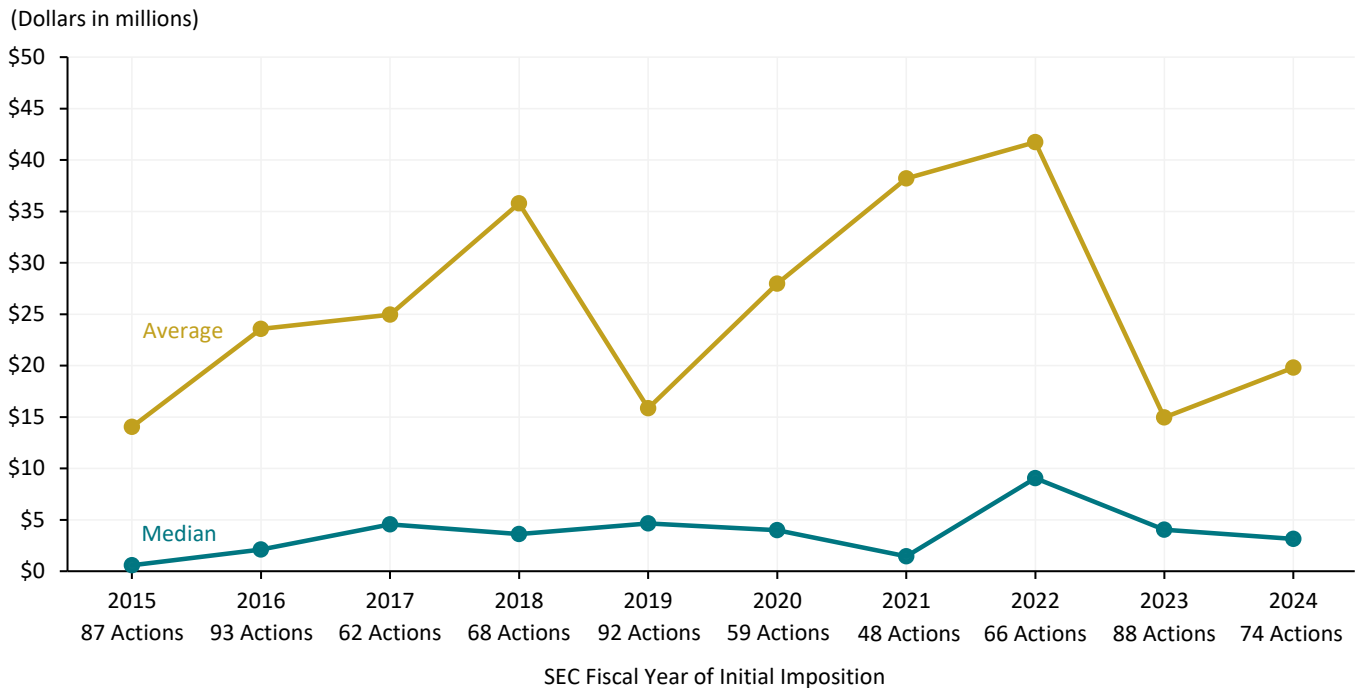
Note: Settlements are counted at the defendant level. Relief defendants, individual defendants, and non-public/non-subsubsidiary defendants are not considered. Defendants that did not settle, either because the action is ongoing or because the action was resolved through trial, are excluded. A defendant 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% due to rounding.

SETTLEMENTS AND COOPERATION

Monetary Settlements

The SEC’s monetary settlements in FY 2024 show a mixed picture.⁷ On one hand, the average monetary settlement amount for public company and subsidiary defendants was \$19.8 million, higher than the average of \$15.0 million in FY 2023, but lower than the FY 2015–FY 2023 average of \$24.7 million. However, the median monetary settlement amount decreased to \$3.2 million in FY 2024, down from \$4.0 million in FY 2023. This was a result of a more cases with monetary settlements under \$100,000 and the top 10 actions making up a higher percentage of total monetary settlements than in FY 2023. When looking at the total amount of monetary settlements, the SEC imposed \$1.5 billion in FY 2024, up from \$1.3 billion in FY 2023 but lower than the FY 2015–FY 2023 average of \$1.8 billion.

Figure 5: Monetary Settlements Imposed in Public Company and Subsidiary Actions
FY 2015–FY 2024



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 15 actions for which not all defendants have settled. Total monetary settlements for those actions only include monetary settlements through September 30, 2024. Monetary settlements include Sarbanes-Oxley 304 clawbacks, which were noted for fewer than 30 defendants in FY 2015–FY 2024.

SETTLEMENTS AND COOPERATION

Disgorgement and Prejudgment Interest

Implications of the National Defense Authorization Act (NDAA), which expanded the SEC’s authority beginning January 1, 2021, continue to evolve. The NDAA increased the statute of limitations for the SEC to pursue disgorgement in civil actions from five to 10 years, allowing the SEC to pursue disgorgement claims for a longer period.⁸ In FY 2024, the percentage of total monetary settlements from disgorgement and prejudgment interest in civil actions brought against public companies and subsidiaries was 15%, the highest percentage since FY 2020. The amount of disgorgement and prejudgment interest from civil actions in FY 2024 was \$219 million, higher than the previous three fiscal years, but lower than the FY 2015–FY 2023 average of \$236 million.

On June 27, 2024, the U.S. Supreme Court ruled in *SEC v. Jarkesy* that the SEC’s use of the administrative forum to seek civil penalties violated the defendant’s right to a jury trial under the Seventh Amendment.⁹ It is too soon to tell how *Jarkesy* and other constitutional challenges will impact the SEC’s patterns. While civil penalties imposed in administrative proceedings increased in FY 2024, most were imposed before the *Jarkesy* decision.

Civil Penalties Imposed on Public Companies and Subsidiaries in Administrative Proceedings in FY 2024:

The amount of civil penalties imposed totaled \$784 million (54% of total monetary settlements).

This increased from the FY 2023 total of \$694 million (53% of total monetary settlements).

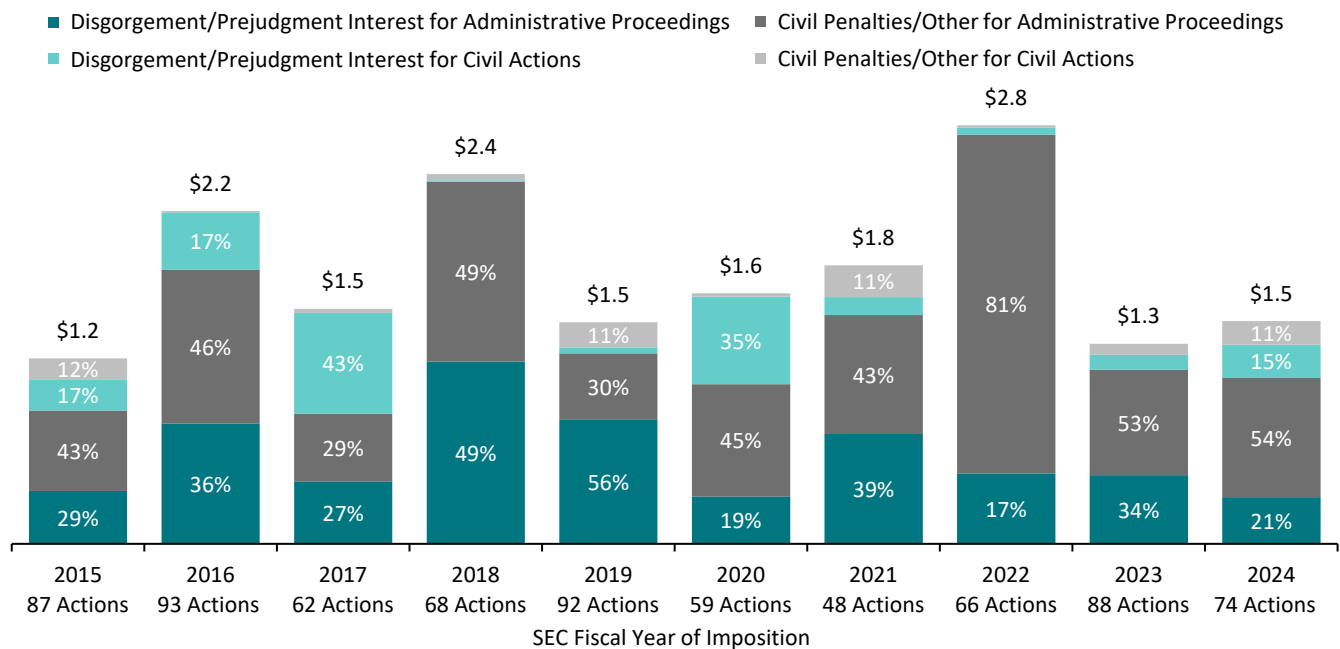
While lower than the FY 2015–FY 2023 average of \$895 million, it is higher than the median of \$737 million over the same period.

Figure 6: Breakdown of Total Monetary Settlements Imposed in Public Company and Subsidiary Actions

Disgorgement and Prejudgment Interest as a Percentage of Total by Venue

FY 2015–FY 2024

(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 15 actions for which not all defendants have settled. Total monetary settlements for those actions only include monetary settlements through September 30, 2024. Percentages may not add up to 100% due to rounding. Monetary settlements include Sarbanes-Oxley 304 clawbacks, which were noted for fewer than 30 defendants in FY 2015–FY 2024.

SETTLEMENTS AND COOPERATION

Admission of Guilt

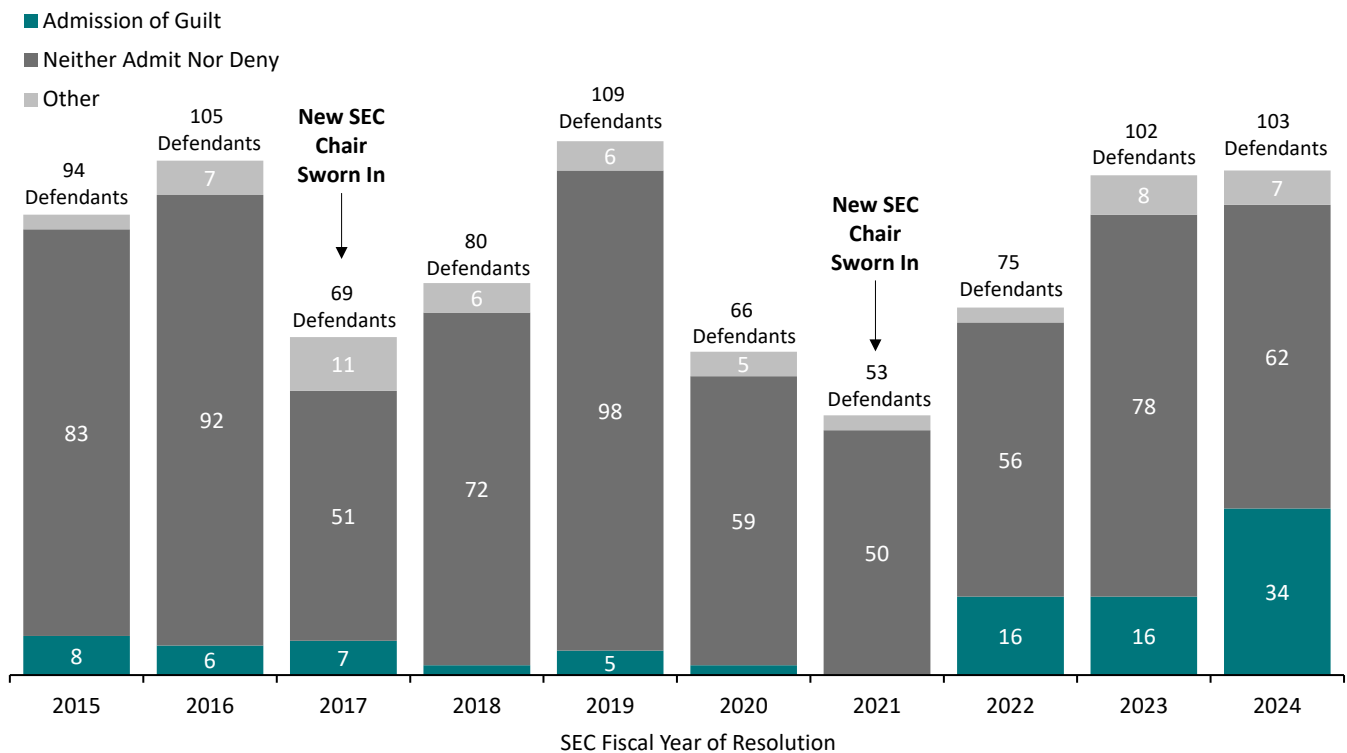
The SEC’s current administration has taken a strong stance on admissions of guilt as a key accountability measure, with former Division of Enforcement Director Gurbir Grewal emphasizing it as “incredibly powerful.”¹⁰ Under Director Grewal’s leadership, admissions of guilt by public company and subsidiary defendants significantly increased.

In FY 2024, the last year under Director Grewal’s leadership, the SEC saw a record number of admissions of guilt (34) from public company and subsidiary defendants. This is more than double the previous record of 16 admissions in each of the

previous two fiscal years. No other enforcement director under the past three SEC chairs has had more admissions of guilt by public company and subsidiary defendants.

Under SEC Chair Gary Gensler, a total of 66 defendants in public company and subsidiary actions had admissions of guilt, more than double those under Chair Mary Jo White (29) and more than seven times those under Chair Jay Clayton (9). This significant increase in admissions of guilt highlights the SEC’s commitment to using this tool for accountability under Chair Gensler’s tenure.

Figure 7: Public Company and Subsidiary Defendants: Admission of Guilt
FY 2015–FY 2024



Source: Securities Enforcement Empirical Database (SEED)

Note: SEED captures whether defendants had admissions of guilt or did not admit or deny the allegations. Defendant settlements that do not fall into either of those categories typically have default judgments against them or consent to the entry of the resolution without specific language regarding the allegations (identified in SEED as “other”). Relief defendants, individual defendants, and non-public/non-subsubsidiary defendants are not considered.

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 12, 2024 (<http://seed.law.nyu.edu>).

SEED identifies 356 individuals that are named defendants in the 993 actions initiated against public companies and subsidiaries between October 1, 2009, and September 30, 2024.

The sample used for the majority of this report is referred to as “public company and subsidiary actions” 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.

993

SEED identifies 993 SEC enforcement actions initiated against 850 public companies and subsidiaries between October 1, 2009, and September 30, 2024.

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 named defendants in actions against public companies or their subsidiaries.

ENDNOTES

- 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.
- ² SEC fiscal years begin on October 1 of the prior year and end on September 30. SEC FY 2010 through FY 2024 spans October 1, 2009, to September 30, 2024.
- ³ See, e.g., Gurbir S. Grewal, Former Director, Division of Enforcement, U.S. Securities and Exchange Commission, “Remarks at New York City Bar Association Compliance Institute,” October 24, 2023, <https://www.sec.gov/newsroom/speeches-statements/grewal-remarks-nyc-bar-association-compliance-institute-102423>.
- ⁴ Sanjay Wadhwa, Acting Director, Division of Enforcement, U.S. Securities and Exchange Commission, “Remarks at Securities Enforcement Forum D.C. 2024,” November 6, 2024, <https://www.sec.gov/newsroom/speeches-statements/wadhwa-remarks-securities-enforcement-forum-110624>.
- ⁵ See, e.g., Gurbir S. Grewal, Former Director, Division of Enforcement, U.S. Securities and Exchange Commission, “Remarks at New York City Bar Association Compliance Institute,” October 24, 2023, <https://www.sec.gov/newsroom/speeches-statements/grewal-remarks-nyc-bar-association-compliance-institute-102423>.
- ⁶ Gurbir S. Grewal, Former Director, Division of Enforcement, U.S. Securities and Exchange Commission, “‘The Five Principles of Effective Cooperation in SEC Investigations,’ Remarks at Securities Enforcement Forum West 2024,” May 23, 2024, <https://www.sec.gov/newsroom/speeches-statements/grewal-remarks-securities-enforcement-forum-west-052324>. In the past, the SEC has only mentioned four factors: self-policing, self-reporting, remediation, and cooperation.
- ⁷ 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.
- ⁸ See, e.g., “A New Year’s Booster Shot: Congress Grants the SEC a Statutory Disgorgement Remedy and Extended Statute of Limitations,” *National Law Review*, January 4, 2021, <https://www.natlawreview.com/article/new-year-s-booster-shot-congress-grants-sec-statutory-disgorgement-remedy-and>.
- ⁹ *SEC v. Jarkesy*, 144 S. Ct. 2117 (2024).
- ¹⁰ Gurbir S. Grewal, Former Director, Division of Enforcement, U.S. Securities and Exchange Commission, “Remarks at Securities Enforcement Forum,” November 15, 2022, <https://www.sec.gov/news/speech/grewal-speech-securities-enforcement-forum-111522>. See also Gurbir Grewal, Former Director, Division of Enforcement, U.S. Securities and Exchange Commission, “Remarks at Ohio State Law Journal Symposium 2024: ESG and Enforcement of the Federal Securities Laws,” February 23, 2024, <https://www.sec.gov/newsroom/speeches-statements/grewal-ohs-022324>.

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The authors acknowledge the research efforts and significant contributions of their colleagues at New York University and Cornerstone Research.

The views expressed herein are solely those of the authors and do not necessarily represent the views of the NYU Pollack Center for Law & Business or Cornerstone Research.

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

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