

2025 Year in Review

SEC Enforcement



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SEC Enforcement: 2025 Year in Review

During this transition year at the Securities and Exchange Commission, new leadership signaled policy and priority changes. In this Year in Review, we highlight important takeaways for business leaders and in-house counsel from the Enforcement Division's activities in 2025 and emerging SEC enforcement practices and priorities under the leadership of Chairman Paul Atkins and Enforcement Director Judge Margaret Ryan.

Highlights

- **Enforcement slowdown and focus on “bread-and-butter” cases:** Amid workforce reductions at the SEC and a targeted reorganization of the Enforcement Division, new enforcement actions fell to 313—the lowest in a decade and down 27% from FY 2024—and the new SEC administration initiated only four actions against public companies and/or subsidiaries during FY 2025. Total monetary settlements also declined 45% to \$808 million. However, the new leadership has indicated it will continue to pursue cases involving retail investor harm.
- **Policy resets and targeted case closures:** The SEC dismissed with prejudice or closed a series of high-profile cryptocurrency matters initiated under Chair Gensler for policy reasons—including actions or investigations involving Coinbase, Binance, Gemini and others. The SEC also ended its long-running civil FCPA action against former Cognizant executives following a related dismissal by the Department of Justice and launched new task forces on crypto and cross-border-fraud regulation, signaling more direct alignment of the agency's enforcement program with the broader policy goals of the Trump Administration.
- **Process and structural reforms:** Chairman Atkins announced enhancements to the Wells process—including greater access to key investigative materials, a baseline four-week response period (with potential flexibility in complex matters), and senior-level meetings upon timely request.

New SEC Administration in 2025

On January 20, 2025, as anticipated, former SEC Chair Gary Gensler resigned from his position¹ and President Trump nominated Paul Atkins as the next Chairman.² On January 21, President Trump designated Commissioner Mark Uyeda to serve as Acting SEC Chairman³ until Chairman Atkins was sworn in on April 21.⁴

Before returning to the SEC, Chairman Atkins was the founder and CEO of Patomak Global Partners, a financial consulting firm focused on the digital asset sector.⁵ He served as a Commissioner from 2002 to 2008 and, in that role, was an outspoken skeptic of significant SEC penalties against corporations, remarking that shareholders are often harmed by these fines since they are the ones who “bear most of the costs imposed on the corporation.”⁶ In addition, Atkins expressed that companies should have a “clear understanding” of how to receive cooperation credit with respect to penalties and settlements, and that credit should be “fairly and evenly administered.”⁷ Accordingly, we expect that the Commission under Chairman Atkins will conduct a more searching analysis before imposing corporate penalties.

In his brief tenure as Chairman so far, Atkins has repeatedly called it a “new day at the SEC.”⁸ His public statements make clear that the enforcement program under his leadership will prioritize traditional fraud cases. In his congressional testimony shortly after he was sworn in as Chairman, Atkins stated that investor protection, specifically “holding accountable those who lie, cheat, and steal,” is “vital” to the SEC’s mission.⁹ This SEC administration, Atkins said, will focus on “cases of genuine harm and bad acts,” not on technical books-and-records violations or internal-controls issues.¹⁰ In addition, given Chairman Atkins’s prior advocacy for clearer, less burdensome rules for digital assets,¹¹ and consistent with public statements from the Trump Administration,¹² it is expected that the SEC under Chairman Atkins will pursue less aggressive enforcement against crypto companies as compared to the Gensler SEC. Indeed, Chairman Atkins has expressed that regulation, especially of crypto asset markets, will be done through notice-and-comment rulemaking rather than “regulation-by-enforcement.”¹³

On August 21, Judge Margaret Ryan was named Director of Enforcement.¹⁴ Judge Ryan was a senior judge for the U.S. Court of Appeals for the Armed Forces; she was appointed to the court by President Bush in 2006 and concluded her term in active service in July 2020.¹⁵ Prior to taking the bench, she was a partner at the law firms Wiley Rein and Bartlit Beck, and before that

¹ SEC Statement, Statement on the Departure of Chair Gary Gensler (Jan. 20, 2025), <https://www.sec.gov/newsroom/speeches-statements/departure-gensler-012025> (statement of Commissioners Hester M. Peirce, Caroline A. Crenshaw, and Mark T. Uyeda).

² SEC Press Release, Paul S. Atkins Sworn In as SEC Chairman (Apr. 21, 2025), <https://www.sec.gov/newsroom/press-releases/2025-68>.

³ SEC Press Release, Mark T. Uyeda Named Acting Chairman of the SEC (Jan. 21, 2025), <https://www.sec.gov/newsroom/press-releases/2025-29>.

⁴ SEC Press Release, Paul S. Atkins Sworn In as SEC Chairman (Apr. 21, 2025), <https://www.sec.gov/newsroom/press-releases/2025-68>.

⁵ *Id.*

⁶ SEC Speech, Remarks Before the Atlanta Chapter of the National Association of Corporate Directors (Feb. 23, 2005), <https://www.sec.gov/news/speech/spch022305psa.htm> (remarks of Commissioner Paul S. Atkins) (opining that “fines against shareholders are often not appropriate” unless the corporation “is a criminal enterprise” or “the shareholders themselves have somehow benefited from the fraud to the detriment of other corporations or the marketplace as a whole”).

⁷ SEC Speech, Remarks to the ‘SEC Speaks in 2008’ Program of the Practising Law Institute (Feb. 8, 2008), <https://www.sec.gov/news/speech/2008/spch020808psa.htm> (remarks of Commissioner Paul S. Atkins).

⁸ See, e.g., *Oversight Hearing of the U.S. Securities and Exchange Commission: Hearing Before the H. Appropriations Subcomm. on Fin. Servs. & Gen. Gov.*, 119th Cong. (May 20, 2025) (statement of Chairman Paul S. Atkins) at 1, <https://docs.house.gov/meetings/AP/AP23/20250520/118265/HHRG-119-AP23-Wstate-AtkinsP-20250520.pdf>.

⁹ *Id.*

¹⁰ SEC Speech, Keynote Address at the 25th Annual A.A. Sommer, Jr. Lecture on Corporate, Securities, and Financial Law (Oct. 7, 2025), <https://www.sec.gov/newsroom/speeches-statements/atkins-100925-keynote-address-25th-annual-aa-sommer-jr-lecture-corporate-securities-financial-law> (remarks of Chairman Paul S. Atkins).

¹¹ In addition to founding and leading Patomak Global Partners, Atkins co-chaired the Digital Chamber’s Token Alliance, which describes itself as “the leading policy voice for tokenized networks, apps, and issuers.” Digital Chamber, *Priorities*, <https://digitalchamber.org/priorities/digital-tokens/>.

¹² See Fact Sheet: Executive Order to Establish United States Leadership in Digital Financial Technology, The White House (Jan. 23, 2025), <https://www.whitehouse.gov/fact-sheets/2025/01/fact-sheet-executive-order-to-establish-united-states-leadership-in-digital-financial-technology/> (explaining that the President would be “halting aggressive enforcement actions and regulatory overreach that have stifled crypto innovation”).

¹³ *Oversight Hearing of the U.S. Securities and Exchange Commission: Hearing Before the H. Appropriations Subcomm. on Fin. Servs. & Gen. Gov.*, 119th Cong. (May 20, 2025) (statement of Chairman Paul S. Atkins) at 3, <https://docs.house.gov/meetings/AP/AP23/20250520/118265/HHRG-119-AP23-Wstate-AtkinsP-20250520.pdf>.

¹⁴ SEC Press Release, SEC Names Judge Margaret Ryan as Director of the Division of Enforcement (Aug. 21, 2025), <https://www.sec.gov/newsroom/press-releases/2025-108-sec-names-judge-margaret-ryan-director-division-enforcement>.

¹⁵ *Id.*

served as a judge advocate in the U.S. Marine Corps.¹⁶ Once considered for a seat on the United States Supreme Court by President Trump during his first term in office,¹⁷ Judge Ryan previously served as a law clerk to Associate Justice Clarence Thomas and to Judge J. Michael Luttig of the U.S. Court of Appeals for the Fourth Circuit.¹⁸

The Year in Review

The SEC Enforcement Division had a markedly slower year compared to FY 2024. While the SEC has not publicly announced enforcement statistics for FY 2025,¹⁹ a private analysis concluded that the SEC brought 313 standalone enforcement actions, the lowest level of SEC enforcement activity in 10 years—down 27% from FY 2024 (431 cases) and 38% from FY 2023 (501 cases).²⁰ This statistic includes 56 enforcement actions against public companies and/or subsidiaries (down 30% from FY 2024).²¹ Further, 52 of those 56 actions were brought under former Chair Gensler, the most initiated by an outgoing chair since at least FY 2013.²² Accordingly, only four actions against public companies and/or subsidiaries were initiated under the new SEC administration during FY 2025, the fewest in one year since FY 2013.²³ Total monetary settlements decreased by 45% to \$808 million, the lowest annual total since FY 2012 and “less than half of the FY 2016-FY 2024 average total monetary settlement of \$1.9 billion.”²⁴

On the one hand, the decrease in enforcement actions is likely attributable, at least in part, to the inevitable slowdown that occurs during transition years. It remains to be seen whether and, if so, how, the new administration’s priorities will continue to drive a downward trend in enforcement. Moreover, the SEC’s reduced workforce and targeted reorganization efforts have likely contributed to the recent decline in enforcement, with possible lasting effects on the Division’s capacity to investigate and bring new actions.

End of Chair Gensler’s Tenure

Although the overall number of enforcement actions brought in 2025 is not that much lower than in typical years, 93% of those cases were brought before former Chair Gensler stepped down on January 20.²⁵ Under Gensler, the Enforcement Division relied heavily on investigative sweeps—i.e., market-wide investigations into numerous market participants for similar misconduct—to bring enforcement actions.²⁶ The SEC initiated nine actions in January 2025 as part of the Gensler SEC’s off-channel communications sweeps targeting record-keeping violations.²⁷ Chairman Atkins has signaled that he will not maintain this focus on record-keeping violations, commenting that it has “consumed excessive Commission resources not commensurate with any measure of investor harm.”²⁸

Changes Under New SEC Administration

We expect the policies pursued by the Atkins SEC to mirror generally the agenda of the Trump Administration; one year in, that expectation has borne out. The focus on traditional fraud cases and violations involving investor harm reflect the priorities

¹⁶ *Id.*

¹⁷ Chris Prentice, *US SEC Taps Military Judge to Be Enforcement Director*, Reuters (Aug. 21, 2025), <https://www.reuters.com/world/us/us-sec-taps-military-judge-be-enforcement-director-2025-08-21/>.

¹⁸ SEC Press Release, SEC Names Judge Margaret Ryan as Director of the Division of Enforcement (Aug. 21, 2025), <https://www.sec.gov/newsroom/press-releases/2025-108-sec-names-judge-margaret-ryan-director-division-enforcement>.

¹⁹ It is possible that the SEC will not announce enforcement results for FY 2025. The SEC recently stopped issuing press releases for enforcement actions. Instead, enforcement actions have generally been publicized through a litigation release that simply summarizes the complaint or settlement.

²⁰ Gerald Hodgkins, Lilia Abecassis & John Minor, *SEC Focused On Fraud As Actions Markedly Declined In 2025*, Law360 (Nov. 12, 2025), <https://www.law360.com/articles/2409430/sec-focused-on-fraud-as-actions-markedly-declined-in-2025>. Standalone cases exclude Section 12(j) suspensions of delinquent filers and follow-on administrative proceedings to suspend or bar individuals based on prior enforcement actions.

²¹ Cornerstone Research, *SEC Enforcement Activity: Public Companies and Subsidiaries* (2025) at 1, <https://www.cornerstone.com/wp-content/uploads/2025/11/SEC-Enforcement-Public-Companies-Subsidiaries-FY2025.pdf>.

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.* at 2.

²⁶ *Id.* at 5.

²⁷ *Id.*

²⁸ SEC Speech, Keynote Address at the 25th Annual A.A. Sommer, Jr. Lecture on Corporate, Securities, and Financial Law (Oct. 7, 2025), <https://www.sec.gov/newsroom/speeches-statements/atkins-100925-keynote-address-25th-annual-aa-sommer-jr-lecture-corporate-securities-financial-law> (remarks of Chairman Paul S. Atkins).

and key themes of the Trump Administration. Moreover, consistent with President Trump's February 2025 Executive Order temporarily pausing enforcement of the Foreign Corrupt Practices Act (FCPA) by the Department of Justice (DOJ),²⁹ the SEC did not bring any new FCPA enforcement actions in FY 2025.³⁰

The SEC is experiencing a staffing downturn, with its workforce down by 15% from the previous administration.³¹ As a result of efforts by the Trump Administration to broadly reduce the federal workforce, hundreds of SEC employees have accepted the Administration's voluntary resignation offers.³² In addition, in April 2025, the SEC told staff that it was implementing a targeted reorganization of the Enforcement Division to restructure management and reporting across the Division.³³

We also expect some changes to the enforcement process under Chairman Atkins. For example, Enforcement Division staff will likely have less discretion under this SEC administration. In announcing Judge Ryan's appointment, Chairman Atkins noted that she would "lead the Division guided by Congress' original intent: enforcing the securities laws, particularly as they relate to fraud and manipulation."³⁴ Staff will likely need to frame theories within the four corners of securities statutes and regulations and refrain from novel interpretations of the law and regulating by enforcement.

In addition, while the Division's traditional approach has been to assess performance based on the number of enforcement actions initiated and amount of monetary sanctions imposed in a fiscal year, Chairman Atkins appears poised to realign the incentive structure for Division staff. He stated that if the SEC "reward[s] the staff only for bringing enforcement actions, then we have discouraged the staff from determining not to recommend an enforcement action The wrong incentives make it more difficult for the staff to follow the evidence and the law wherever it leads and instead encourage the staff to stretch the boundaries of existing law. Our goal is to reward the staff for their quality work and judgement [sic] on cases to bring, violations to charge, and relief to seek."³⁵ Focusing on the quality over the quantity of cases initiated and incentivizing closing cases could continue the slowdown in enforcement actions into the next fiscal year.

The slowdown in SEC enforcement actions is likely also in part due to the 43-day federal government shutdown, said Antonia Apps,³⁶ the former Deputy Director of the Division of Enforcement (Northeast), who recently concluded her tenure at the SEC, at an event earlier this month.³⁷ In addition, Apps acknowledged that the SEC has experienced "a slight cultural shift" away from pursuing high numbers of enforcement actions and toward focusing on "the right case for the right reasons." Apps also opined that she believes that the Atkins SEC will be more receptive than past administrations to not pursuing actions if defendants self-report.

²⁹ Exec. Order No. 14209, 90 Fed. Reg. 9587 (Feb. 14, 2025), <https://www.whitehouse.gov/presidential-actions/2025/02/pausing-foreign-corrupt-practices-act-enforcement-to-further-american-economic-and-national-security/>.

³⁰ SEC Enforcement Actions: FCPA Cases (July 21, 2025), <https://www.sec.gov/about/divisions-offices/division-enforcement/enforcement-topics-initiatives/sec-enforcement-actions-fcpa-cases>.

³¹ Under Chair Gensler, there were 5,000 employees and 2,000 contractors; as of May 20, there were 4,200 employees and 1,700 contractors. *Oversight Hearing of the U.S. Securities and Exchange Commission: Hearing Before the H. Appropriations Subcomm. on Fin. Servs. & Gen. Gov.*, 119th Cong. (May 20, 2025) (statement of Chairman Paul S. Atkins) at 4, <https://docs.house.gov/meetings/AP/AP23/20250520/118265/HHRG-119-AP23-Wstate-AtkinsP-20250520.pdf>.

³² Chris Prentice & Douglas Gillison, *US SEC to See Exodus as Hundreds Take Trump's Buyout Offers, Sources Say*, Reuters (Mar. 21, 2025), <https://www.reuters.com/world/us/us-sec-see-exodus-hundreds-take-trumps-buyout-offers-sources-say-2025-03-21/>.

³³ Chris Prentice, *Exclusive: US Securities and Exchange Commission Shakes Up Enforcement, Exams Units*, Reuters (Apr. 2, 2025), <https://www.reuters.com/world/us/us-securities-exchange-commission-restructures-enforcement-division-memo-says-2025-04-02/#:~:text=A%20spokesperson%20for%20the%20SEC,specialized%20units%2C%20the%20memo%20said>.

³⁴ SEC Press Release, SEC Names Judge Margaret Ryan as Director of the Division of Enforcement (Aug. 21, 2025), <https://www.sec.gov/newsroom/press-releases/2025-108-sec-names-judge-margaret-ryan-director-division-enforcement>.

³⁵ SEC Speech, Keynote Address at the 25th Annual A.A. Sommer, Jr. Lecture on Corporate, Securities, and Financial Law (Oct. 7, 2025), <https://www.sec.gov/newsroom/speeches-statements/atkins-100925-keynote-address-25th-annual-aa-sommer-jr-lecture-corporate-securities-financial-law> (remarks of Chairman Paul S. Atkins).

³⁶ Mike Vilensky, *US Prosecutor in NY Says 2025 Was 'Reset' for White-Collar Crime*, Bloomberg Law (Dec. 9, 2025), <https://news.bloomberglaw.com/business-and-practice/us-prosecutor-in-ny-says-2025-was-reset-for-white-collar-crime>.

³⁷ SEC Press Release, Deputy Director of Enforcement Antonia M. Apps to Conclude Her Tenure at the SEC (Nov. 13, 2025), <https://www.sec.gov/newsroom/press-releases/2025-131-deputy-director-enforcement-antonio-m-apps-conclude-her-tenure-sec>.

SEC Chairman Atkins's Areas of Focus

As anticipated in last year's Review, 2025 saw the SEC shift its focus toward "bread-and-butter" enforcement, resulting in the closure or dismissal of several high-profile lawsuits and investigations in novel areas, most notably in the cryptocurrency space.

Closing Cases on Policy Grounds

The SEC closed numerous matters in 2025, the common thread being greater alignment of the agency's enforcement agenda with the broader policy priorities of the Trump Administration.

Several cryptocurrency and blockchain-related cases were among the first to be terminated under Chairman Atkins's leadership. Just over one month into the Trump Administration, the SEC dismissed with prejudice its enforcement action against Coinbase—filed during former Chair Gensler's tenure—which had alleged that the digital currencies sold on Coinbase's platform constituted unregistered securities.³⁸ The dismissal was a policy-oriented decision aimed at "facilitat[ing] the Commission's ongoing efforts to reform and renew its regulatory approach to the crypto industry."³⁹ Within the same week as the *Coinbase* closure, the SEC closed several investigations into crypto- and blockchain-related businesses—including Gemini,⁴⁰ Uniswap Labs,⁴¹ and nonfungible-token platform OpenSea⁴²—despite having previously issued Wells notices. Throughout the remainder of 2025, the SEC has closed a number of enforcement actions against other industry players, such as Crypto.com,⁴³ Binance,⁴⁴ Robinhood,⁴⁵ and Ondo Finance.⁴⁶ All signs indicate that this rollback will continue for the foreseeable future, and we expect to see a corresponding surge in crypto-related enforcement actions by both state enforcers and private parties.

Targeted case closures have not been limited to the crypto space. In November 2025, the SEC dismissed with prejudice, "in the exercise of its discretion," the remainder of its case against software firm SolarWinds,⁴⁷ which alleged that SolarWinds made misleading statements about its cybersecurity practices and failed to fully disclose a cyber intrusion; the district court dismissed most of the SEC's claims in July 2024.⁴⁸ And in July 2025, following the DOJ's dismissal of its criminal bribery action against two former executives of Cognizant Technology Solutions based on President Trump's February 2025 executive order pausing FCPA enforcement, the SEC dismissed its long-running parallel civil suit against those executives.⁴⁹ In doing so, the agency emphasized that it deemed dismissal appropriate "as a policy matter."⁵⁰

³⁸ SEC Press Release, SEC Announces Dismissal of Civil Enforcement Action Against Coinbase (Feb. 27, 2025), <https://www.sec.gov/newsroom/press-releases/2025-47>.

³⁹ *Id.*

⁴⁰ Cameron Winklevoss [Co-Founder and President of Gemini], X (Feb. 26, 2025), <https://x.com/cameron/status/1894876433979154893> (appending SEC closure letter).

⁴¹ Uniswap Labs, X (Feb. 25, 2025), <https://x.com/Uniswap/status/1894452298698358989> ("[A]s of yesterday, th[e] investigation has officially been closed, and the SEC is taking no enforcement action.").

⁴² Dfinzer.eth | opensea [OpenSea CEO Devin Finzer], X (Feb. 21, 2025), <https://x.com/dfinzer/status/1893086281300582772> (confirming that "[t]he SEC is closing its investigation into @opensea").

⁴³ Crypto.com, *SEC Closes Crypto.com Investigation with No Action* (Mar. 27, 2025), <https://crypto.com/us/company-news/sec-closes-crypto-com-investigation-with-no-action>.

⁴⁴ SEC Litigation Release, SEC Announces Dismissal of Civil Enforcement Action Against Binance Entities and Founder Changpeng Zhao (May 29, 2025), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26316>.

⁴⁵ Robinhood, *SEC Closes Investigation Into Robinhood Crypto with No Action* (Feb. 24, 2025), <https://newsroom.aboutrobinhood.com/sec-closes-investigation-into-robinhood-crypto-with-no-action/>.

⁴⁶ Ondo Finance, *Case Closed: Clearing the Way for Tokenization* (Dec. 9, 2025), <https://ondo.finance/blog/tokenized-securities-step-forward>.

⁴⁷ SEC Litigation Release, SEC Dismisses Civil Enforcement Action Against SolarWinds and Chief Information Security Officer (Nov. 20, 2025), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26423>.

⁴⁸ Paul, Weiss Publications, SEC Enforcement: 2024 Year in Review (Jan. 14, 2025), <https://www.paulweiss.com/insights/client-memos/sec-enforcement-2024-year-in-review>.

⁴⁹ SEC Litigation Release, SEC Announces Dismissal of Civil Enforcement Action Against Former Cognizant Executives Gordon J. Coburn and Steven E. Schwartz (July 16, 2025), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26351>; Executive Order 14209, 90 Fed. Reg. 9587 (Feb. 14, 2025).

⁵⁰ SEC Litigation Release, SEC Announces Dismissal of Civil Enforcement Action Against Former Cognizant Executives Gordon J. Coburn and Steven E. Schwartz (July 16, 2025), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26351>.

Renewed Focus on “Bread-and-Butter” Enforcement

Despite a dip in enforcement actions overall, the Atkins SEC has demonstrated that it intends to maintain, and in some respects intensify, enforcement in traditional domains such as insider trading—an area in which the Gensler SEC enjoyed one of its biggest litigation victories of 2024 in *SEC v. Panuwat*.⁵¹

New insider trading actions brought by the Atkins SEC have generally focused on classic fact patterns involving corporate insiders and market professionals. For example, on March 4, 2025, the SEC charged German national Eamma Safi and Singaporean national Zhi Ge with Rule 10b-5 violations for their alleged involvement in an international insider trading ring that generated more than \$17.5 million in illegal profits.⁵² In August, the SEC charged a former director of a biopharmaceutical company, along with two of his family members and two of his friends, with insider trading ahead of an announcement that a multi-national pharmaceutical manufacturing conglomerate would acquire the director’s company, resulting in more than \$500,000 in illicit profits.⁵³ And on September 5, the SEC filed and settled insider trading charges against Ryan Squillante, the former head of equity trading at Denver-based Irving Investors, who was alleged to have used confidential information to trade securities of at least 10 public companies, netting nearly \$217,000 in trading profits.⁵⁴ We expect the agency to continue bringing these cases to the extent they are founded on straightforward legal theories, particularly where the DOJ has pursued parallel criminal charges.

The Atkins SEC has also steadily brought cases involving fraud in securities offerings—which comprised 27% of all actions brought in FY 2025 (up from 22% in FY 2024).⁵⁵ Most recently, on September 23, 2025, the SEC sued three former Retail Ecommerce Ventures executives, alleging they raised \$112 million through fraudulent offerings that operated as a Ponzi-like scheme, promising sham 25% annualized returns to revitalize REV brands including RadioShack and Pier 1 Imports.⁵⁶ And in July, the SEC secured, by consent, an asset freeze and other emergency relief against Georgia-based First Liberty Building & Loan, LLC and its founder in connection with an alleged Ponzi scheme that defrauded approximately 300 investors of at least \$140 million.⁵⁷ The defendants represented that investors would receive 18% returns from supposed short-term, high-interest bridge loans to businesses, but instead used incoming investor funds to pay principal and interest owed to earlier investors.⁵⁸ Cases like these are consistent with the Atkins SEC’s broader enforcement focus on rectifying harm to retail investors, and the clear message from the administration is that the agency will continue to dedicate resources to those matters.

Other Important Developments in 2025

Creation of Cryptocurrency Task Force

In January 2025, then-Acting Chairman Uyeda announced the creation of the new Crypto Task Force, led by Commissioner Hester Peirce, which is “dedicated to developing a comprehensive and clear regulatory framework for crypto assets.”⁵⁹ The focus of the Task Force is to “draw clear regulatory lines,” “appropriately distinguish securities from non-securities,” create “tailored disclosure frameworks,” provide “realistic paths to registration for both crypto assets and market intermediaries,” and “make sure that enforcement resources are deployed judiciously.”⁶⁰ In an effort to engage with the industry, the Task Force issued a public statement soliciting feedback and particularized knowledge to help build out the new regulatory

⁵¹ Paul, Weiss Publications, Federal Jury Finds Defendant Liable in SEC “Shadow Trading” Case (Apr. 8, 2024), <https://www.paulweiss.com/insights/client-memos/federal-jury-finds-defendant-liable-in-sec-shadow-trading-case>.

⁵² SEC Litigation Release, SEC Charges Foreign Traders in International Insider Trading Scheme (Mar. 14, 2025), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26268>.

⁵³ SEC Litigation Release, SEC Charges Former Investor Relations Executive and Two Friends with Insider Trading (Aug. 18, 2025), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26376>.

⁵⁴ SEC Litigation Release, SEC Charges Connecticut Resident with Insider Trading in Multiple Securities (Sep. 5, 2025), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26388>.

⁵⁵ Gerald Hodgkins, Lilia Abecassis & John Minor, *SEC Focused On Fraud As Actions Markedly Declined in 2025*, Law360 (Nov. 14, 2025), <https://www.law360.com/articles/2409430/sec-focused-on-fraud-as-actions-markedly-declined-in-2025>.

⁵⁶ SEC Litigation Release, SEC Charges Co-Founders and COO of Florida Holding Company with Misappropriating Investor Money and Operating a Ponzi Scheme (Sep. 25, 2025), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26413>.

⁵⁷ SEC Litigation Release, SEC Charges Georgia-based First Liberty Building & Loan and Its Owner for Operating a \$140 Million Offering Fraud (July 10, 2025), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26358>.

⁵⁸ *Id.*

⁵⁹ SEC Press Release, SEC Crypto 2.0: Acting Chairman Uyeda Announces Formation of New Crypto Task Force (Jan. 21, 2025), <https://www.sec.gov/newsroom/press-releases/2025-30>.

⁶⁰ SEC Crypto Task Force, About, <https://www.sec.gov/about/crypto-task-force>.

framework.⁶¹ The launch of this Task Force further illustrates the SEC's desire to move away from regulation by enforcement, which the new administration says has caused "confusion about what is legal" and created "an environment hostile to innovation and conducive to fraud."⁶² This more supportive position on crypto comports with the Trump Administration's "vision of making America the crypto capital of the world."⁶³

Formation of Cross-Border Task Force to Combat Fraud

On September 5, 2025, the SEC announced the formation of the Cross-Border Task Force to Combat Fraud. The Task Force will focus on investigating potential securities law violations involving foreign issuers and market gatekeepers—specifically, auditors and underwriters—and on companies from foreign jurisdictions such as China, where "governmental control and other factors pose unique investor risks."⁶⁴ The creation of this Task Force is consistent with the Trump Administration's broader priorities—such as the America First Investment Policy, which specifically calls out investment by Chinese companies as threatening national security.⁶⁵ The Task Force will focus on market manipulation schemes that the new administration says are often used by foreign companies, such as "pump and dump" and "ramp and dump" activities. The focus on gatekeepers highlights the SEC's continued concern over the quality of audits of companies based in China and other jurisdictions where the SEC has historically had difficulty conducting oversight. Further, the formation of this Task Force comes at a time of heightened tension with China, through the Administration's trade and national security agenda, and pressure from lawmakers to scrutinize Chinese companies more closely.⁶⁶

Changes to Wells Process

On October 7, 2025, Chairman Atkins announced enhancements to the Wells process—the mechanism by which the SEC notifies individuals or entities under investigation that the Enforcement staff plans to recommend charges and allows the subject to make submissions to the staff providing its view of the facts and the law. In his speech announcing these changes, Chairman Atkins described the Wells process as "an extension of due process and fundamental constitutional rights" that protects citizens "from a powerful government agency that could become policeman, prosecutor, judge, jury, and executioner all in one."⁶⁷

In the past, SEC staff were at times reluctant to provide defense counsel with key materials from their investigations, such as transcripts of relevant testimony. Now, Chairman Atkins has said that the Wells process will "provide sufficient information for potential respondents or defendants to understand the potential charges and the evidentiary basis for those charges, such as testimony transcripts and key documents."⁶⁸ Chairman Atkins stated that the "staff must be forthcoming about material in the investigative file" and "must make every effort to share information that it has gathered."⁶⁹ Further, while SEC staff would typically give a two-week deadline to respond to a Wells notice, Chairman Atkins stated that staff will now give the other side at least four weeks to make their Wells submissions.⁷⁰ He also that in "long, complicated cases," the staff will need to be

⁶¹ SEC Statement, *There Must Be Some Way Out of Here* (Feb. 21, 2025), <https://www.sec.gov/newsroom/speeches-statements/peirce-statement-rfi-022125> (statement of Commissioner Hester M. Peirce).

⁶² SEC Press Release, *SEC Crypto 2.0: Acting Chairman Uyeda Announces Formation of New Crypto Task Force* (Jan. 21, 2025), <https://www.sec.gov/newsroom/press-releases/2025-30>.

⁶³ SEC Speech, *American Leadership in the Digital Finance Revolution* (July 31, 2025), <https://www.sec.gov/newsroom/speeches-statements/atkins-digital-finance-revolution-073125> (remarks of Chairman Paul S. Atkins).

⁶⁴ SEC Press Release, *SEC Announces Formation of Cross-Border Task Force to Combat Fraud* (Sep. 5, 2025), <https://www.sec.gov/newsroom/press-releases/2025-113-sec-announces-formation-cross-border-task-force-combat-fraud>.

⁶⁵ *See* America First Investment Policy, § 1, The White House (Feb. 21, 2025), <https://www.whitehouse.gov/presidential-actions/2025/02/america-first-investment-policy/>.

⁶⁶ *See, e.g.,* Sen. Todd Young, *Young Asks SEC Chair to Protect U.S. Economic, National Security from Chinese Market Manipulation*, (June 10, 2025), <https://www.young.senate.gov/newsroom/press-releases/young-asks-sec-chair-to-protect-u-s-economic-national-security-from-chinese-market-manipulation/>; Select Committee on the CCP, *Chairman Moolenaar, Chairman Scott Urge SEC to Delist CCP-Linked Companies from U.S. Markets* (May 5, 2025), <https://selectcommitteeontheccp.house.gov/media/press-releases/chairman-moolenaar-chairman-scott-urge-sec-to-delist-ccp-linked-companies-from-us-markets>; Letter from State Financial Officers to Chairman Paul Atkins (May 20, 2025), <https://sfof.com/wp-content/uploads/2025/05/Delisting-Letter.pdf> (urging de-listing of China-based issuers from U.S. exchanges).

⁶⁷ SEC Speech, *Keynote Address at the 25th Annual A.A. Sommer, Jr. Lecture on Corporate, Securities, and Financial Law* (Oct. 7, 2025), <https://www.sec.gov/newsroom/speeches-statements/atkins-100925-keynote-address-25th-annual-aa-sommer-jr-lecture-corporate-securities-financial-law> (remarks of Chairman Paul S. Atkins).

⁶⁸ *Id.*

⁶⁹ *Id.*

⁷⁰ *Id.*

“realistic about time periods for submissions,” implying that it may be possible to seek an extension for a submission.⁷¹ Moreover, under Chair Gensler, Enforcement leadership had a stated policy of not always agreeing to meet with defense counsel. Now, “when requested in a timely manner,” senior Enforcement leadership “will meet with defense counsel before making a recommendation to the Commission.”⁷² This commitment appears to apply to any enforcement recommendation. Finally, Chairman Atkins expressed that the Wells process should not be the only opportunity for both sides to discuss the investigation, and he encouraged “[e]arly engagement”—such as a “‘white paper’ process to address concerns about factual or legal issues in an investigation.”

These changes to the Wells process should benefit both the Enforcement staff as well as those under investigation by ensuring greater opportunities for information sharing between the parties.

Case Law Developments

First, 2025 saw a deepened split among the federal courts of appeals over what the SEC must prove when seeking an award of disgorgement as a remedy. When the SEC brings a civil enforcement action, it typically seeks monetary relief in the form of disgorgement and/or civil penalties. Rooted in restitution and unjust enrichment principles, an order of disgorgement requires defendants to return profits from illegal activities to victims or the public, in an effort to ensure that those who violate the law do not benefit from their misconduct. As such, disgorgement is measured based on an approximation of the defendant’s gains and seeks to deprive wrongdoers of these “ill-gotten gain[s].”⁷³

Appellate courts continue to split on the question of whether 15 U.S.C. § 78u(d)(5) and (d)(7), the statutory bases for SEC disgorgement, require the agency to show that investors suffered pecuniary harm in order to recover disgorgement. In September 2025, the Ninth Circuit ruled in *SEC v. Sripetch* that a showing of pecuniary losses by investors is not required to obtain a disgorgement award,⁷⁴ joining the First Circuit in adopting that broader interpretation of the agency’s remedial authority.⁷⁵ In doing so, the court explicitly rejected an earlier decision from the Second Circuit,⁷⁶ which held that an investor is not a “victim” under the relevant statute—and thus is not entitled to disgorgement—unless it suffered *monetary* loss (rather than some other form of harm).⁷⁷

This circuit split has significant implications for SEC enforcement. Where investors suffered monetary harm as a result of the alleged misconduct, the SEC can still seek disgorgement orders in any federal district court. However, where the agency cannot show pecuniary losses, the availability of disgorgement will depend on where the case is filed. This may lead the SEC to lean toward filing cases in jurisdictions within the Ninth Circuit (such as the Northern and Central Districts of California) where the remedial rules are more lenient, rather than the Second Circuit (which includes the Southern District of New York, normally a hub for SEC enforcement). Mr. Sripetch has petitioned the Supreme Court for review, and that petition remains pending.⁷⁸ On December 17, 2025, the SEC filed its response to the petition, agreeing with the Ninth Circuit’s decision but asking the Supreme Court to nevertheless take Mr. Sripetch’s case and resolve the circuit split.⁷⁹ With federal courts continuing to disagree on this important issue, the Supreme Court may soon be poised to step in and clarify the scope of the SEC’s disgorgement powers nationwide.

A second major case law development this year was the survival of the SEC’s “no-deny” provision in the Ninth Circuit in *Powell v. SEC*.⁸⁰ Historically, settlement of a civil enforcement action with the SEC has been contingent upon the defendant complying with 17 C.F.R. § 202.5(e) (“Rule 202.5(e)"). Compliance with this provision means that the defendant agrees not to publicly

⁷¹ *Id.*

⁷² *Id.*

⁷³ See *SEC v. Blatt*, 583 F.2d 1325, 1335 (5th Cir. 1978).

⁷⁴ 154 F.4th 980, 981 (9th Cir. 2025).

⁷⁵ *Id.* at 985 (“join[ing] the First Circuit” in holding “that a finding of pecuniary harm is not required”); *SEC v. Navellier & Associates, Inc.*, 108 F.4th 19, 41 n.14 (1st Cir. 2024) (“Neither *Liu* nor our case law . . . require investors to suffer pecuniary harm as a precondition to a disgorgement award.”).

⁷⁶ *SEC v. Govil*, 86 F.4th 89, 106 (2d Cir. 2023) (“‘Equitable relief’ requires that the relief be ‘awarded for victims,’ and that in turn requires a finding of pecuniary harm.” (quoting *Liu v. SEC*, 591 U.S. 71, 75 (2020))).

⁷⁷ *Sripetch*, 154 F.4th at 986 (“We disagree . . . with the Second Circuit’s conclusion that ‘victim’ is narrowly defined as an individual or entity that has suffered pecuniary harm.”).

⁷⁸ Pet. for Writ of Cert., *SEC v. Sripetch*, No. 25-466 (U.S. Oct. 16, 2025).

⁷⁹ Br. for Resp’t at *5, *SEC v. Sripetch*, No. 25-466 (U.S. Dec. 17, 2025).

⁸⁰ *Powell v. SEC*, 149 F.4th 1029 (9th Cir. 2025).

deny the allegations (hence, the “no-deny” provision). If the defendant violates Rule 202.5(e), the SEC can petition the court to vacate the final judgment and re-open the case. Critics of the no-deny provision—labeling it a “gag order”⁸¹—argue that the Rule violates the First Amendment, and Commissioner Peirce has similarly raised these free speech concerns and urged reconsideration of the Rule.⁸² While courts have thus far upheld the Rule, some judges have raised concerns with its First Amendment implications.⁸³

These issues came to a head this year in *Powell*, in which the petitioners asked the Ninth Circuit to review the SEC’s denial of a request to amend Rule 202.5(e). The Ninth Circuit ruled for the SEC on narrow grounds, holding that the no-deny provision did not facially violate the First Amendment or the Administrative Procedure Act.⁸⁴ The court explained that, although there is little evidence that the SEC regularly asks courts to re-open cases for violations of Rule 202.5(e), or that a court has ever found a defendant to have violated the Rule, it has attracted varied criticism.⁸⁵ The court opined that the Rule is “a relatively narrow limitation” on defendants’ speech, only creating consequences if defendants publicly deny the SEC’s allegations (and those consequences are only that the SEC may seek to reopen the case).⁸⁶ However, the court left the door open for future litigants to challenge the Rule as applied to the specific circumstances of their case, warning of a settlement agreement that could “sweep more broadly than Rule 202.5(e) itself” in light of the “important values associated with permitting criticism of the government.”⁸⁷

We look forward to providing you with further updates on these and other developments throughout the year ahead.

⁸¹ See Ronald K.L. Collins, *Can a Federal Agency Gag Those Who Enter into Settlement Agreements? The SEC Says Yes*, Foundation for Individual Rights and Expression (Aug. 6, 2024), <https://www.thefire.org/news/blogs/ronald-kl-collins-first-amendment-news/can-federal-agency-gag-those-who-enter-settlement>; Rodney A. Smolla, *Why the SEC Gag Rule Silencing Those Who Settle SEC Investigations Violates the First Amendment*, 29 Widener L. Rev. 1 (2023).

⁸² SEC Statement, *Unsettling Silence: Dissent from Denial of Request for Rulemaking to Amend 17 C.F.R. § 202.5(e)* (Jan. 30, 2024), <https://www.sec.gov/newsroom/speeches-statements/peirce-nand-013024> (statement of Commissioner Hester M. Peirce dissenting from the SEC’s denial of a petition to amend 17 C.F.R. § 202.5(e)).

⁸³ See *SEC v. Novinger*, 40 F.4th 297, 308 (5th Cir. 2022) (Jones, J., concurring) (“If you want to settle, SEC’s policy says, ‘Hold your tongue, and don’t say anything truthful—ever’—or get bankrupted by having to continue litigating with the SEC. A more effective prior restraint is hard to imagine.”); *SEC v. Moraes*, No. 22-cv-8348, 2022 WL 15774011, at *3 (S.D.N.Y. Oct. 28, 2022) (“But the fact that defendants may waive their First Amendment rights does not mean that the government should be in the business of demanding that they do so.”).

⁸⁴ *Powell*, 149 F.4th at 1034.

⁸⁵ *Id.* at 1036.

⁸⁶ *Id.* at 1044.

⁸⁷ *Id.* at 1045.

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This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

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