CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

SEC Enforcement Activity: Public Companies and Subsidiaries

Fiscal Year 2019 Update

ANALYSIS AND TRENDS

Filings
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NYU Pollack Center for Law & Business

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Executive Summary

The SEC filed 95 new actions against public companies and subsidiaries in FY 2019, the largest annual total in the 10 years tracked by SEED. This was a more than 30 percent increase over FY 2018. Of these new actions, Investment Adviser/Investment Company allegations were the most common. A record-high 76 percent of defendants noted cooperation in settlements with the SEC in FY 2019.

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

- The SEC initiated a total of 526 independent actions in FY 2019, the highest number since FY 2016. (page 3)
- Of this total, 95 (18 percent) comprised new actions against public companies and subsidiaries, the most in any fiscal year tracked by SEED. (pages 3–4)

Allegations

- For the first time in the fiscal years covered by SEED, Investment Adviser/Investment Company was the most common allegation type in FY 2019 (35 actions), accounting for 37 percent of the total. (page 5)

Enforcement Venue

- In 1H FY 2019, 100 percent of actions were filed as administrative proceedings. In 2H FY 2019, this dropped to 84 percent. (page 6)

Industry

- In FY 2019, actions with public company and subsidiary defendants in the Finance, Insurance, and Real Estate industry accounted for 58 percent of all actions, higher than the average of 48 percent over the prior nine fiscal years. (page 7)

In SEED's 10 years of data, FY 2019 had the highest number of new actions against public companies and subsidiaries. More than half of these new actions targeted investment advisers/investment companies or broker-dealers, reflecting the SEC's stated focus on retail investors.

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Settlements

- In FY 2019, the SEC noted cooperation by 76 percent of defendants, a record-high percentage. The FY 2010–FY 2018 average was 51 percent. (page 8)
- Share Class Selection Disclosure Initiative (Share Class Initiative) actions accounted for 29 percent of the total actions with monetary settlements in FY 2019. These actions had an average monetary settlement of $3 million, substantially lower than the average of $21 million for all other actions. (page 9)
- Disgorgement and prejudgment interest comprised 59 percent ($852 million) of the $1.5 billion in monetary settlements imposed on public companies and subsidiaries in FY 2019, higher than the average of 51 percent from FY 2010 to FY 2018. (page 10)

Key Trends

The Share Class Initiative influenced trends in FY 2019. As part of the SEC's stated focus on retail investors, more than half of new actions against public companies and subsidiaries targeted Investment Advisers/Investment Companies or Broker Dealers.

- The Share Class Initiative relates to investment advisers failing "to make required disclosures relating to [their] selection of mutual fund share classes that paid the adviser . . . or its related entities or individuals a fee pursuant to Rule 12b-1" and "is intended to identify and promptly remedy potential widespread violations of this nature."[2]
- More than half of the 95 actions against public companies and subsidiaries in FY 2019 involved Investment Adviser/Investment Company (35 actions) or Broker Dealer (15 actions) allegations. Within the Investment Adviser/Investment Company actions, many were part of the Share Class Initiative—an initiative that is premised on self-reporting.
- The SEC filed a total of 26 settled actions against public companies and subsidiaries as part of the Share Class Initiative.
- These 26 actions in the Share Class Initiative comprised over a quarter of total FY 2019 actions against public companies and subsidiaries.
- The SEC brought 28 actions with Issuer Reporting and Disclosure allegations, consistent with its continuing focus on fraud and misconduct involving issuers and financial institutions.[3] From FY 2010 through FY 2018, the average number of actions in this category was 20, peaking in FY 2017 with 26 actions.
- There were two cyber enforcement actions against public companies and subsidiaries in FY 2019.

Figure 1: Key Trends in Public Company and Subsidiary Actions
FY 2010–FY 2019

(Dollars in millions)

	FY 2010–FY 2018 *Average*	FY 2019 *Share Class Initiative*	FY 2019 *All Other Actions*	**FY 2019 *Total***
New Actions	59	26	69	**95**
Investment Adviser/Investment Company Allegations	12%	100%	13%	**37%**
Actions Filed as Administrative Proceedings	68%	100%	90%	**93%**
Defendants with Settlements Noting Self-Reporting	13%	100%	20%	**41%**
Defendants with Monetary Settlements Imposed	85%	100%	89%	**92%**
Average Monetary Settlements Imposed by the SEC	$29	$3	$21	**$16**
Median Monetary Settlements Imposed by the SEC	$4	$1	$6	**$5**

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.[4] The defendants in these actions include public companies, subsidiaries of public companies, individuals, and other (non-public) entities.

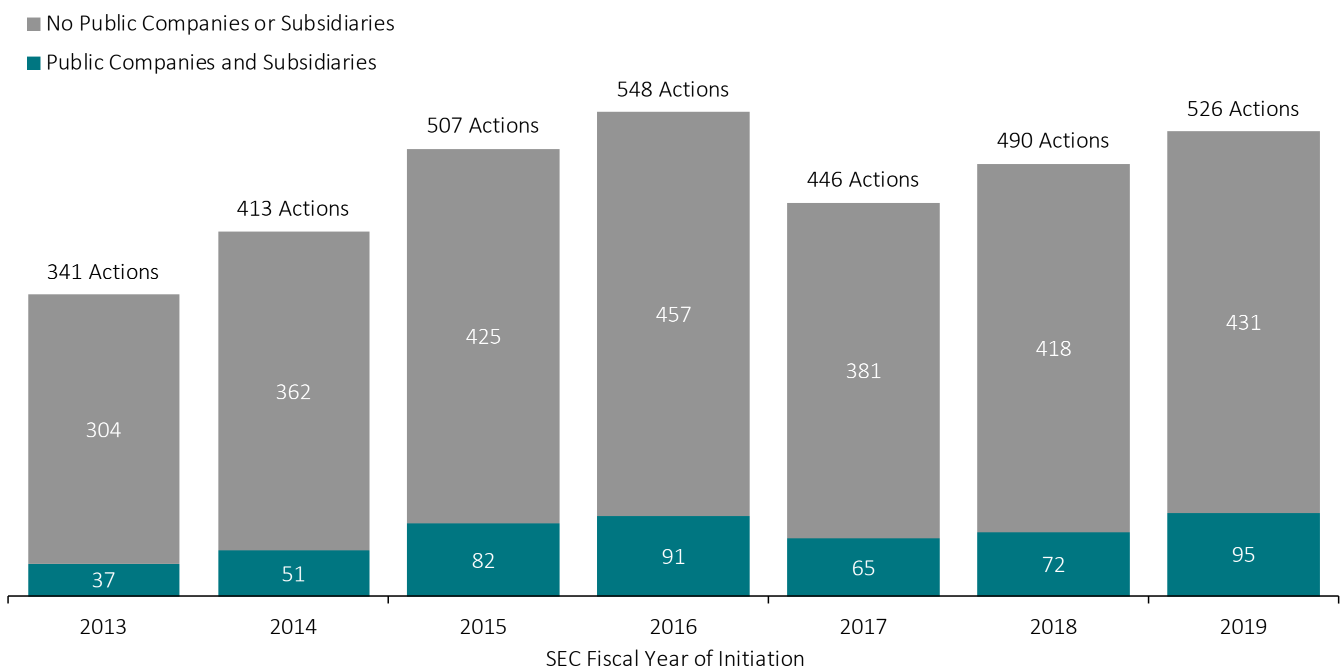
SEED covers independent actions that are filed against public companies or subsidiaries of public companies. Collectively these defendants are referred to as public companies and subsidiaries. See Research Sample for more information.

- The SEC initiated a total of 526 independent actions in FY 2019.[5] The 526 actions were higher than the average of 458 from FY 2013 through FY 2018.
- The SEC attributed this increase in part to "the self-reporting nature and accelerated resolution process of the Share Class Initiative." Of the 526 total independent actions, 95 actions resulted from the initiative.[6]
- Actions against public companies and subsidiaries accounted for 18 percent of the 526 independent actions.
- This was the highest percentage in the last seven fiscal years (FY 2013–FY 2019). For comparison, public company and subsidiary actions averaged 14 percent of all independent actions from FY 2013 to FY 2018.

18%

Percentage of independent actions targeting public companies and subsidiaries.

Figure 2: All Independent SEC Actions
FY 2013–FY 2019



Source: Securities Enforcement Empirical Database (SEED); SEC Data ("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," and "Division of Enforcement Annual Report 2019")

Note: Relief defendants are not considered.

Public Company and Subsidiary SEC Actions

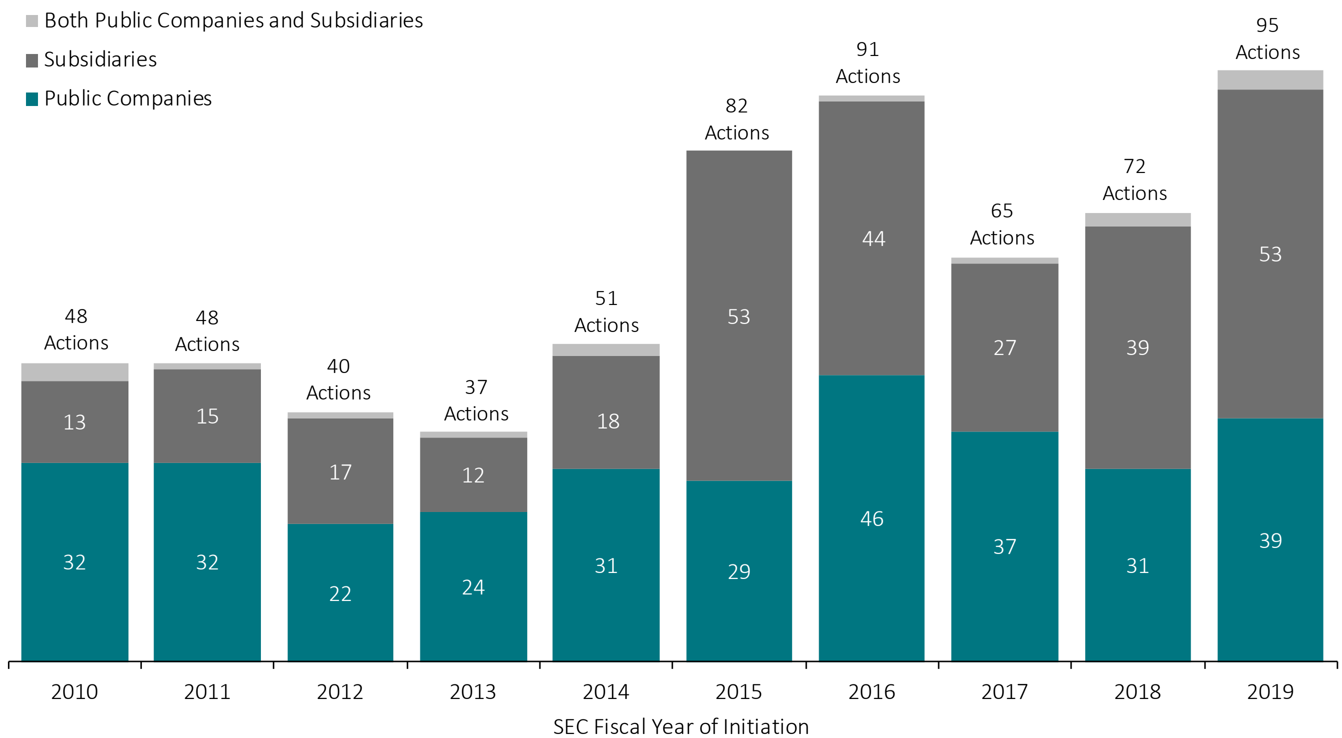
The remainder of this report focuses on actions against public companies and subsidiaries based on data from SEED unless noted otherwise.

- The SEC filed 95 public company and subsidiary actions in FY 2019, the most in any fiscal year in SEED.
- The Share Class Initiative accounted for 26 of the 95 actions (27 percent).[7] Even excluding the actions that were part of the initiative, the number of FY 2019 actions was still higher than the average of 59 actions from FY 2010 through FY 2018.
- The SEC filed 22 actions against public companies and subsidiaries in the last month of the fiscal year (September 2019). This was more than double the average of 10 actions filed in September from FY 2010 through FY 2018.
- The number of actions in FY 2019 was split relatively evenly between the first half and the second half, unlike the prior two fiscal years where there were substantial differences between the first and second halves of the fiscal year.
- Actions with a subsidiary defendant accounted for 59 percent of all actions in FY 2019, the second-highest percentage in SEED and higher than the average of 44 percent from FY 2010 through FY 2018.

95

Actions against public companies and subsidiaries filed in FY 2019.

Figure 3: Public Company and Subsidiary Actions
FY 2010–FY 2019



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

Allegations

- For the first time in fiscal years covered by SEED, Investment Adviser/Investment Company was the most common allegation type in FY 2019 (35 actions), accounting for 37 percent of all actions.
- Of the 35 Investment Adviser/Investment Company actions, 25 actions filed in 1H FY 2019 and one action filed in 2H FY 2019 related to the Share Class Initiative.
- The number of Investment Adviser/Investment Company actions fell from 27 in 1H FY 2019 to eight in 2H FY 2019.
- Issuer Reporting and Disclosure was the most common allegation type in 2H FY 2019 with 17 actions. For the full fiscal year, it was the second most common allegation type with 28 actions.
- While 28 actions was the highest annual number of Issuer Reporting and Disclosure actions in SEED, as a percentage this allegation type accounted for only 29 percent of the actions in FY 2019, compared to the FY 2010–FY 2018 average of 36 percent.
- Broker Dealer allegations were the third most common allegation type in FY 2019 (15 actions) and accounted for 16 percent of all actions, down from 26 percent in FY 2018.
- Broker Dealer and Investment Adviser/Investment Company allegations combined for over half of FY 2019 actions.

37%

Percentage of FY 2019 actions with Investment Adviser/Investment Company allegations.

Figure 4: Heat Map of Allegations against Public Companies and Subsidiaries
FY 2010–FY 2019

Allegation Type	SEC Fiscal Year of Initiation										
	Average 2010–2018	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Investment Adviser/ Investment Company	12%	6%	4%	10%	14%	10%	7%	19%	18%	18%	37%
Issuer Reporting and Disclosure	36%	42%	33%	30%	49%	49%	22%	26%	40%	33%	29%
Broker Dealer	12%	10%	13%	10%	0%	14%	13%	12%	12%	26%	16%
Foreign Corrupt Practices Act	19%	25%	35%	25%	14%	14%	12%	20%	15%	13%	16%
Securities Offering	6%	6%	4%	8%	19%	4%	0%	7%	0%	3%	1%
Public Finance Abuse	9%	4%	10%	10%	0%	4%	39%	12%	0%	1%	1%
Market Manipulation	2%	0%	0%	5%	5%	2%	1%	0%	6%	1%	0%
Other	4%	6%	0%	3%	0%	4%	5%	4%	8%	4%	0%
Number of Actions	59	48	48	40	37	51	82	91	65	72	95

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

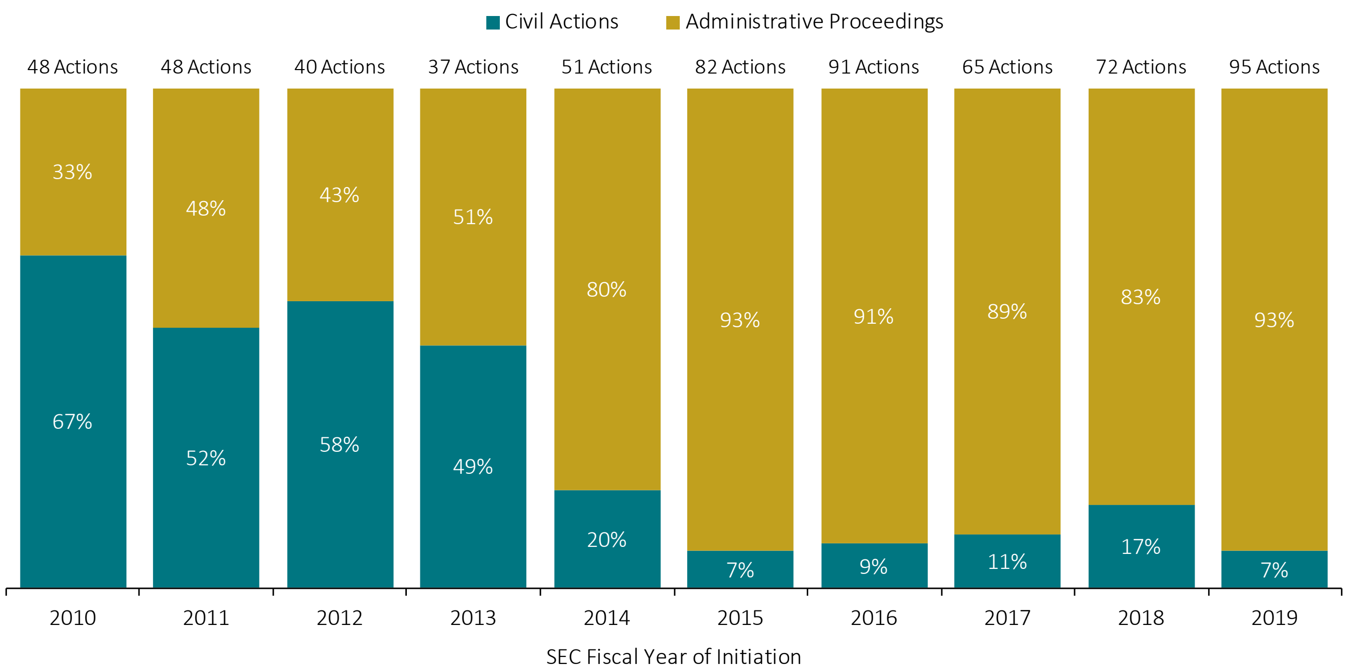
- In FY 2019, the SEC brought only 7 percent of public company and subsidiary actions as civil actions, tied with FY 2015 for the lowest percentage. The number of civil actions (7) was the second fewest in a fiscal year in SEED and lower than the FY 2010–FY 2018 average of 16.
- This fiscal year trend was driven by 1H FY 2019, in which all 52 actions were administrative proceedings. In 2H FY 2019, 84 percent of actions were administrative proceedings.
- Challenges to the constitutionality of protections preventing removal of the SEC's administrative law judges (ALJs) continued in FY 2019 with a new defendant filing challenges following the August 2019 dismissal of *Lucia v. SEC*.[8]
- In August 2019, the SEC filed the first action with Investment Adviser/Investment Company allegations as a civil action in the years tracked by SEED. Previously, all Investment Adviser/Investment Company actions had been filed as administrative proceedings.

7%

Percentage of civil actions in FY 2019.

- FY 2019 is the second consecutive year in which all actions alleging violations of the Foreign Corrupt Practices Act (FCPA) were brought as administrative proceedings (15 actions). In comparison, only 51 percent of actions alleging FCPA violations were brought as administrative proceedings prior to FY 2018.
- In FY 2019, only 14 percent of civil actions targeted Manufacturing defendants, lower than the average of 40 percent from FY 2010 through FY 2018.

Figure 5: Public Company and Subsidiary Actions by Enforcement Venue
FY 2010–FY 2019



Source: Securities Enforcement Empirical Database (SEED)

Note: Relief defendants are not considered. Percentages may not add to 100 percent due to rounding.

Industry

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

- In FY 2019, the 55 actions with public company and subsidiary defendants in the Finance, Insurance, and Real Estate industry accounted for 58 percent of all actions. The average over the prior nine fiscal years was 48 percent.
- Of the 55 actions against Finance, Insurance, and Real Estate companies in FY 2019, 32 actions involved Investment Adviser/Investment Company allegations. The Share Class Initiative accounted for 44 percent of actions against Finance, Insurance, and Real Estate companies.
- Commercial Banks were targeted in 29 of the 55 actions (53 percent) against Finance, Insurance, and Real Estate companies in FY 2019, the highest number in any fiscal year in SEED.
- Issuer Reporting and Disclosure allegations were the most common allegation type in actions with Manufacturing defendants (71 percent).
- Manufacturing defendants were targeted in 15 percent of public company and subsidiary actions in FY 2019, the lowest percentage in any fiscal year in SEED.

58%

Percentage of public company and subsidiary actions with Finance, Insurance, and Real Estate defendants in FY 2019.

Figure 6: Heat Map of Industries of Public Companies and Subsidiaries
FY 2010–FY 2019

SIC Industry Division	SEC Fiscal Year of Initiation										
	Average 2010–2018	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Finance, Insurance, and Real Estate	48%	35%	33%	53%	46%	53%	63%	58%	42%	50%	58%
Manufacturing	27%	38%	38%	33%	27%	20%	17%	19%	34%	19%	15%
Services	10%	21%	15%	8%	5%	12%	9%	3%	8%	11%	9%
Nonclassifiable	4%	0%	0%	5%	8%	4%	1%	8%	2%	11%	6%
Transportation, Communications, Electric, Gas, and Sanitary Service	2%	0%	2%	3%	5%	0%	0%	4%	6%	0%	4%
Mining	4%	2%	8%	0%	8%	4%	4%	3%	5%	4%	3%
Retail Trade	1%	0%	4%	0%	0%	2%	2%	1%	0%	1%	3%
Wholesale Trade	2%	4%	0%	0%	0%	4%	0%	3%	3%	0%	1%
Other	1%	0%	0%	0%	0%	2%	4%	0%	2%	3%	0%
Number of Actions	59	48	48	40	37	51	82	91	65	72	95

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 2019: "Construction" and "Agriculture, Forestry, and Fishing." Percentages may not add to 100 percent due to rounding.

Settlements

Cooperation

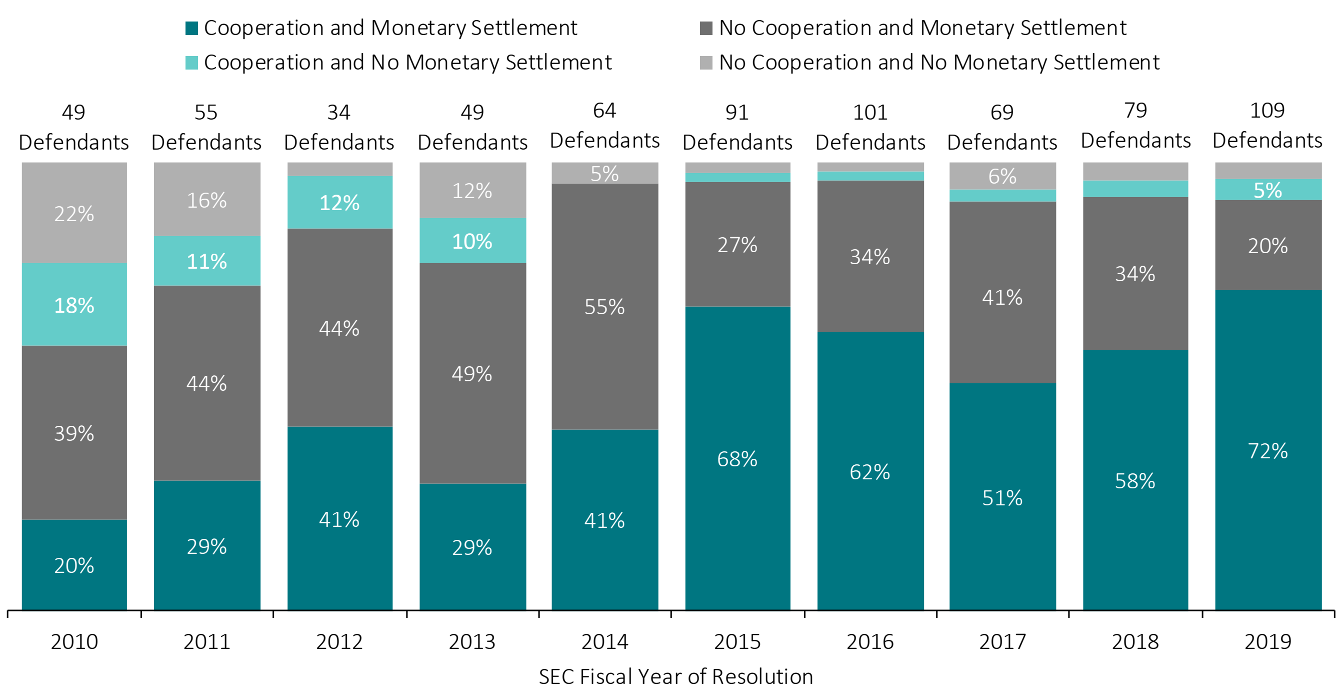
The SEC considers four factors when negotiating a settlement with a cooperating defendant: "self-policing, self-reporting, remediation, and cooperation."[9] SEED measures the latter three factors as an indication of whether a public company or subsidiary defendant cooperated with the SEC based on whether 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").

72%

Percentage of defendants with a monetary settlement imposed by the SEC and cooperation noted in FY 2019.

- In FY 2019, the SEC noted cooperation by 76 percent of defendants with the SEC, a record-high percentage. The FY 2010–FY 2018 average was 51 percent.
- Since self-reporting was a condition of the Share Class Initiative, all 29 defendants involved in the initiative cooperated with the SEC. The percentage of defendants not involved in the Share Class Initiative for which the SEC noted cooperation in FY 2019 was also above the FY 2010–FY 2018 average at 68 percent.
- The overall high rate of cooperation noted by the SEC in FY 2019 was further driven by Broker Dealer and FCPA defendants.
- The SEC noted cooperation by Broker Dealer defendants in 94 percent of cases in FY 2019 and by FCPA defendants in 88 percent of cases, above the FY 2010–FY 2018 averages of 60 percent and 64 percent, respectively.

Figure 7: Public Company and Subsidiary Defendants—Monetary Settlements and Cooperation Noted
FY 2010–FY 2019



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.[10]

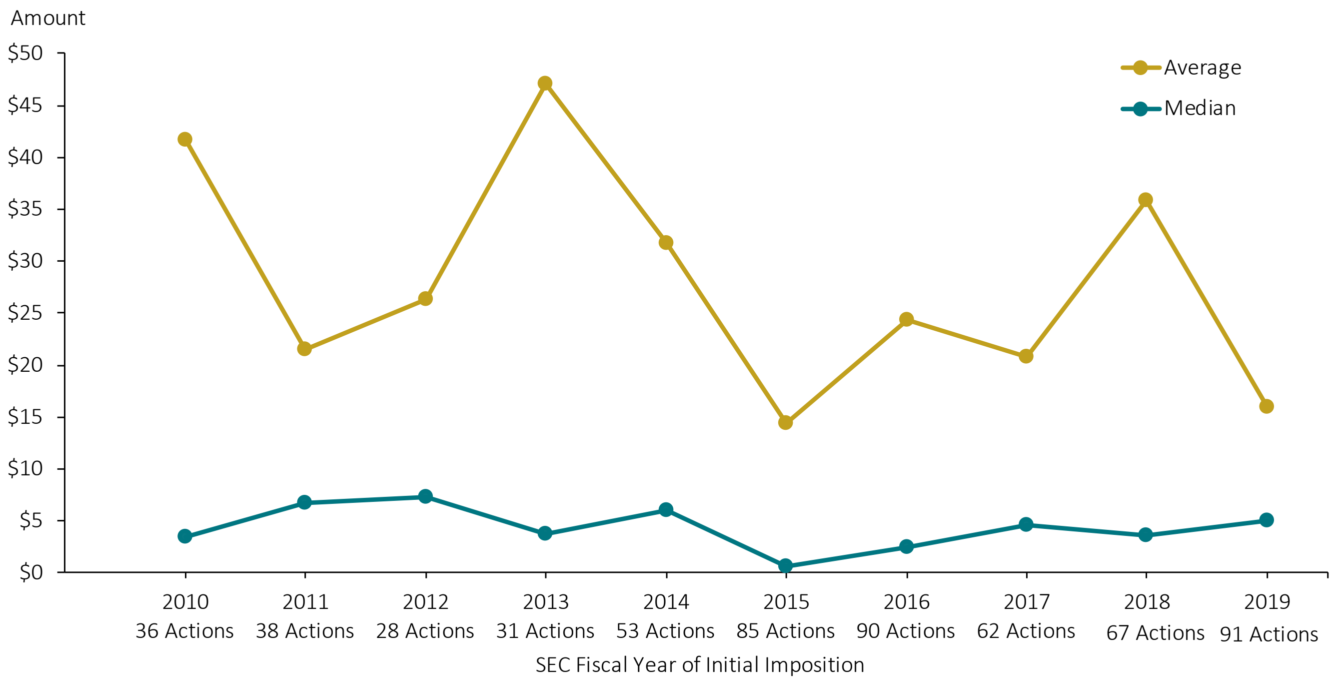
- Monetary settlements in public company and subsidiary actions totaled $1.5 billion in FY 2019, consistent with both the average and median of the total monetary settlements from FY 2010 through FY 2018 of $1.5 billion.
- Monetary settlements imposed in public company and subsidiary actions accounted for 33 percent of all SEC monetary settlements for FY 2019 ($1.5 billion out of $4.3 billion).[11]
- The largest monetary settlement imposed in a public company or subsidiary action in FY 2019 was $147 million, the lowest maximum in a fiscal year in SEED. The second lowest in SEED was $154 million in FY 2011.
- Share Class Initiative actions accounted for 29 percent of the total actions with monetary settlements in FY 2019. These actions had an average monetary settlement of $3 million, substantially lower than the average for all other actions in FY 2019 of $21 million.

$16 million

Average monetary settlement for public and subsidiary actions in FY 2019.

Figure 8: Monetary Settlements Imposed in Public Company and Subsidiary Actions FY 2010–FY 2019

(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 10 actions for which not all defendants have settled. Total monetary settlements for those actions only include monetary settlements through September 30, 2019.

New Analysis: Disgorgement

- Of the $1.5 billion in monetary settlements imposed on public companies and subsidiaries in FY 2019, $852 million (59 percent) was from disgorgement and prejudgment interest. This was higher than the average of 51 percent from FY 2010 to FY 2018.
- For all SEC enforcement actions in FY 2019 (not just public company and subsidiaries), disgorgement and prejudgment interest made up a larger percentage of monetary settlements (75 percent). This percentage is consistent with the average of 71 percent from FY 2015 through FY 2018 for all SEC actions.[12]
- The actions against public companies and subsidiaries in FY 2019 as part of the Share Class Initiative had disgorgement and prejudgment interest of $76 million. There were no civil penalties imposed in these actions.

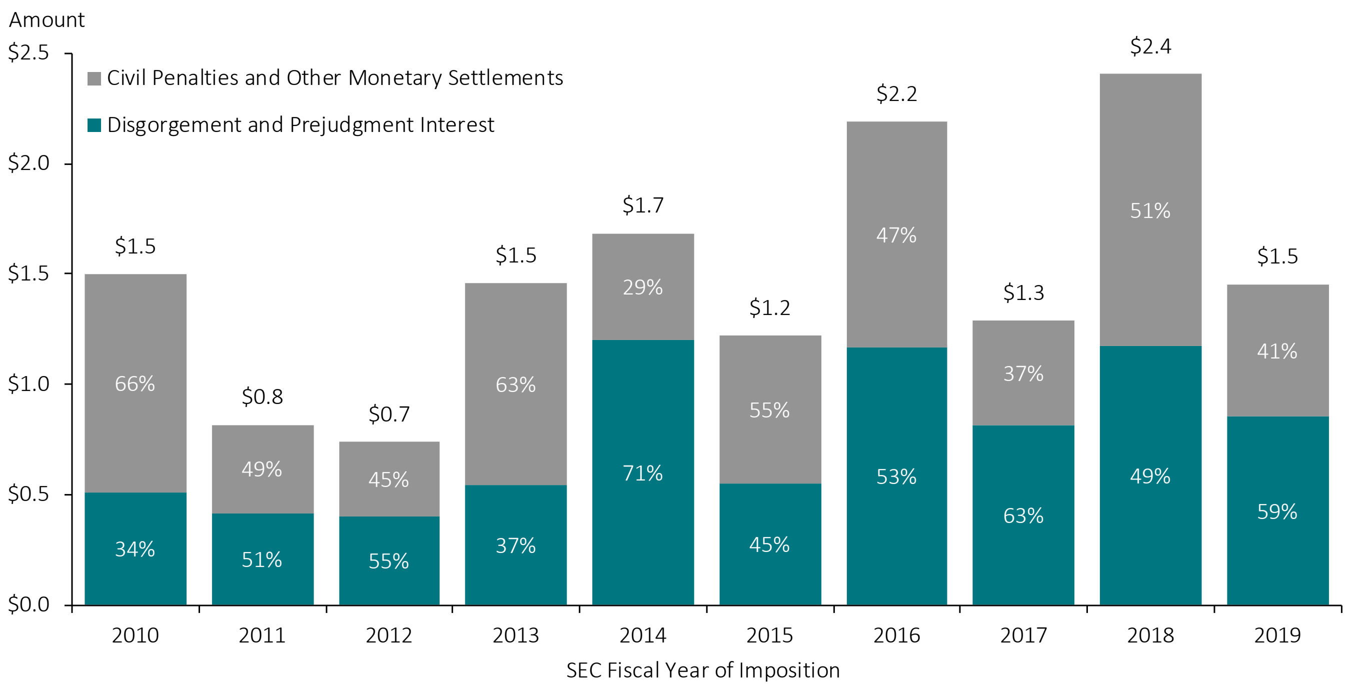
59%

Percentage of disgorgement in monetary settlements against public companies and subsidiaries in FY 2019.

- The U.S. Supreme Court recently decided to review the SEC's authority to obtain disgorgement in civil actions.[13]
- Disgorgement and prejudgment interest in civil actions totaled $37 million in FY 2019, or 3 percent of total monetary settlements. This was lower than the average disgorgement and prejudgment interest in civil actions as a percentage of total monetary settlements of 28 percent from FY 2010 through FY 2018.

Figure 9: Disgorgement and Prejudgment Interest Imposed in Public Company and Subsidiary Actions
FY 2010–FY 2019

(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 10 actions for which not all defendants have settled. Total monetary settlements for those actions only include monetary settlements through September 30, 2019.

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 October 18, 2019 (http://seed.law.nyu.edu).
- SEED identifies 629 SEC enforcement actions initiated against 551 public companies and subsidiaries between October 1, 2009, and September 30, 2019.
- SEED identifies 260 individuals that are named defendants in the 629 actions initiated against public companies and subsidiaries between October 1, 2009, and September 30, 2019.
- 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 2019 spans October 1, 2009, to September 30, 2019.

[2] "Share Class Selection Disclosure Initiative," U.S. Securities and Exchange Commission, https://www.sec.gov/enforce/announcement/scsd-initiative. See also Cornerstone Research, *SEC Enforcement Activity: Public Companies and Subsidiaries—Midyear FY 2019 Update*, https://www.cornerstone.com/Publications/Reports/SEC-Enforcement-Activity-Midyear-FY-2019.

[3] See, e.g., "Division of Enforcement Annual Report 2019," U.S. Securities and Exchange Commission, November 6, 2019, p. 2, https://www.sec.gov/files/enforcement-annual-report-2019.pdf.

[4] See, e.g., "Division of Enforcement Annual Report 2019," U.S. Securities and Exchange Commission, November 6, 2019, p. 14, https://www.sec.gov/files/enforcement-annual-report-2019.pdf.

[5] "Division of Enforcement Annual Report 2019," U.S. Securities and Exchange Commission, November 6, 2019, p. 14, https://www.sec.gov/files/enforcement-annual-report-2019.pdf; "Division of Enforcement Annual Report 2018," U.S. Securities and Exchange Commission, November 2, 2018, p. 9, https://www.sec.gov/files/enforcement-annual-report-2018.pdf; "SEC Announces Enforcement Results for FY 2015," U.S. Securities and Exchange Commission, Press Release 2015-245, October 22, 2015, https://www.sec.gov/news/pressrelease/2015-245.html.

[6] "Division of Enforcement Annual Report 2019," U.S. Securities and Exchange Commission, November 6, 2019, p. 14, https://www.sec.gov/files/enforcement-annual-report-2019.pdf.

[7] "Share Class Selection Disclosure Initiative – FAQs," U.S. Securities and Exchange Commission, https://www.sec.gov/enforce/educationhelpguidesfaqs/share-class-selection-disclosure-initiative-faqs.

[8] Order (1) Granting Defendants' Motion to Dismiss, and (2) Denying Plaintiffs' Motion for Preliminary Injunction, *Lucia v. SEC*, No. 18-cv-2692 DMS (JLB) (S.D. Cal. Aug. 21, 2019); Order Granting Injunction Pending Appeal, *Cochran v. SEC*, No. 19-10396 (5th Cir. Sept. 24, 2019); Appellant's Reply Brief, *Cochran v. SEC*, No. 19-10396 (5th Cir. Aug. 30, 2019).

[9] 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.

[10] 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 10 actions for which not all defendants have settled. Total monetary settlements for those actions only include monetary settlements through September 30, 2019.

[11] "Division of Enforcement Annual Report 2019," U.S. Securities and Exchange Commission, November 6, 2019, p. 16, https://www.sec.gov/files/enforcement-annual-report-2019.pdf.

[12] "Division of Enforcement Annual Report 2019," U.S. Securities and Exchange Commission, November 6, 2019, p. 16, https://www.sec.gov/files/enforcement-annual-report-2019.pdf.

[13] Petition for a Writ of Certiorari, *Liu v. SEC*, No. 18-1501 (May 31, 2019).

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

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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