

**Morgan Lewis**

**REPORT**

# **SEC ENFORCEMENT TRENDS FOR INVESTMENT ADVISERS**

**2025-2026**

[www.morganlewis.com](http://www.morganlewis.com)

© 2026 Morgan, Lewis & Bockius LLP

# Morgan Lewis

## AUTHORS



**G. JEFFREY BOUJOUKOS**

[jeff.boujoukos@  
morganlewis.com](mailto:jeff.boujoukos@morganlewis.com)  
+1.215.963.5117



**KELLY L. GIBSON**

[kelly.gibson@  
morganlewis.com](mailto:kelly.gibson@morganlewis.com)  
+1.215.963.5121  
+1.212.309.6287



**JASON S. PINNEY**

[jason.pinney@  
morganlewis.com](mailto:jason.pinney@morganlewis.com)  
+1.617.951.8684



**CAROLYN M. WELSHHANS**

[carolyn.welshhans@  
morganlewis.com](mailto:carolyn.welshhans@morganlewis.com)  
+1.202.739.5695



**DANA N. BACH**

[dana.bach@  
morganlewis.com](mailto:dana.bach@morganlewis.com)  
+1.617.341.7275



**L. FELIPE ESCOBEDO**

[felipe.escobedo@  
morganlewis.com](mailto:felipe.escobedo@morganlewis.com)  
+1.617.341.7891



**RICHARD HAND**

[richard.hand@  
morganlewis.com](mailto:richard.hand@morganlewis.com)  
+1.212.309.6170



**NOAH TEIXEIRA**

[noah.teixeira@  
morganlewis.com](mailto:noah.teixeira@morganlewis.com)  
+1.212.309.6265

## SEC ENFORCEMENT TRENDS FOR INVESTMENT ADVISERS

### 2025–2026

#### OVERVIEW AND KEY DEVELOPMENTS

In the fiscal year ended September 30, 2025 and the first quarter of FY 2026, the US Securities and Exchange Commission (SEC or the Commission) saw key changes in leadership, a government shutdown, and a “back to basics” focus on traditional investor fraud. At the same time, the SEC pursued many enforcement actions against investment advisers, reflecting a specific focus on conduct that affects retail investors and market integrity.

This report highlights key takeaways and enforcement developments in the investment adviser space and a look ahead at what is to come in FY 2026 and beyond.

We typically begin our discussion with an analysis of the historic trends in enforcement cases and the rise or fall in the number of cases of certain types. In 2025, however, the SEC’s Division of Enforcement (Enforcement) did not release these numbers at the close of the fiscal year for the first time in recent history. Based on a review of public announcements, several commentators have concluded that there was a precipitous decline in filed enforcement actions in 2025. This decline is consistent with our experience as the change in administration brought the closure of a number of active investigations and a prolonged decision-making process following the chairman’s appointment of new Enforcement leadership

Judge Margaret Ryan of the US Court of Appeals for the Armed Forces took over as the new Enforcement director in September 2025.<sup>1</sup> Additionally, as discussed in our [November 2025 Roundup](#), former Enforcement Deputy Director Antonia Apps departed the SEC on December 1, 2025, former Chief Counsel and Acting Director Sam Waldon was named deputy director, and former Associate Director Mark Cave was named chief counsel.<sup>2</sup> Another Enforcement deputy director, Nekia Hackworth Jones, left the agency at the end of December 2025.<sup>3</sup>

In addition, the SEC saw a meaningful number of staff depart as a result of buyouts and other retirements, which resulted in a nearly 20% decrease in the number of full-time employees.<sup>4</sup> This exodus will have a profound effect on how investment advisers are examined and investigated. On January 16, 2026, the Commission released its 2025 Agency Financial Report,<sup>5</sup> including the inspector general’s (IG’s) Statement on Management and Performance Challenges. The IG identified “human capital management” as a challenge for the Commission and commented:

Thirteen percent of SEC staff took advantage [of resignation and retirement incentives] and departed the agency in early 2025, with some smaller offices losing as much as 26 percent of their staff. Coupled with the hiring freeze and changes to the federal government hiring process, in FY 2025, the agency experienced an attrition rate of 17.8 percent—which is over five times higher than the previous year—in addition to an approximately 27 percent reduction of contract personnel.<sup>6</sup>

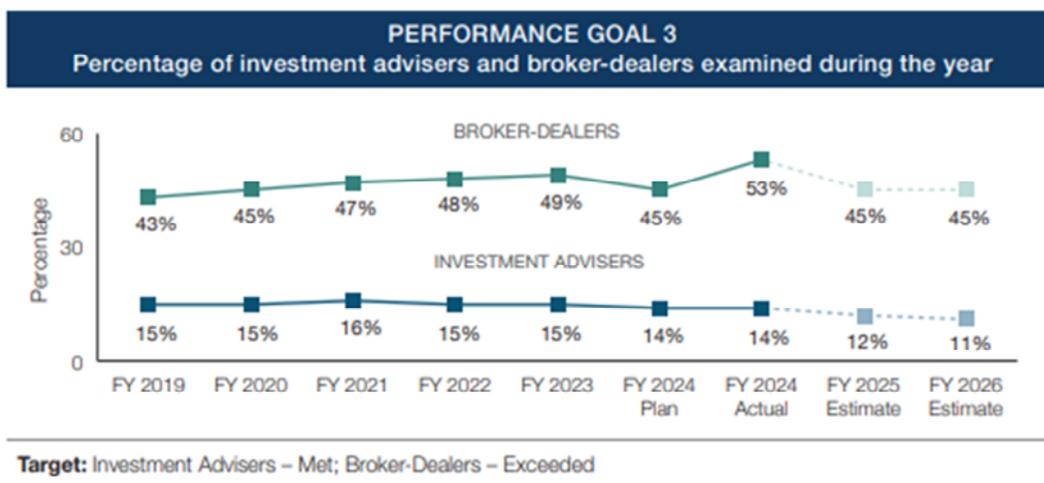
# Morgan Lewis

The SEC will not have sufficient staff to examine and investigate registrants at the same pace that it has in the past. The SEC signaled this reality in May 2025, when it submitted its Fiscal Year 2026 Congressional Budget Justification and Annual Performance Plan and its Fiscal Year 2024 Performance Report. The FY 2026 budget request sought authorization for significantly fewer full-time employees across all major divisions compared with prior years.<sup>7</sup>

## FULL-TIME EQUIVALENTS (FTE) BY PROGRAM

	FY 2024 Actual	FY 2025 Enacted	FY 2026 Request
	FTE	FTE	FTE
<b>Enforcement</b>	1,424	1,304	1,178
<b>Examinations</b>	1,135	1,073	965
<b>Corporation Finance</b>	429	406	369
<b>Trading and Markets</b>	279	256	230
<b>Investment Management</b>	224	206	186
<b>Economic and Risk Analysis</b>	194	183	169
<b>General Counsel</b>	157	143	121

When discussing the Division of Examinations (Exams) performance goal regarding percentage of investment advisers and broker-dealers examined in May 2025, the SEC again predicted a significant decline.<sup>8</sup>



What does this mean? We expect to see more correspondent examinations where the Exams staff does not come on site and harnesses data to focus on specific issues. These exams may occupy less resources, but they are counted in the same reporting statistics as an on-site general examination. In turn, this will likely lead to fewer enforcement referrals.

# Morgan Lewis

However, where there are referrals, we expect to see more “sweep like” matters that focus on practices or conduct that affect a number of investment advisers or broker-dealers. Because the current Enforcement focus is on protecting retail investors, such investigations will still garner significant enforcement resources even in this environment. Moreover, we do not expect that large investment advisers will experience a decline in regulatory interest from the SEC.

Given the dollar volume of assets and the number of retail investors that interact with larger investment advisers, whether directly or indirectly, these larger entities will always rank high on the Exams program’s risk-based selection process. Similarly, regardless of whether Enforcement attention is generated through Exams referrals or other sources, we anticipate that investment adviser investigations will continue to comprise a significant portion of the Enforcement docket, as discussed below.

Post-inauguration enforcement actions brought during FY 2025 and the first quarter of FY 2026 aligned with Chairman Atkins’ “back to basics” approach and focus on investor fraud, including in areas of insider trading, market manipulation, and investment adviser fraud.

But we also have seen a willingness in the investment adviser space to bring non-fraud actions, such as violations of the Custody Rule, the Marketing Rule, and Rule 105.

As Enforcement continues to solidify its leadership team, focus on the chairman’s priorities, and review how its mission is implicated by current market practices, we expect to see the Enforcement docket have a significant focus on investment advisers, particularly where the SEC can articulate even an indirect impact on retail investors.

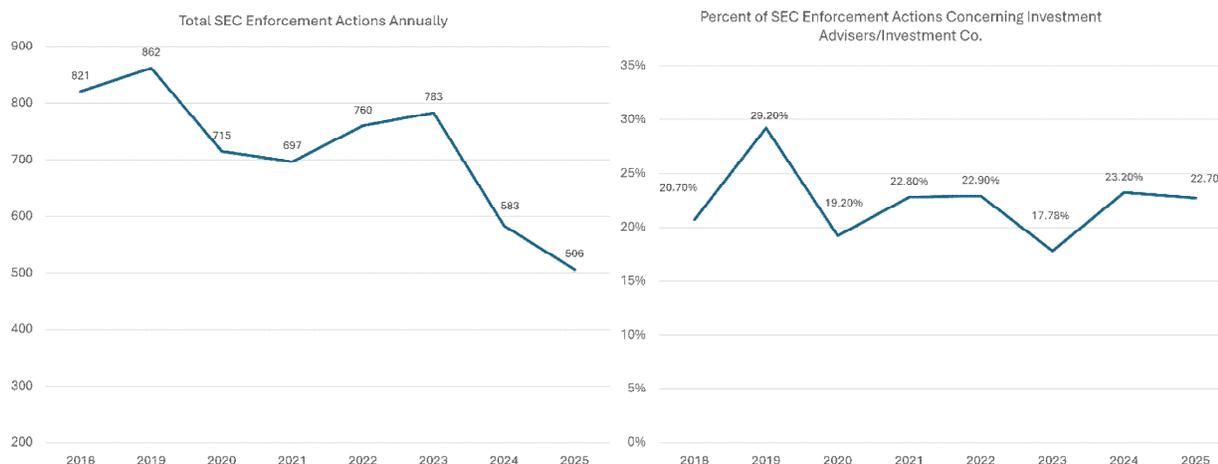
As set forth below, we are focused on several key areas of interest for the SEC involving investment advisers, including:

- Penalties and remedies
- Key developments in rulemakings, Exams priorities, and “retailization” of private markets
- Focus on violations that touch retail investors
- Trading abuses
- Cyber
- AI
- Crypto

## INVESTMENT ADVISER AREAS OF FOCUS AND A LOOK AHEAD

### INVESTMENT ADVISER PROCEEDINGS COMPRISE A SIGNIFICANT PORTION OF THE ENFORCEMENT MIX OF CASES

During FY 2025, the SEC filed a total of 506 enforcement actions, representing a 13% decrease compared to the 583 total enforcement actions brought in FY 2024.<sup>9</sup> Though a decline in enforcement actions during a year of leadership transitions is not uncommon, the steep drop-off in FY 2025 is significantly larger than in prior transition years. For example, enforcement actions fell only 2.5% in the last transition year, FY 2021.<sup>10</sup> Though there was a decrease in enforcement actions overall, the percentage of actions brought against investment advisers has remained a steady focus through the entire year, making up 23.2% of enforcement actions in the first half of the year and 21.5% in the latter half.<sup>11</sup> Overall, enforcement actions in FY 2025 brought against investment advisers were the most frequently brought allegation type.<sup>12</sup>



### PENALTIES AND REMEDIES

The SEC used numerous remedies involving investment advisers in 2025, including:

- **Monetary Relief:** Going forward, we continue to expect penalties against investment advisers to be driven by factors such as actual harm to clients or customers and comparable past precedent. We accordingly expect the size of penalties against investment advisers to decrease, but we anticipate a renewed focus on disgorgement to harmed investors.
- **Cooperation Credit:** The SEC has historically emphasized the importance of cooperation, particularly self-reporting. We anticipate greater credit for other forms of cooperation—including self-policing and remediation going forward—including during examinations and enforcement investigations. We expect this credit to translate to examinations being closed without referrals to Enforcement, investigations being closed without cases being brought, the conduct a case covers, and the remedies imposed (monetary and otherwise).
- **Independent Compliance Consultants:** In 2025, the SEC continued to require the retention of independent compliance consultants (ICCs) in certain cases involving investment advisers. ICCs are an expensive undertaking and involve the review of a firm's policies, procedures, and controls with requirements to implement the consultants' recommendations for improvements. We expect the SEC to continue to require ICCs in some matters going forward, but we also anticipate more room for firms to argue that an ICC is unnecessary due

# Morgan Lewis

to remedial efforts that have already begun or been completed or where firms have voluntarily hired a consultant ahead of the enforcement action.

## KEY DEVELOPMENTS WITH THE CHANGE IN ADMINISTRATION

### Rulemaking

On June 12, 2025, in a move signaling a substantial change in priorities from the Biden Administration, the SEC announced it was withdrawing notices of proposed rulemaking for 14 rules.<sup>13</sup> Five of these withdrawals have significant implications for investment advisers. These include the following:

- **Conflicts of interest associated with predictive data analytics use:** On August 9, 2023, the SEC published proposed rules to “address certain interactions between broker-dealers or investment advisers and investors through these firms’ use of predictive data analytics,” such as artificial intelligence (AI).
- **Safeguarding advisory client assets:** On March 9, 2023, the SEC published a proposed rule pursuant to the Investment Advisers Act of 1940 (Advisers Act) “to address how investment advisers safeguard client assets” and, relatedly, a proposal “to amend certain provisions of the current custody role.”
- **Cybersecurity:** On March 9, 2022, the SEC published proposed rules, forms, and amendments to certain forms “require[ing] registered investment advisers and investment companies to adopt and implement written cybersecurity policies and procedures reasonably designed to address cybersecurity risks, disclose information about cybersecurity risks and incidents, report information confidentially to the Commission about certain cybersecurity incidents, and maintain related records.”
- **Environment, social, and governance practices:** On June 17, 2022, the SEC published proposed rule and form amendments requiring “registered investment advisers, certain advisers that are exempt from registration, registered investment companies, and business development companies, to provide additional information regarding their environmental, social, and governance investment practices.”
- **Outsourcing:** Finally, on November 16, 2022, the SEC published a proposed rule “to prohibit advisers from outsourcing certain services or functions without first meeting certain requirements,” including conducting due diligence on and periodically monitoring the outsourced service provider’s performance. Relatedly, the SEC proposed certain “form amendments to collect information about the service providers defined in the proposed rule.”

Notably, in withdrawing the notices for these proposed rules, the SEC stated: “[i]f the Commission decides to pursue future regulatory action in any of these areas, it will issue a new proposed rule.”

In contrast to the withdrawal of these rules, the SEC has moved forward with the implementation of amendments to Regulation S-P. The amendments mark a material expansion of investment advisers’ privacy and cybersecurity obligations. These amendments, which took effect on December 3, 2025 for “larger entities” and will go into effect on June 3, 2026 for “smaller entities,” create new recordkeeping, notification, policy, and privacy requirements for investment advisers and other covered institutions.

Among the changes is a requirement that covered firms adopt and maintain written policies and procedures for an identity theft prevention program designed to detect unauthorized access or use of customer information. Beyond the new procedure requirement, firms must also notify customers of data security incidents, which is a consequential change given the uptick in cyber incidents. These amendments provide the Commission with an enforceable regulatory framework and should put investment advisers on notice of the SEC’s focus on retention and protection of customer data.

## SEC's 2026 Exam Priorities for Investment Advisers

Exams released its FY 2026 Examination Priorities report (Priorities Report) on November 17, 2025.<sup>14</sup> These priorities reflect the SEC's focus on retail investors, and we expect not only examinations in these spaces but also referrals to Enforcement, particularly when the end customers are retail investors. Investment advisers facing examinations should look for opportunities to demonstrate cooperation and, where appropriate, remediation, as well as provide explanations for the reasonableness of their actions.

### *Fiduciary Standards*

In the Priorities Report, Exams announced a continued focus on adherence to fiduciary standards, stating, "[e]xamining investment advisers' (adviser) adherence to their duty of care and duty of loyalty obligations remains a priority for the division, particularly with regard to aspects of their business that serve retail investors."<sup>15</sup> To that end, Exams identified three primary considerations for evaluating advice and related disclosures: "(1) the impact of advisers' financial conflicts of interest on providing impartial advice; (2) advisers' consideration of the various factors associated with their investment advice" (e.g., cost, objectives of the particular investment product or strategy, characteristics—"including any special or unusual features"—potential risks and benefits, liquidity, time horizon, volatility, "likely performance in a variety of market and economic conditions," and exit cost); and "(3) advisers seeking best execution with the goal of maximizing value for their clients under the particular circumstances occurring at the time of the transaction."<sup>16</sup>

Exams also announced a focus on particular types of investment products and strategies including: "(1) alternative investments," such as "private credit and private funds with investment lock-up for extended periods," "(2) complex investments" like "exchange traded funds (ETF) wrappers on less liquid underlying strategies, option-based ETFs, and leveraged and/or inverse ETFs," and "(3) products that have higher costs associated with investing"—for instance, those with higher commissions or expenses.<sup>17</sup>

Similarly, Exams will scrutinize "[i]nvestment recommendations for consistency with product disclosures and the clients' investment objectives, risk tolerance, and financial/personal backgrounds" with particular focus on elder investors, investors saving for retirement, advisers of private funds simultaneously advising separately managed accounts and/or newly registered funds, advisers of "newly launched private funds," products "particularly sensitive to market volatility," and advisers new to private funds.<sup>18</sup>

Finally, Exams announced a "focus on particular types of advisers and advisory services or business practices that may create additional risks and potential or actual conflicts of interest," including, for example, advisers "dually registered as broker-dealers," advisers who use "third parties to access clients' accounts," and "advisers that have merged or consolidated with, or been acquired by, existing advisory practices."<sup>19</sup>

### *Compliance Programs*

In the Priorities Report, Exams also announced it "continues to broadly focus" on whether "policies and procedures address compliance with the Investment Advisers Act of 1940 and the rules thereunder and are reasonably designed to address conflicts of interest," given "a firm's particular operations" and preclude advisers from putting their own interests ahead of clients'.<sup>20</sup> Exams identified the following potential examination target areas, which investment advisers should be mindful of: "(1) whether the policies and procedures are implemented and enforced; and (2) whether disclosures address fee-related conflicts," particularly conflicts arising "from account product compensations structures."<sup>21</sup>

# Morgan Lewis

## *Automated Investment Advisory Services*

Exams also identified automated investment advisory services, recommendations, and related tools and methods as a growing technology that Exams plans to review in upcoming examinations.<sup>22</sup> Specifically, whether representations are fair and accurate, the operations and controls are consistent with disclosures made to investors, advice or recommendations from algorithms are consistent with investors' investment profiles or stated strategies, and controls are in place to confirm that advice or recommendations are consistent with regulatory obligations.<sup>23</sup>

Investment advisers implementing automated trading recommendations and advice software should review their public disclosures and policies and procedures to determine whether these materials are consistent with the technology's current use and functionality.

## *Artificial Intelligence*

The Exams Priorities Report also noted that there will be continued focus on what policies, procedures, security controls, and training firms have in place to identify and mitigate risks associated with AI.<sup>24</sup>

Exams will also be focused on continuing advancements in AI and the accuracy of AI-related representations made by registrants.<sup>25</sup> Investment advisers should be mindful of how they discuss their AI capabilities or usage and ensure that they have robust policies and procedures to monitor and supervise AI usage.

## *Cybersecurity*

The Exams Priorities Report also emphasized the importance of cybersecurity resiliency for all registrants, including investment advisers. To that end, the Priorities Report focused on Reg S-P, including an assessment of firms' progress in preparing their cybersecurity and program pursuant to the new amendments discussed above. Exams will also focus on compliance with Regulation S-ID, which is designed to detect, prevent, and mitigate identity theft.

Specifically, Exams will assess the reasonableness of policies and procedures pursuant to Reg S-ID, including whether they are reasonably designed to identify and detect red flags and whether the firm is providing training on identity theft prevention.

## *Never-Examined Advisers*

Finally, Exams announced that it will continue to "prioritize examinations of advisers that have never been examined," particularly "recently registered advisers."<sup>26</sup>

## *SEC Dismisses Notable Investment Adviser Cases*

In the past year, the SEC dismissed several notable cases implicating investment advisers originally brought during the Biden administration. For example, in July 2025, the SEC dismissed with prejudice the civil enforcement action initiated in May 2023 charging Pinnacle Advisors, LLC with "aiding and abetting Liquidity Rule violations by a mutual fund it advised and whose Liquidity Risk Management Program it administered."<sup>27</sup>

As the SEC itself noted in the initial press release announcing the action, this was "the first-ever case enforcing the Liquidity Rule, which prohibits mutual funds from investing more than 15 percent of their net assets in illiquid investments, requires funds to take certain prompt remedial steps if they hold illiquid investments above this percentage limit, and requires funds to adopt a liquidity risk management program to assess their liquidity risk."<sup>28</sup>

The SEC had alleged that for a period of one year, about 21–26% of net assets were held in illiquid investments.<sup>29</sup> Per the SEC, "Pinnacle Advisors and its officers . . . classified the fund's largest illiquid investment as a 'less liquid' investment, ignoring restrictions, transfer limitations, and the absence of any market for the shares, and disregarding the advice of fund counsel and auditors."<sup>30</sup>

# Morgan Lewis

Nor, alleged the SEC, did Pinnacle Advisors adhere to the Liquidity Rule's requirements that it proffer a plan to the fund's board to lower its total illiquid investments to 15% or less, or make the requisite SEC filings.<sup>31</sup>

Notably, prior to the joint stipulation, the court had dismissed the defendants' motions to dismiss with leave to refile to address the US Supreme Court's historic *Loper Bright Enters. v. Raimondo* decision expressly overruling *Chevron* and significantly limiting judicial deference to agency interpretation of ambiguous statutory language (with arguable implications for the viability of the Liquidity Rule).<sup>32</sup> The defendants re-filed their motions on April 28, 2025. In its announcement that July regarding the joint stipulation, the SEC stated (without offering any further reasoning) that, "[i]n the exercise of its discretion and as a policy matter, the Commission determined that the dismissal of this action is appropriate."<sup>33</sup>

## 'Retailization' of Private Markets

On September 18, 2025, Chairman Atkins gave remarks at an Investor Advisory Committee and announced the SEC "is exploring ways to facilitate the ability of individual investors to participate in the private markets, while at the same time protecting those investors from bad actors and fraud."<sup>34</sup> While previewing one of the event's panels dedicated to "explor[ing] the regulatory framework governing retail investors' access to private market assets," Chairman Atkins stressed the concepts of "freedom and fairness" and "the idea that exposure to the full dynamism of our markets should not be reserved for the wealthiest or for those deemed to be the most sophisticated."<sup>35</sup>

Chairman Atkins' remarks followed US President Donald Trump's August 7, 2025 executive order<sup>36</sup> directing the US Department of Labor and the SEC to issue guidance promoting broader access to alternative investment options. As discussed in greater detail [in a prior LawFlash](#), the executive order would permit investment in, for example, digital assets, private equity, and real estate within 401(k) plans and other types of contribution plans.

Chairman Atkins noted he was "delighted" at President Trump's executive order on alternative assets but stressed that while "[t]here is investor demand for these products," there must also be "appropriate guardrails to guide proper investment of retirement and other funds into these private vehicles."<sup>37</sup> In particular, Chairman Atkins explained, "[w]e must address the important issues and pitfalls" with this type of investment, such as "liquidity, valuation, diversification, and strategy, terms, and conditions of investment," and noted, "[t]hese sorts of questions cannot be left to chance, and fiduciaries who have a long-term retail clientele must understand their duties and investor expectations."<sup>38</sup>

Chairman Atkins' public comments on the "retailization" of private investments are one of several notable policy shifts from the prior administration. We expect this issue to present compliance risks and challenges for investment advisers in 2026 and beyond.

## FOCUS ON VIOLATIONS THAT TOUCH RETAIL INVESTORS

As discussed above, the new administration is particularly focused on protecting retail investors from market abuse. Given this focus, it is no surprise that the SEC brought multiple actions in FY 2025 against investment advisers for both fraud and non-fraud violations that impacted retail investors.

### Fraud Violations

Fraud cases, particularly those involving adviser overbilling or failure to adequately disclose conflicts of interest, have long been a core focus of SEC enforcement. These matters are of particular importance to an administration prioritizing retail investor protection, as they involve breaches of advisers' duties of loyalty for personal gain at investors' expense. Consistent with this focus, in FY 2025 the SEC brought several enforcement actions alleging fraud based on failure to disclose conflicts of interest and overbilling. Looking ahead to 2026, we expect the SEC to continue prioritizing enforcement in these areas, particularly where retail investors are harmed.

# Morgan Lewis

One FY 2025 enforcement action highlights the SEC's emphasis on adequately disclosing—and memorializing in policies and procedures—conflicts of interest. In August 2025, the SEC announced a settlement with affiliated advisory and broker-dealer entities for failing to disclose conflicts of interest and for making misleading statements in connection with recommendations that retail investors enroll in a managed account service.<sup>39</sup>

According to the SEC's order, the respondents employed retirement plan advisors operating in dual capacities and used a compensation structure that incentivized advisors to recommend the managed account service without clearly disclosing their role or financial incentives.<sup>40</sup> The SEC also found that certain advisors made misleading statements regarding their compensation and fiduciary status and that respondents failed to establish, maintain, and enforce policies and procedures to identify and address conflicts of interest. The adviser firm agreed to pay over \$4,000,000 in disgorgement and over \$400,000 in prejudgment interest, and each respondent agreed to pay a \$750,000 civil penalty, along with censures and cease-and-desist orders.

Another matter involving conflict-of-interest disclosures and overbilling retail investors was announced in February 2025. In a settled action, the SEC charged a registered investment adviser and a former investment adviser representative with recommending the conversion of more than 180 brokerage accounts (many held by elderly clients) to advisory accounts that resulted in significantly higher costs without providing additional services or benefits.<sup>41</sup>

The SEC alleged that the respondents failed to disclose in advance that the conversions would increase client fees and the representative's compensation and failed to disclose the resulting conflict of interest, in violation of their fiduciary duties.<sup>42</sup> The adviser agreed to pay a civil penalty of \$150,000 and to retain an independent compliance consultant, while the adviser representative agreed to pay a \$75,000 civil penalty and a nine-month industry suspension.

## Non-Fraud Violations

In addition to actions for fraud in which investment advisers directly harm retail investors, in 2025 the SEC also pursued non-fraud actions against investment advisers where the alleged misconduct posed potential risks to retail investors or undermined investors' confidence in the market. These actions spanned a range of regulatory obligations, including alleged violations of SEC Rule 206(4)-2 (Custody Rule), SEC Rule 105, and SEC Rule 206(4)-1 (Marketing Rule).

One FY 2025 enforcement action underscores the SEC's continued focus on compliance with the Custody Rule. In August 2025, the SEC announced a settlement with an investment adviser for failing to comply with the Custody Rule's independent verification requirement for client funds and securities over which the adviser had custody.<sup>43</sup>

According to the SEC's order, the firm's president, who also served as the firm's chief compliance officer, served as a co-trustee of two trusts that were the firm's advisory clients; had signatory authority on four of the firm's clients' accounts; and acted as an authorized agent with power of attorney on five of the firm's clients' accounts. The SEC alleged that the firm therefore had custody of certain client funds and securities and thereby was required to—and failed to—adhere to the requirements of the Custody Rule. Specifically, the SEC alleged that the firm failed to arrange for the surprise examinations required by the rule.<sup>44</sup> The adviser agreed to pay a \$50,000 civil penalty and consented to a cease-and-desist order.

Another FY 2025 enforcement action highlights the SEC's focus on compliance with the Marketing Rule and the need for accurate, substantiated advertising statements. In September 2025, the SEC announced a settlement against an investment adviser for disseminating a website advertisement that misleadingly claimed the firm "refuse[d] all conflicts of interest."<sup>45</sup>

# Morgan Lewis

According to the SEC's order, the adviser in fact acknowledged multiple conflicts of interest inherent in its advisory business, including those disclosed in its Form ADV, Part 2A brochure, and therefore lacked a reasonable basis to substantiate the advertisement's material statement of fact.<sup>46</sup>

The SEC also found that the adviser failed to conduct an annual review of its compliance policies and procedures and failed to implement policies governing reliance on third parties for recordkeeping and the conducting of annual compliance reviews. The adviser agreed to (1) pay a \$75,000 civil penalty, (2) undertake remedial measures to address the compliance deficiencies, (3) a cease-and-desist order, and (4) a censure.

Please see Morgan Lewis's [analysis of the SEC's focus on technical violations](#) for more information on non-fraud violations brought by the new administration in FY 2025.

## TRADING ABUSES

As with the non-fraud violations discussed above, in FY 2025, the SEC prioritized trading abuse cases in which alleged misconduct undermined confidence in the financial markets and harmed investors.

### Cherry-Picking

One case regarding "cherry-picking" illustrates the SEC's emphasis on protecting confidence in markets. Cherry-picking is the fraudulent practice of preferentially allocating profitable trades or failing to allocate unprofitable trades to an adviser's personal and favored accounts at the expense of other client accounts. In June 2025, the SEC announced a settlement with an investment adviser and its principal for engaging in an 18-month cherry-picking scheme at the expense of its advisory clients.<sup>47</sup>

According to the SEC's order, the respondents disproportionately allocated profitable trades to the principal's personal and family account as well as the firm's account, while allocating unprofitable trades to seventy-eight client accounts, resulting in significant client losses.<sup>48</sup> The adviser agreed to pay over \$10,000 in disgorgement and over \$2,000 in prejudgment interest, a cease-and-desist order, and censure. The principal agreed to pay over \$80,000 in disgorgement, over \$17,000 in prejudgment interest, and a \$141,000 civil penalty, along with a cease-and-desist order and an associational bar.

In addition to illustrating the SEC's 2025 priority of protecting market confidence, the SEC's pursuit of a complex cherry-picking scheme also highlights the SEC's ongoing use of sophisticated in-house data analytics tools to identify cases and bolster enforcement matters that involve complex trading patterns.

### Insider Trading

Consistent with the SEC's priorities of preventing investor harm and protecting market integrity, insider trading cases remained a priority for the SEC in FY 2025, and we have continued to see a number of insider trading cases in the first quarter of FY 2026. With the change in administration, however, we do not expect to see a decrease in cases brought against investment advisers under Section 204A of the Advisers Act for implementing inadequate policies and procedures relating to the misuse of material, nonpublic information, particularly where there are no accompanying allegations of insider trading against the firm or any of its employees. While we do not expect the SEC to bring aggressive cases under Section 204A of the Advisers Act in FY 2026, investment advisers should take the opportunity to consider their policies, procedures, and training regarding MNPI to ensure they do not run afoul of the Advisers Act and engender scrutiny from the SEC going forward.

# Morgan Lewis

## CONTINUED DEVELOPMENTS IN AI

Cases involving statements about AI remain an area of focus for the SEC. The SEC has paid particular attention to “AI washing,” or instances where individuals or entities make false and misleading statements concerning the use of AI and AI capabilities. The SEC’s focus aligns with the new administration’s prioritization of protecting retail investors from market abuse. As the use of AI technology continues to surge, we expect that the SEC will continue to prioritize these types of actions. It remains important for investment advisers to be vigilant about making accurate and truthful statements about AI usage and capabilities.

In a litigation initiated in April 2025, the SEC alleged that the defendant, the CEO of a technology company, fraudulently solicited over \$42 million from investors for the sale of stock in the company by making false and misleading claims about the company’s usage of AI.<sup>49</sup>

The defendant marketed the company’s mobile shopping application as using AI to complete user purchases when, in fact, the application made no use of AI. The defendant continued to make these false representations during various rounds of series investments.

After reporting cast doubts on the company’s alleged use of AI, the defendant ultimately failed to raise necessary funds, the company ceased operations, and the defendant did not return funds to investors, resulting in losses of substantially all their investments. The SEC alleged that the defendant violated Section 17(a) of the Securities Act of 1933 by knowingly or recklessly obtaining money by means of untrue or misleading statements, as well as Section 10(b) of the Securities and Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder by knowingly or recklessly employing deceptive devices or schemes in connection with the purchase or sale of securities by making untrue statements of material fact to defraud others. Through the action, the SEC seeks as relief injunctions, an officer-and-director bar, civil penalties, and disgorgement with prejudgment interest.<sup>50</sup>

With the number of AI-related investments continuing to rise, we expect that the SEC will continue to scrutinize statements made about AI usage and capabilities for their truthfulness.

In light of that focus, investment advisers should be mindful of touting AI usage or capabilities and the attendant risks of actual or perceived misstatements or misrepresentations that their companies and registered representatives may make. Investment advisers should also be wary of market events triggered by AI-related activity. For example, where a deepfake video or an AI hallucination triggers market activity, we expect that the SEC will rely on tools that it has successfully utilized in cases concerning order placement issues to analyze trading data, algorithmic inputs, and software code to investigate and potentially bring charges.<sup>51</sup>

It is also critical that investment advisory firms ensure that they have implemented adequate policies and procedures relating to the monitoring, risk assessment, and supervision of AI technologies when utilized by their businesses and are prepared to determine the appropriateness of needed disclosures to the SEC, customers, and investors when issues arise.

## CYBER

The SEC’s dismissal of several cases that alleged cyber violations<sup>52</sup> and the Commission’s withdrawal of Biden administration cyber rules suggest a willingness to depart from the previous administration’s cyber focus, particularly where the SEC took an aggressive stance regarding materiality and alleged internal controls violations.<sup>53</sup> Even though the SEC has stepped back from the previous administration’s priorities, the Commission remained focused on identifying cybersecurity and operational resiliency threats in 2025. In pursuit of that focus, the SEC announced the creation of the Cyber and Emerging Technologies Unit (CETU) in February.<sup>54</sup>

# Morgan Lewis

The CETU is a specialized group of 30 fraud specialists and attorneys across multiple SEC offices and will focus on seven priority areas, including account takeovers, regulated entities' compliance with cybersecurity rules and regulations, and fraud committed using emerging technologies, such as AI and machine learning.<sup>55</sup> While the CETU is a new entity within the SEC, investment advisers should view the CETU and its mandate within the broader context of the current Commission's focus on identifying fraud and harm to retail investors. Investment advisers should focus both on identifying the risks that cyber and emerging technologies pose to the business and the potential harm that these risks can create for investors because the CETU will be watching for both types of harm.

As discussed previously, investment advisers must be cognizant of cyber risks, including those covered by Reg S-P and Reg S-ID, because Exams identified these risks as areas of interest. Advisers that are adopting new, innovative technologies, especially those powered by AI, should monitor these risks carefully because Enforcement has been and will continue to be interested in technology that creates operational risks.

In November, the SEC announced a settlement with a dually registered broker-dealer and investment adviser for failing to adopt written policies and procedures reasonably designed to protect customer records and information under Reg S-P.<sup>56</sup> These policies and procedures did not provide the registrant's member firms with required information security policies and controls, such as multi-factor authentication, annual security awareness training, and written incident response policies.<sup>57</sup> The SEC also found that the registrant failed to develop and implement a written identity theft prevention program because it was not updated periodically to reflect changes in risks related to identity theft from ongoing cybersecurity incidents as required by Reg S-ID.<sup>58</sup> The registrant agreed to pay a civil penalty of \$325,000.<sup>59</sup>

## **CRYPTO DEVELOPMENTS CONCERNING INVESTMENT ADVISERS**

Investment advisers should expect increased transparency in the regulatory framework for cryptocurrency and digital assets as the Commission has departed from the previous administration's approach. To help spearhead this new approach, the Commission first established the Crypto Task Force to serve as the central coordinating body in evaluating digital asset regulatory issues, gathering market insight through stakeholder roundtables, and supporting the development of clarifying the regulatory framework.<sup>60</sup>

In July, Chairman Atkins unveiled Project Crypto, "a Commission-wide initiative to modernize the securities rules and regulations to enable America's financial markets to move on-chain."<sup>61</sup> The SEC has subsequently taken steps to clarify regulatory obligations for advisers engagement with cryptocurrency.<sup>62</sup> For example, the Commission provided guidance on the issue of custody with a no-action letter that grants relief to investment advisers seeking to use state trust companies as qualified custodians for crypto assets.<sup>63</sup> No-action letters like this one should be more common as the Commission seeks to provide transparency in the regulatory framework for cryptocurrency. As Commissioner Hester Pierce stated, this no-action letter is an "encouraging development" for investment advisers that are interested in investing in digital assets.<sup>64</sup>

Chairman Atkins also stated that the Commission remains focused on fraud and illicit conduct in the cryptocurrency market, which is expected given the SEC's stated interest in pursuing cases involving retail investor harm.<sup>65</sup> We expect the Commission to move away from enforcement actions involving registration and to move towards actions involving fraud.

For example, the SEC brought an action against crypto asset trading platforms that allegedly defrauded retail investors out of more than \$14 million by allegedly luring customers into opening accounts to invest in "Security Token Offerings" that never existed.<sup>66</sup> In speaking about the complaint, CETU Chief Laura D'Allaird stated that "fraud is fraud, and [the CETU] will vigorously pursue securities fraud that harms retail investors."<sup>67</sup>

## **CONCLUSION**

The past year has brought significant transitions to the SEC, accompanied by a clear shift toward traditional enforcement priorities centered on investor protection and market integrity. Despite leadership changes, staffing challenges, and withdrawn rulemakings, the Commission has maintained its focus on investment advisers, particularly where conduct may affect retail investors.

Developments across examinations, rulemaking, and enforcement highlight the need for advisers to maintain robust compliance programs, ensure the accuracy of disclosures, and carefully manage emerging risks related to cybersecurity, AI, and digital assets. As the SEC continues refining its regulatory approach in 2026 and beyond, investment advisers should remain vigilant, proactive, and well-prepared to navigate an evolving enforcement landscape.

# Morgan Lewis

## CONTACTS

If you have any questions or would like more information on the issues discussed in this report, please contact any of the following:

### Securities Enforcement Practice

#### Boston

Timothy P. Burke	+1.617.951.8620	<a href="mailto:timothy.burke@morganlewis.com">timothy.burke@morganlewis.com</a>
Thomas J. Hennessey	+1.617.951.8520	<a href="mailto:thomas.hennessey@morganlewis.com">thomas.hennessey@morganlewis.com</a>
Matthew C. McDonough	+1.617.951.8840	<a href="mailto:matthew.mcdonough@morganlewis.com">matthew.mcdonough@morganlewis.com</a>
Jason S. Pinney	+1.617.951.8684	<a href="mailto:jason.pinney@morganlewis.com">jason.pinney@morganlewis.com</a>
T. Peter R. Pound	+1.617.951.8728	<a href="mailto:peter.pound@morganlewis.com">peter.pound@morganlewis.com</a>
Emily E. Renshaw	+1.617.951.8517	<a href="mailto:emily.renshaw@morganlewis.com">emily.renshaw@morganlewis.com</a>

#### Miami

Ivan P. Harris	+1.305.415.3398	<a href="mailto:ivan.harris@morganlewis.com">ivan.harris@morganlewis.com</a>
----------------	-----------------	--

#### New York

Kelly L. Gibson	+1.212.309.6287	<a href="mailto:kelly.gibson@morganlewis.com">kelly.gibson@morganlewis.com</a>
Ariel Gursky	+1.212.309.6205	<a href="mailto:ariel.gursky@morganlewis.com">ariel.gursky@morganlewis.com</a>
Ben A. Indek	+1.212.309.6109	<a href="mailto:ben.indek@morganlewis.com">ben.indek@morganlewis.com</a>
Emily E. Renshaw	+1.617.951.8517	<a href="mailto:emily.renshaw@morganlewis.com">emily.renshaw@morganlewis.com</a>

#### Philadelphia

G. Jeffrey Boujoukos	+1.215.963.5117	<a href="mailto:jeff.boujoukos@morganlewis.com">jeff.boujoukos@morganlewis.com</a>
Kelly L. Gibson	+1.215.963.5121	<a href="mailto:kelly.gibson@morganlewis.com">kelly.gibson@morganlewis.com</a>

#### San Francisco

Joseph E. Floren	+1.415.442.1391	<a href="mailto:joseph.floren@morganlewis.com">joseph.floren@morganlewis.com</a>
Susan D. Resley	+1.415.442.1351	<a href="mailto:susan.resley@morganlewis.com">susan.resley@morganlewis.com</a>
Alyse "Ali" Rivett	+1.415.442.1109	<a href="mailto:ali.rivett@morganlewis.com">ali.rivett@morganlewis.com</a>

#### Washington, DC

Frederick L. Block	+1.202.739.5125	<a href="mailto:fred.block@morganlewis.com">fred.block@morganlewis.com</a>
G. Jeffrey Boujoukos	+1.202.739.5283	<a href="mailto:jeff.boujoukos@morganlewis.com">jeff.boujoukos@morganlewis.com</a>
Ivan P. Harris	+1.202.739.5692	<a href="mailto:ivan.harris@morganlewis.com">ivan.harris@morganlewis.com</a>
Carolyn Welshhans	+1.571.631.9925	<a href="mailto:carolyn.welshhans@morganlewis.com">carolyn.welshhans@morganlewis.com</a>

### Investment Management Practice

#### Abu Dhabi

Andrea Dougall	+971.2.697.8815	<a href="mailto:andrea.dougall@morganlewis.com">andrea.dougall@morganlewis.com</a>
William L. Nash III	+971.2.697.8810	<a href="mailto:william.nash@morganlewis.com">william.nash@morganlewis.com</a>

#### Boston

Marion Giliberti Barish	+1.617.951.8801	<a href="mailto:marion.barish@morganlewis.com">marion.barish@morganlewis.com</a>
Katherine Dobson Buckley	+1.617.341.7531	<a href="mailto:katherine.buckley@morganlewis.com">katherine.buckley@morganlewis.com</a>
Lea Anne Copenhefer	+1.617.951.8515	<a href="mailto:leanne.copenhefer@morganlewis.com">leanne.copenhefer@morganlewis.com</a>
Richard A. Goldman	+1.617.951.8851	<a href="mailto:rich.goldman@morganlewis.com">rich.goldman@morganlewis.com</a>
Barry N. Hurwitz	+1.617.951.8267	<a href="mailto:barry.hurwitz@morganlewis.com">barry.hurwitz@morganlewis.com</a>
Jeremy B. Kantrowitz	+1.617.951.8458	<a href="mailto:jeremy.kantrowitz@morganlewis.com">jeremy.kantrowitz@morganlewis.com</a>

# Morgan Lewis

Gerald J. Kehoe +1.617.341.7840  
Justine Le +1.617.341.7589  
Daniel A. Losk +1.617.341.7783  
Paul B. Raymond +1.617.951.8567  
Toby R. Serkin +1.617.951.8760  
Stephen C. Tirrell +1.617.951.8833

[gerald.kehoe@morganlewis.com](mailto:gerald.kehoe@morganlewis.com)  
[justine.le@morganlewis.com](mailto:justine.le@morganlewis.com)  
[daniel.losk@morganlewis.com](mailto:daniel.losk@morganlewis.com)  
[paul.raymond@morganlewis.com](mailto:paul.raymond@morganlewis.com)  
[toby.serkin@morganlewis.com](mailto:toby.serkin@morganlewis.com)  
[stephen.tirrell@morganlewis.com](mailto:stephen.tirrell@morganlewis.com)

## Chicago

Stacie Hartman +1.312.324.1592  
Brian Jacobson +1.312.324.1793  
Zeke Johnson +1.312.324.1783

[stacie.hartman@morganlewis.com](mailto:stacie.hartman@morganlewis.com)  
[brian.jacobson@morganlewis.com](mailto:brian.jacobson@morganlewis.com)  
[zeke.johnson@morganlewis.com](mailto:zeke.johnson@morganlewis.com)

## Dallas

Carrie J. Rief +1.214.466.4159

[carrie.rief@morganlewis.com](mailto:carrie.rief@morganlewis.com)

## Dubai

Sami Ben Dechiche +971.4.312.1807  
Victoria Ferres +971.4.312.1806  
Alishia K. Sullivan +971.4.312.1945

[sami.bendechiche@morganlewis.com](mailto:sami.bendechiche@morganlewis.com)  
[victoria.ferres@morganlewis.com](mailto:victoria.ferres@morganlewis.com)  
[alishia.sullivan@morganlewis.com](mailto:alishia.sullivan@morganlewis.com)

## Hartford

Mark F. Parise +1.860.240.2551

[mark.parise@morganlewis.com](mailto:mark.parise@morganlewis.com)

## Hong Kong

Alice Huang +852.3551.8618

[alice.huang@morganlewis.com](mailto:alice.huang@morganlewis.com)

## London

Ted Craig +44.20.3201.5431  
Simon Currie +44.20.3201.5644  
Steven Lightstone +44.20.3201.5663  
Robert Mailer +44.20.3201.5339  
Tayne Rankine +44.20.3201.5418  
Oliver Rochman +44.20.3201.5340  
William Yonge +44.20.3201.5646

[ted.craig@morganlewis.com](mailto:ted.craig@morganlewis.com)  
[simon.currie@morganlewis.com](mailto:simon.currie@morganlewis.com)  
[steven.lightstone@morganlewis.com](mailto:steven.lightstone@morganlewis.com)  
[robert.mailer@morganlewis.com](mailto:robert.mailer@morganlewis.com)  
[tayne.rankine@morganlewis.com](mailto:tayne.rankine@morganlewis.com)  
[oliver.rochman@morganlewis.com](mailto:oliver.rochman@morganlewis.com)  
[william.yonge@morganlewis.com](mailto:william.yonge@morganlewis.com)

## Los Angeles

Ayman A. Khaleq +1.213.612.7459

[ayman.khaleq@morganlewis.com](mailto:ayman.khaleq@morganlewis.com)

## New York

John D. Cleaver +1.212.309.6931  
Thomas V. D'Ambrosio +1.212.309.6964  
Christopher J. Dlutowski +1.212.309.6046  
Leonora Shalet +1.212.309.6823  
Jedd H. Wider +1.212.309.6605  
Anthony H. Zacharski +1.212.309.6975  
Joseph D. Zargari +1.212.309.7020

[john.cleaver@morganlewis.com](mailto:john.cleaver@morganlewis.com)  
[thomas.dambrosio@morganlewis.com](mailto:thomas.dambrosio@morganlewis.com)  
[christopher.dlutowski@morganlewis.com](mailto:christopher.dlutowski@morganlewis.com)  
[leonora.shalet@morganlewis.com](mailto:leonora.shalet@morganlewis.com)  
[jedd.wider@morganlewis.com](mailto:jedd.wider@morganlewis.com)  
[anthony.zacharski@morganlewis.com](mailto:anthony.zacharski@morganlewis.com)  
[joseph.zargari@morganlewis.com](mailto:joseph.zargari@morganlewis.com)

## Orange County

Laurie A. Dee +1.714.830.0679  
Jarrod A. Huffman +1.714.830.0633

[laurie.dee@morganlewis.com](mailto:laurie.dee@morganlewis.com)  
[jarrod.huffman@morganlewis.com](mailto:jarrod.huffman@morganlewis.com)

# Morgan Lewis

## Paris

Hugues Bouchetemble +33.1.44.09.46.55  
Hubert de Vauplane +33.1.44.09.46.80  
Gilles Saint Marc +33.1.44.09.46.17

[hugues.bouchetemble@morganlewis.com](mailto:hugues.bouchetemble@morganlewis.com)  
[hubert.devauplane@morganlewis.com](mailto:hubert.devauplane@morganlewis.com)  
[gilles.saintmarc@morganlewis.com](mailto:gilles.saintmarc@morganlewis.com)

## Philadelphia

David W. Freese +1.215.963.5862  
Sean Graber +1.215.963.5598  
Timothy W. Levin +1.215.963.5037  
Christine M. Lombardo +1.212.309.6629  
John J. O'Brien +1.215.963.4969

[david.freese@morganlewis.com](mailto:david.freese@morganlewis.com)  
[sean.graber@morganlewis.com](mailto:sean.graber@morganlewis.com)  
[timothy.levin@morganlewis.com](mailto:timothy.levin@morganlewis.com)  
[christine.lombardo@morganlewis.com](mailto:christine.lombardo@morganlewis.com)  
[john.obrien@morganlewis.com](mailto:john.obrien@morganlewis.com)

## Pittsburgh

Todd P. Zerega +1.412.560.7011

[todd.zerega@morganlewis.com](mailto:todd.zerega@morganlewis.com)

## San Francisco

Monica H. Chang +1.415.442.1283  
Audrey A. Jeung +1.415.442.1758  
Marina Kofsman +1.415.442.1394  
Peter M. Phleger +1.415.442.1096

[monica.chang@morganlewis.com](mailto:monica.chang@morganlewis.com)  
[audrey.jeung@morganlewis.com](mailto:audrey.jeung@morganlewis.com)  
[marina.kofsman@morganlewis.com](mailto:marina.kofsman@morganlewis.com)  
[peter.phleger@morganlewis.com](mailto:peter.phleger@morganlewis.com)

## Singapore

Divya Thakur +65.6389.3011

[divya.thakur@morganlewis.com](mailto:divya.thakur@morganlewis.com)

## Tokyo

Tomoko Fuminaga +81.3.4578.2503  
Tadao Horibe +81.3.4578.2506  
Carol Tsuchida +81.3.4578.2611

[tomoko.fuminaga@morganlewis.com](mailto:tomoko.fuminaga@morganlewis.com)  
[tadao.horibe@morganlewis.com](mailto:tadao.horibe@morganlewis.com)  
[carol.tsuchida@morganlewis.com](mailto:carol.tsuchida@morganlewis.com)

## Washington, DC

Mana Behbin +1.202.373.6599  
Gregg S. Buksbaum +1.202.739.5080  
Laura E. Flores +1.202.373.6101  
Lindsay B. Jackson +1.202.739.5120  
Daniel R. Kleinman +1.202.739.5143  
Amy Natterson Kroll +1.202.739.5746  
W. John McGuire +1.202.373.6799  
Christopher D. Menconi +1.202.373.6173  
Courtney C. Nowell +1.202.739.5223  
Christopher M. Paridon +1.202.739.5138  
Christine Ayako Schleppegrell +1.202.739.5259  
Robert A. Schwartz +1.202.739.5963  
Steven W. Stone +1.202.739.5453  
Kyle D. Whitehead +1.202.739.5717  
Joseph (Beau) Yanoshik +1.202.373.6133  
Betselot A. Zeleke +1.202.739.5508

[mana.behbin@morganlewis.com](mailto:mana.behbin@morganlewis.com)  
[gregg.buksbaum@morganlewis.com](mailto:gregg.buksbaum@morganlewis.com)  
[laura.flores@morganlewis.com](mailto:laura.flores@morganlewis.com)  
[lindsay.jackson@morganlewis.com](mailto:lindsay.jackson@morganlewis.com)  
[daniel.kleinman@morganlewis.com](mailto:daniel.kleinman@morganlewis.com)  
[amy.kroll@morganlewis.com](mailto:amy.kroll@morganlewis.com)  
[john.mcguire@morganlewis.com](mailto:john.mcguire@morganlewis.com)  
[christopher.menconi@morganlewis.com](mailto:christopher.menconi@morganlewis.com)  
[courtney.nowell@morganlewis.com](mailto:courtney.nowell@morganlewis.com)  
[christopher.paridon@morganlewis.com](mailto:christopher.paridon@morganlewis.com)  
[christine.schleppegrell@morganlewis.com](mailto:christine.schleppegrell@morganlewis.com)  
[rob.schwartz@morganlewis.com](mailto:rob.schwartz@morganlewis.com)  
[steve.stone@morganlewis.com](mailto:steve.stone@morganlewis.com)  
[kyle.whitehead@morganlewis.com](mailto:kyle.whitehead@morganlewis.com)  
[beau.yanoshik@morganlewis.com](mailto:beau.yanoshik@morganlewis.com)  
[betselot.zeleke@morganlewis.com](mailto:betselot.zeleke@morganlewis.com)

# Morgan Lewis

## ABOUT US

Morgan Lewis is recognized for exceptional client service, legal innovation, and commitment to its communities. Our global depth reaches across North America, Asia, Europe, and the Middle East with the collaboration of more than 2,200 lawyers and specialists who provide elite legal services across industry sectors for multinational corporations to startups around the world. For more information about us, please visit [www.morganlewis.com](http://www.morganlewis.com).

## REFERENCES

---

<sup>1</sup> Press Release, SEC, [SEC Names Judge Margaret Ryan as Director of the Division of Enforcement](#) (Aug. 21, 2025).

<sup>2</sup> Press Release, SEC, [Deputy Director of Enforcement Antonia M. Apps to Conclude Her Tenure at the SEC](#) (Nov. 13, 2025).

<sup>3</sup> Press Release, SEC, [Deputy Director of Enforcement Nekia Hackworth Jones Concludes Her Tenure at the SEC](#) (Dec. 29, 2025).

<sup>4</sup> Douglas Gillison, Chris Prentice, *Reuters*, [US SEC Buyouts Hit Legal, Investment Divisions Hardest, Data Shows](#) (May 15, 2025).

<sup>5</sup> See SEC, [2025 Agency Final Report](#) (Jan. 16, 2026).

<sup>6</sup> *Id.* at 99.

<sup>7</sup> *Id.* at 7.

<sup>8</sup> *Id.* at 49.

<sup>9</sup> The Brattle Group, [SEC Enforcement Activity for Fiscal Year 2025: A Tale of Two Halves](#), Fig. 4 (Oct. 28, 2025).

<sup>10</sup> See Cornerstone Research, [Fiscal Year 2025 Enforcement Update SEC Enforcement Activity: Public Companies and Subsidiaries](#), at 2 (2025); The Brattle Group, [SEC Enforcement Activity for Fiscal Year 2025: A Tale of Two Halves](#), Fig. 4 (Oct. 28, 2025).

<sup>11</sup> The Brattle Group, [SEC Enforcement Activity for Fiscal Year 2025: A Tale of Two Halves](#), Fig. 4 (Oct. 28, 2025).

<sup>12</sup> *Id.*

<sup>13</sup> See SEC, [Withdrawal of Proposed Regulatory Actions](#) (June 12, 2025).

<sup>14</sup> Press Release, SEC, [SEC Division of Examinations Announces 2026 Priorities](#) (Nov. 17, 2025).

<sup>15</sup> SEC, Division of Examinations, [Fiscal Year 2026 Examination Priorities](#), at 4. (Nov. 12, 2025).

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 5.

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at 6.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.* at 13.

<sup>23</sup> *Id.* at 13–14.

<sup>24</sup> *Id.* at 12.

<sup>25</sup> *Id.* at 14.

<sup>26</sup> *Id.* at 6.

<sup>27</sup> Press Release, SEC, [SEC Announces Dismissal of Civil Enforcement Action Against Pinnacle Advisors, LLC, Robert F. Cuculich, Benjamin R. Quilty, Mark E. Wadach, and Lawton A. Williamson](#) (July 11, 2025).

<sup>28</sup> Press Release, SEC, [SEC Charges Investment Adviser and Fund Trustees with Liquidity Rule Violations](#) (May 9, 2023).

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> [SEC v. Pinnacle Advisors LLC, et al.](#), No. 5:23-cv-00547 (N.D.N.Y. July 11, 2025), ECF No. 48.

<sup>33</sup> Press Release, SEC, [SEC Announces Dismissal of Civil Enforcement Action Against Pinnacle Advisors, LLC, Robert F. Cuculich, Benjamin R. Quilty, Mark E. Wadach, and Lawton A. Williamson](#) (July 11, 2025).

<sup>34</sup> Speech, Paul S. Atkins, [Remarks at the Investor Advisory Committee Meeting](#) (Sep. 18, 2025).

<sup>35</sup> *Id.*

<sup>36</sup> Exec. Order No. 14330, 90 Fed. Reg. 38921, 38921–23, [Democratizing Access to Alternative Assets for 401\(k\) Investors](#) (Aug. 7, 2025).

<sup>37</sup> *Id.*

<sup>38</sup> *Id.*

<sup>39</sup> See Press Release, SEC, [SEC Charges Empower Advisory Group, LLC and Empower Financial Services, Inc. for Failing to Adequately Disclose Conflicts of Interest to Retirement Plan Participants](#) (Aug. 29, 2025).

<sup>40</sup> See Order, SEC, [In the Matter of Empower Advisory Group, LLC and Empower Financial Services, Inc.](#), Advisers Act Release No. 6911, AP File No. 3-22562 (Aug. 29, 2025).

---

<sup>41</sup> See Press Release, SEC, [SEC Charges One Oak Capital Management and Michael DeRosa with Breaching Fiduciary Duties to Clients](#) (Feb. 14, 2025).

<sup>42</sup> See Order, SEC, [In the Matter of One Oak Capital Management, LLC and Michael DeRosa](#), Advisers Act Release No. 6855, AP File No. 3-22453 (Feb. 14, 2025).

<sup>43</sup> See Press Release, SEC, [SEC Charges Investment Adviser for Custody Rule Violations](#) (Aug. 1, 2025).

<sup>44</sup> See Order, SEC, [In the Matter of Munakata Associates LLC](#), Advisers Act Release No. 6901, AP File No. 3-22500 (Aug. 1, 2025).

<sup>45</sup> See Press Release, SEC, [SEC Charges Massachusetts-Based Investment Adviser with Marketing, Books and Records, and Compliance Rule Violations](#) (Sep. 4, 2025).

<sup>46</sup> See Order, SEC, [In the Matter of Meridian Financial, LLC](#), Advisers Act Release No. 6916, AP File No. 3-22525 (Sep. 4, 2025).

<sup>47</sup> See Press Release, SEC, [SEC Charges Minnesota Investment Adviser and Principal in Cherry-Picking Scheme](#) (June 3, 2025).

<sup>48</sup> See Order, SEC, [In the Matter of Northeast Asset Management Group, Inc. and Gregory A. Zandlo](#), Advisers Act Release No. 6881, AP File No. 3-22481 (June 3, 2025).

<sup>49</sup> [SEC v. Saniger Mantinan](#), No. 1:25-cv-2937 (S.D.N.Y. Apr. 9, 2025), ECF No. 1.

<sup>50</sup> Press Release, SEC, [Alberto Saniger Mantinan, a/k/a Albert Saniger](#) (Apr. 11, 2025).

<sup>51</sup> Carolyn Welshhans & Kelly Gibson, [Getting Ahead of the SEC's Continued Focus on Cyber, AI](#), Law360 (May 2, 2025).

<sup>52</sup> See, e.g., Press Release, SEC, [SolarWinds Corp. and Timothy G. Brown](#), Litigation Release No. 26423 (Nov. 20, 2025).

<sup>53</sup> 90 Fed. Reg. 25531, 25531–33, [Withdrawal of Proposed Regulatory Actions](#) (June 12, 2025).

<sup>54</sup> Press Release, SEC, [SEC Announces Cyber and Emerging Technologies Unit to Protect Retail Investors](#) (Feb. 20, 2025).

<sup>55</sup> Press Release, SEC, [SEC Announces Cyber and Emerging Technologies Unit to Protect Retail Investors](#) (Feb. 20, 2025).

<sup>56</sup> Order, SEC, [In the Matter of M Holdings Securities, Inc.](#), Advisers Act Release No. 6928, AP File No. 3-22562 (Nov. 25, 2025).

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> Press Release, SEC, [SEC Crypto 2.0: Acting Chairman Uyeda Announces Formation of New Crypto Task Force](#) (Jan. 21, 2025).

# Morgan Lewis

---

<sup>61</sup> Speech, Paul S. Atkins, [American Leadership in the Digital Finance Revolution](#) (July 31, 2025).

<sup>62</sup> Statement, SEC, Commission Hester M. Peirce [There Must Be Some Way Out of Here](#) (Feb. 21, 2025).

<sup>63</sup> Simpson Thacher & Bartlett LLP, [SEC No-Action Letter](#) (Sep. 30, 2025) (last visited Jan. 26, 2026).

<sup>64</sup> Statement, SEC, Commissioner Hester M. Peirce, [Out of the Gray Zone: Statement on The Division of Investment Management’s No-Action Letter Relating to the Custody of Crypto Assets with State Trust Companies](#) (Sep. 30, 2025).

<sup>65</sup> Speech, Paul S. Atkins, [The SEC’s Approach to Digital Assets: Inside “Project Crypto”](#) (Nov. 12, 2025).

<sup>66</sup> Press Release, SEC, [SEC Charges Three Purported Crypto Asset Trading Platforms and Four Investment Clubs with Scheme That Targeted Retail Investors on Social Media](#) (Dec. 22, 2025).

<sup>67</sup> *Id.*

# Morgan Lewis

At Morgan Lewis, we're always ready to respond to the needs of our clients and craft powerful solutions for them.

Connect with us     

[www.morganlewis.com](http://www.morganlewis.com)

© 2026 Morgan Lewis

Morgan, Lewis & Bockius LLP, a Pennsylvania limited liability partnership.

Morgan Lewis Stamford LLC is a Singapore law corporation affiliated with Morgan, Lewis & Bockius LLP.

Morgan, Lewis & Bockius UK LLP is a limited liability partnership registered in England and Wales under number OC378797 and is a law firm authorised and regulated by the Solicitors Regulation Authority. The SRA authorisation number is 615176.

Our Beijing and Shanghai offices operate as representative offices of Morgan, Lewis & Bockius LLP.

In Hong Kong, Morgan, Lewis & Bockius is a separate Hong Kong general partnership registered with The Law Society of Hong Kong.

In Riyadh, the Kingdom of Saudi Arabia, Morgan, Lewis & Bockius LLP is registered as a foreign company branch with commercial registration number 7051326226 and is authorised and regulated by the Ministry of Justice under the Ministry of Justice license number 460122000035.

This material is provided for your convenience and does not constitute legal advice or create an attorney-client relationship. Prior results do not guarantee similar outcomes. Attorney Advertising.

020326\_260247