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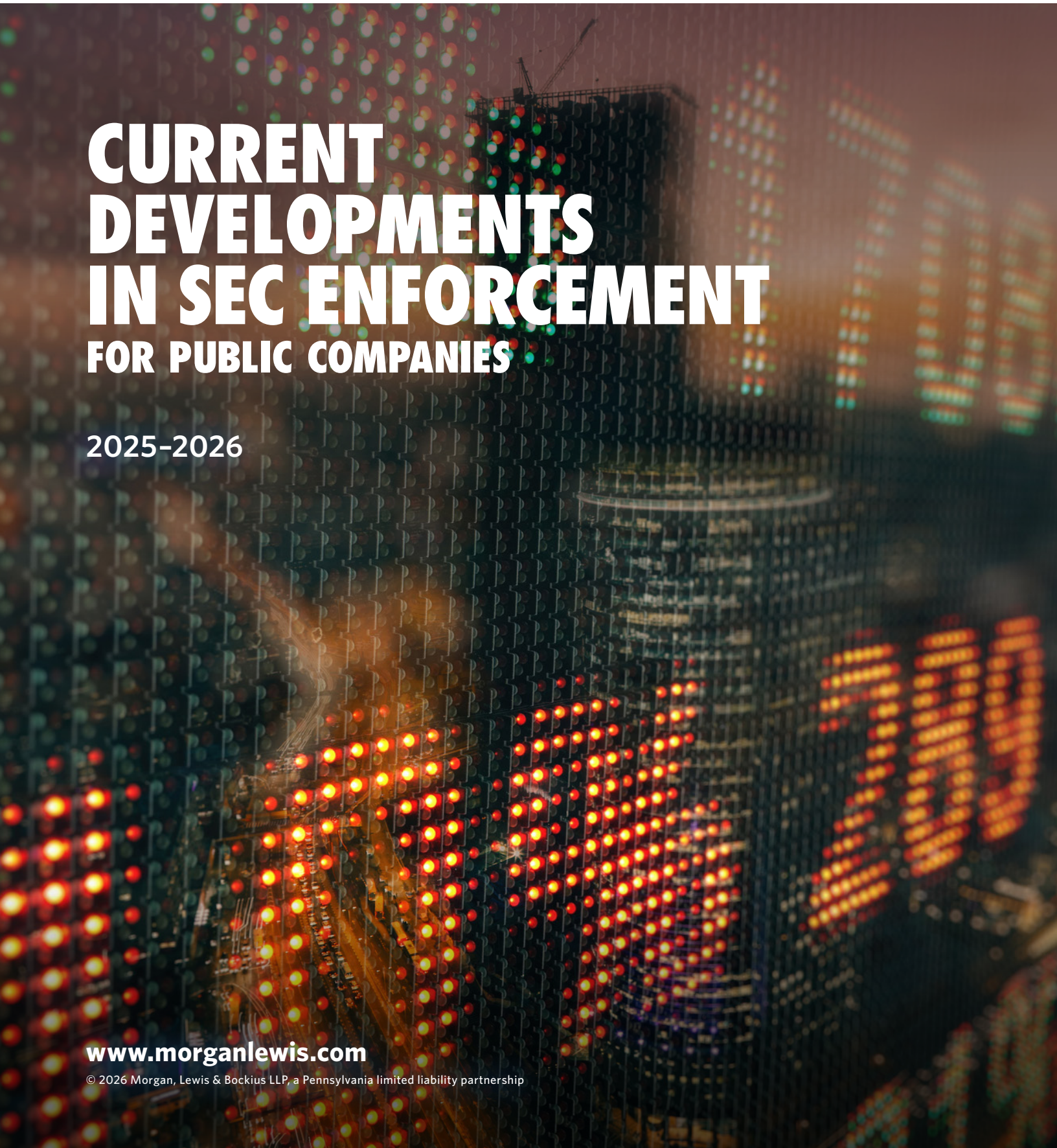

CURRENT DEVELOPMENTS IN SEC ENFORCEMENT

FOR PUBLIC COMPANIES

2025–2026

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CURRENT DEVELOPMENTS IN SEC ENFORCEMENT FOR PUBLIC COMPANIES AND A LOOK AHEAD

2025–2026

SUMMARY

The US Securities and Exchange Commission's fiscal year 2025, which ended September 30, 2025, and the first quarter of fiscal year 2026 were marked by key changes in leadership, the government shutdown, and a "back to basics" focus on traditional investor fraud. Despite a precipitous drop in enforcement activity involving public companies during this period (particularly post–January 21, 2025), we expect the SEC to continue dedicating resources to investigations and actions in the public company space, with a specific focus on conduct that affects market integrity or investor protection. This report covers key takeaways and enforcement developments from 2025 and a look ahead at what's to come in the SEC's fiscal year 2026 and beyond.

The SEC experienced significant leadership changes with the new administration. On January 21, 2025, SEC Commissioner Mark Uyeda was appointed Acting Chairman.[2] Paul Atkins was later sworn in as the new Chairman on April 21.[3] Judge Margaret Ryan took over as the new Director of the Division of Enforcement in September.[4] As discussed in our November 2025 Roundup, Antonia Apps, a Deputy Director of the Division of Enforcement, departed the SEC on December 1; Sam Waldon, former Chief Counsel and Acting Director, was named Deputy Director; and Mark Cave, former Associate Director, was named Chief Counsel.[5] Another Deputy Director in the Division of Enforcement, Nekia Hackworth Jones, left the agency at the end of December.[6] The SEC also saw a meaningful number of staff depart as a result of buyouts and retirements, which resulted in a nearly 20% decrease in the number of full-time employees.[7] The SEC also has had to contend with an inability to replace these lost staff members as well as a lengthy government shutdown that began in October 2025 and upended investigations for more than a month.

Post-inauguration enforcement actions brought during fiscal year 2025 and the first quarter of fiscal year 2026 aligned with Chair Atkins's "back to basics" approach and focus on traditional investor fraud.[8] This resulted in a drastic decline in public company enforcement actions in fiscal year 2025 (only *four* of the 56 actions the SEC initiated against public companies and their subsidiaries were initiated *after* Chairman Gensler's departure on January 20).[9] As the Enforcement Division 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 additional public company cases in 2026. In particular, we anticipate a renewed focus on public company disclosures, insider trading, and cross-border actors, and have already observed a small uptick in public company enforcement proceedings in fiscal year 2026 to date.

As set forth below, we are focused on several key areas of interest for the SEC involving public companies:

- Penalties and Remedies
- SEC's Cross-Border Task Force and Global Reach
- Accounting and Disclosure-Related Fraud
- Insider Trading
- Cryptocurrency
- AI and Cyber

PUBLIC COMPANY AREAS OF FOCUS AND A LOOK AHEAD

Penalties and Remedies

The SEC utilized numerous remedies in matters involving public companies in fiscal year 2025, including:

- **Civil Money Penalties**: In fiscal year 2025, there were total monetary settlements of $808 million for public companies and their subsidiaries,[10] standing in contrast to $1.5 billion in fiscal year 2024.[11] Of that $808 million, only about $18 million resulted from settlements that were entered into following the change in administration in January 2025.[12] Chairman Atkins has been outspoken about the prior administration's pursuit of large civil money penalties that, in his view, harmed current shareholders.[13] Moving forward, we anticipate that settlements with public companies and their subsidiaries will continue to involve smaller penalties that are more closely tied to precedent in prior administrations. Further, we expect to only see penalties in situations involving a corporate benefit and/or actual shareholder harm, and likely not in situations where harm is speculative or where a penalty would harm current shareholders. We also expect that the SEC will prioritize cases against individual wrongdoers who are acting on behalf of public companies.

- **Disgorgement**: Fiscal year 2025 saw a record low in the amount of disgorgement and prejudgment interest obtained by the Commission, with the total amount being approximately $108 million.[14] Post-inauguration, disgorgement and prejudgment interest for public companies and their subsidiaries was limited to $869,618.[15] A circuit split over when the SEC can collect disgorgement perhaps contributed to this low amount, with the Ninth and First Circuits ruling that the SEC does not need to show pecuniary harm to obtain disgorgement, and the Second Circuit reaching the opposite conclusion. Interestingly, despite winning at the Ninth Circuit, the SEC joined the defendant in that case in urging the Supreme Court to grant certiorari and resolve the circuit split. While still maintaining that the Ninth Circuit ruling was correct, the Commission agreed that the question on disgorgement is "recurring and important" and worthy of resolution.[16] On January 9, 2026, the Supreme Court granted certiorari and will likely hear the case this coming April, the outcome of which could have a significant impact on the SEC's ability to seek disgorgement moving forward.

- **Cooperation Credit**: In the past the SEC has emphasized the importance and potential benefits to public companies for cooperating with the SEC by, for example, self-policing, self-reporting, and remediation. Under the prior administration, we saw a particular focus on self-reporting. We expect the current Commission to continue emphasizing timely self-reports in exchange for cooperation credit but we anticipate that other forms of cooperation (e.g., remediation) may also receive more enhanced credit from the SEC going forward. At the Practicing Law Institute's SEC Speaks event on May 20, Kate Zoladz, Deputy Director (West) of the Enforcement Division, homed in on the continued importance of self-reporting, full remediation, and cooperation.[17] She suggested that in instances where public companies and their subsidiaries prioritize cooperation the SEC might not pursue enforcement at all.

- **Independent Compliance Consultants**: The SEC has often included in settlements a requirement to retain an independent compliance consultant (ICC), particularly in cases related to broker-dealers and investment advisors. This remedy is not typically aimed at public companies, but in calendar year 2025 we saw several instances of public companies being required to hire ICCs to review the companies' policies, procedures, and controls.[18] ICCs are typically an expensive undertaking, and while we expect the SEC to require public companies to retain them only sparingly, ICCs may be imposed going forward in certain circumstances where the SEC

considers them necessary, such as instances where egregious issues involving a company's policies, procedures, and/or controls led to serious violations and an impact on investors.

Cross-Border Task Force

In September, the SEC established the Cross-Border Task Force, with potential implications for public companies that operate across multiple jurisdictions. As discussed in our October LawFlash, SEC Forms Cross-Border Fraud Task Force: Key Considerations for International Companies, while the SEC's press release announcing the task force specifically referenced market manipulation and "pump and dump" schemes as an initial focus, the task force's mandate is much broader, with potentially significant consequences for international companies that do business in the United States or access the US markets. The task force represents a new approach for enforcement of securities-related foreign misconduct following the administration's announcement that enforcement under the Foreign Corrupt Practices Act would focus on cartels.[19]

We expect the task force's global reach to encompass companies with a global presence, whether they are based in the United States or headquartered elsewhere but have some form of securities trading on the US markets. In terms of substantive areas, we anticipate the task force to focus on insider trading, cybersecurity, and market manipulation and cast a wide net over several growing global industries, including life sciences, technology, and financial institutions. Further, the SEC emphasized in its press release that the task force will look closely at gatekeepers such as audit firms and underwriters. Under the prior Trump administration the SEC focused on audit firms with operations in emerging markets and issues related to audit quality and regulatory access to audit information.

Public companies with a global presence should review and strengthen their due diligence policies and procedures around financial reporting, insider trading, and cybersecurity, as well as training applicable to employees located abroad, to mitigate the risk of becoming the focus of cross-border enforcement actions.[20] Companies that receive whistleblower complaints that touch on these subjects or that may otherwise relate to disclosures to US investors should carefully review these submissions with an eye toward compliance with the federal securities laws.

Disclosure-Related Fraud

Disclosure-related allegations once again made up a significant share of the SEC's public company enforcement docket in fiscal year 2025. This held true after the change in administration (three of the four public company enforcement actions brought by the SEC post-inauguration involved disclosure-related claims). The Commission shows no sign of retreating from this focus, particularly in the life sciences sector where disclosure obligations are both frequent and consequential and where the alleged misstatements are followed by stock price declines. While certain enforcement actions under the prior Commission resulted in significant settlements despite no measurable stock price impact,[21] fiscal year 2025 developments suggest a renewed emphasis on cases with clear quantifiable investor harm.

For example, the SEC brought three actions involving disclosures made by pharmaceutical companies, and we anticipate this focus to continue given the multiple types of disclosures that implicate life sciences companies, such as earnings announcements, FDA approvals, and clinical trials. The cases present similar themes and disclosures about interactions with the FDA,[22] approval prospects for new drug candidates,[23] the ability to manufacture a pharmaceutical product,[24] and the results of clinical trials.[25] Each also included allegations that the companies' misrepresentations had a negative impact on the companies' stock prices. The SEC levied civil penalties in these cases ranging from $1.25 million to $2.5 million, and in two of the settlements the companies agreed to cooperate extensively with the SEC's ongoing investigations.

The SEC also pursued disclosure-based claims through ongoing litigation. For example, in November 2025 the US District Court for the Central District of California granted the SEC's motion for summary judgment in a disclosure-related case against a pharmaceutical company. The SEC had alleged that the company's claims of holding an "exclusive global license" to a sublingual drug-delivery technology for the pharmaceutical use of CBD and THC were false.[26] The SEC further alleged that the company failed to disclose that the founder and CEO was the controlling shareholder of both the company and the ostensible licensor and that there was an ongoing dispute regarding the validity of the license due to a prior conveyance of the same license to a third party.

Outside the life sciences sector, the SEC settled disclosure and accounting-related claims with a firearms and ammunition ecommerce company.[27] The SEC's allegations primarily related to the company's alleged failure to disclose the managerial role of a key business leader and co-founder of the company who had previously been barred from holding and performing an executive role at a public company.

The company also allegedly misrepresented a related-party transaction involving this individual and engaged in several accounting-related misstatements, including the improper capitalization of investor relations expenses, understating stock compensation expenses, and making allegedly false and misleading statements concerning adjusted EBITDA. The SEC did not impose a civil penalty, citing extensive remediation efforts, but did separately charge three executives at the company with disclosure and accounting-related fraud claims in a litigated action.[28]

Individuals. As noted above, the SEC is apt to pursue enforcement actions against individuals responsible for misconduct. This trend is consistent with concerns previously expressed by Chairman Atkins about the possibility that public companies might agree to a large corporate penalty—ultimately borne by the shareholders—"in order to avoid or soften actions against culpable individuals."[29] Chairman Atkins has expressed a goal of bringing cases based on "genuine harm and bad acts,"[30] consistent with the approach taken for the actions filed in fiscal year 2025 once Chairman Atkins (and previously under Acting Chairman Uyeda) was at the helm.

For example, as noted above, the SEC charged the Chief Medical Officer of a pharmaceutical company with disclosure-related intentional fraud concerning the company's primary drug candidate.[31] In that case the SEC alleged the CMO had "reverse-engineered" a study to make the results seem more favorable and directed the alleged misrepresentations. Other enforcement actions against individuals include three actions brought against accountants employed by public companies who allegedly engaged in improper accounting practices, including revenue recognition fraud and lying to the companies' auditors.[32] One of the cases is currently being litigated while another settled for a $35,000 civil money penalty and one-year suspension from appearing or practicing before the SEC as an accountant. The third resulted in a suspension.

Chairman Atkins has also indicated that "gatekeepers" (e.g., accountants, lawyers, executives who play an important role in setting the "tone at the top") are important market participants and remain in the crosshairs of enforcement if wrongdoing occurs.[33] For example, in August 2025 the SEC announced final judgments against a PCAOB-registered accounting firm and its principal for allegedly failing to take action upon learning that a businessman and companies he controlled had created multiple fake audit reports bearing the accountant's signature and included them in SEC filings as though they were issued by the accountant's firm.[34] The case resolved with imposition of a $100,000 civil money penalty paid by the individual defendant and a six-year suspension against him.

In late November, a Northern District of Texas judge approved a consent judgment against a company and its CEO for falsely claiming certification from an industry standards board. According to the SEC the

purported certification, which related to manufacturing standards for public health and safety, was entirely fabricated—the CEO's business associate, who owned company shares, invented the standards board and unilaterally granted the certification.

The consent judgment imposed a civil penalty against the CEO of $236,451, disgorgement and prejudgment interest of $869,618 for the company, and disgorgement and prejudgment interest of $182,881 for the CEO and imposed a five-year conduct-based bar against the CEO.[35] These cases are all consistent with Chairman Atkins's goal of bringing cases based on "genuine harm and bad acts," and we expect to see a similar approach in fiscal year 2026.

Notably, the SEC under Chairman Atkins has shown flexibility in analyzing applications to lift administrative bars restricting participation in the securities industry, indicating that the analysis will no longer be subject to the high "extraordinary circumstances" test.[36] And in two separate orders from April 2025 the SEC found good cause had been shown for reinstatement to practice as accountants before the SEC since the barred individuals had not violated the terms of their suspension orders, the securities laws, or any other rule of professional conduct since the entry of the original orders.[37]

The SEC also voluntarily dismissed an enforcement proceeding to permanently bar an individual from the securities industry.[38] Collectively, these actions indicate a willingness by the SEC to consider shorter suspensions for accountants and company executives and reinstatement if, after suspension, the individual does not engage in any further violations of law or SEC rules.

Regulation Fair Disclosure. Regulation Fair Disclosure (Reg FD) remains a recurring area of SEC scrutiny, even during periods when formal enforcement actions are sparse. Reg FD is designed to prevent selective disclosure by requiring public companies to broadly disseminate material nonpublic information (MNPI) whenever it is shared—intentionally or otherwise—with analysts, institutional investors, or other covered recipients.[39] While the SEC has not brought a Reg FD enforcement action in more than a year, these issues frequently surface as part of broader public company disclosure investigations, insider trading investigations, and whistleblower complaints.

Accordingly, public companies should remain focused on Reg FD compliance and consider whether information they are sharing with select investors rises to the level of a material update that needs to be promptly conveyed to all investors. For example, as discussed in our June Insight SEC Focus on the Life Sciences Industry: What to Expect and How to Prepare, life sciences companies face heightened Reg FD risks due to the complexity and materiality of FDA-related developments.[40]

To mitigate Reg FD risk, companies should ensure that they do not share material updates with select audiences unless the information is made public prior to or at the same time, and that all investor communications are carefully coordinated and well documented. Effective compliance also requires tracking who has access to MNPI and with whom that MNPI is being shared, clearly defining what information rises to the level of materiality, and providing regular training to executives and investor-facing personnel. The SEC has previously charged companies with Reg FD violations where executives deviated from the exacting language of public filings and provided additional details to sell-side analysts.[41] Even absent any trading, the SEC could still pursue a Reg FD violation; selective disclosure alone may be sufficient to trigger Reg FD liability.

Insider Trading and Material Nonpublic Information

Insider trading remained a clear enforcement priority for the SEC this year, with the Staff signaling a renewed emphasis on more traditional theories of liability. After advancing certain novel approaches over the last few years, including the "shadow trading" theory in fiscal year 2024, the SEC largely returned to

core insider trading principles, reflecting a "back to basics" enforcement posture that we expect to continue.

Sophisticated Data Analytics. This renewed focus has been accompanied by the SEC's continued reliance on sophisticated data analytics to ferret out suspicious trading activity and support the SEC's insider trading allegations. As discussed in our August Securities Enforcement Roundup, several cases this year originated from the SEC's Market Abuse Unit, which operates the Commission's data analytics program and uses trading data to identify, among other things, trading patterns, suspicious activity, and potential misuse of MNPI:

- In January 2025, the SEC announced that it had settled charges against a member of a public company's technical advisory committee for allegedly trading on MNPI he had received from a company executive prior to the company's sale.[42] The individual allegedly purchased shares the day after a phone call with the company executive who suggested there was an impending acquisition and subsequently made several additional purchases in the period leading up to the sale. The defendant settled to an injunction, disgorgement, a civil penalty, and a five-year officer and director bar.[43]

- In March 2025, the SEC filed charges against two individuals for allegedly participating in a complex $17.5 million international insider trading scheme. The SEC alleged that one of the defendants traded on MNPI received from multiple insiders at various companies and then tipped the other defendant (and another person) using various methods of deception including code words, burner phones, and Signal to send encrypted messages. This case is currently stayed pending resolution of one defendant's criminal case.[44]

- In July 2025, the SEC filed charges against two individuals for allegedly participating in an insider trading scheme.[45] According to the SEC, one of the defendants learned that his employer was going to acquire a biopharmaceutical company and traded on the MNPI for a gain of approximately $2,400. The employee then tipped his friend, who also traded on the MNPI. The defendants settled both the parallel criminal case and civil cases.[46]

- In August 2025, the SEC charged two individuals with allegedly obtaining MNPI regarding forthcoming events, such as mergers and earnings results, through their employment at a company that assisted clients with making public filings in the SEC's EDGAR system.[47] The SEC specifically cited its use of Consolidated Audit Trail data to analyze the suspicious trading activity of two individuals charged.[48] This case is currently stayed in the Eastern District of New York pending the resolution of the parallel criminal case.[49]

SEC Settled Downstream Tipping Cases. In fiscal year 2025, the SEC also settled a series of cases related to a "downstream" tipping scheme. In January 2025, the SEC announced settled charges with an individual who traded on MNPI received from a friend, who had received the MNPI from a family member, who in turn had received the MNPI from a financial analyst.[50] In November, the SEC announced that it had also settled with the financial analyst.[51] The financial analyst, who was also a licensed CPA, agreed to be barred from the securities industry and a 10-year Rule 102(e)(3) suspension from appearing or practicing before the SEC as an accountant.[52]

Crypto

The SEC's approach to crypto has shifted meaningfully over the last year, with the formation of a new task force intended to bring greater clarity to the applicable regulatory framework. At the same time, the Commission has dropped a number of crypto-related cases brought under the prior Commission. Yet, the

Unicoin case, detailed below, underscores that allegations of fraud involving digital assets remain an enforcement priority. Against that backdrop, public companies should consider how any crypto on their books is valued and disclosed as well as potential enforcement risks associated with those holdings.

Public companies should remain mindful of crypto-related issues that are not dependent on whether crypto is a security. As discussed above, disclosure claims are a focus of the SEC. Accordingly, public companies holding cryptoassets should carefully consider their valuation procedures and disclosures regarding such assets to limit potential regulatory scrutiny.

Concurrently, the SEC continues to consider in other contexts whether crypto is a security. On January 21, 2025, then-acting Chairman Uyeda announced the formation of a Crypto Task Force and soon after designated Commissioner Hester Peirce to lead it.[53] Of particular interest to public companies, the group has been tasked with "craft[ing] sensible disclosure frameworks." The task force has led a number of roundtables since its creation, and much of the discussion has concerned whether and under what circumstances a cryptoasset constitutes a security, which will have implications for the registration of securities offerings.

In remarks on July 31, 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."[54] In a November 12 speech[55] delivered to the Federal Reserve Bank of Philadelphia, Chairman Atkins laid out plans for the next phase of the initiative, including a potential "innovation exemption" to allow registrants and nonregistrants to take new ideas more quickly to market. Chairman Atkins underscored that "fraud is fraud" and that the SEC will continue enforcement actions focused on fraud and illicit conduct.

Consistent with these later remarks, the SEC announced charges against the public company Unicoin, Inc. and three of its top executives in May 2025, alleging a fraud scheme in which the company offered certificates that purported to convey rights to receive cryptoassets. The Commission alleged that the company falsely claimed the rights certificates it sold were backed by billions of dollars in assets, sold more than $3 billion in rights certificates, despite having raised no more than $110 million, and falsely claimed that the rights certificates and tokens were "SEC-registered" or "U.S. registered."

While not involving public companies, the SEC demonstrated its "fraud is fraud" approach with an action brought against three cryptoasset trading platforms and four investment clubs that targeted retail investors on social media.[56] Chief of CETU Laura D'Allaird echoed Chairman Atkins when describing the action brought in December, stating "[f]raud is fraud, and we will vigorously pursue securities fraud that harms retail investors."[57]

Artificial Intelligence

The SEC is still grappling with rapidly evolving AI technology and has not articulated clear rules in this area. As a result, the Commission has largely relied on familiar enforcement theories centered on alleged falsity and fraud. As discussed in last year's publication, the prior administration brought cases focused on "AI-washing" and rooting out misleading statements regarding AI capabilities.

The cases brought to date are consistent with that approach rather than testing novel regulatory theories. Further, in line with a broader enforcement trend, the SEC has increasingly emphasized individual accountability by bringing cases against executives and other corporate insiders, and we expect that focus to continue.

- In January 2025, the SEC settled with a restaurant-technology company that allegedly made materially false and misleading statements regarding its AI technology.[58] The company allegedly made overblown statements that its AI products eliminated the need for human order-taking when in fact human intervention was still required, among other allegedly false statements.[59] The company settled to violations of Section 17(a)(2) of the Securities Act, Section 13(a) of the Exchange Act, and rules 13(a)-11 and 13a-15(a). The SEC did not impose a penalty on the company, which had delisted in 2024, citing the company's cooperation and remedial efforts.

- In April 2025, the SEC charged the founder and former CEO of a privately held technology startup, with fraudulently soliciting investments in the startup and raising over $42 million through the sale of Nate stock by making false and misleading statements about the company's use of AI.[60] The AI touted by the company was in fact offshore contract workers performing the task manually. The SEC action was brought in conjunction with a US Department of Justice criminal action. The CEO of the company was arraigned in New York in December 2025 but then returned to Spain. As of this writing, the SEC has been unable to effectuate service of its complaint.

- Also in April, the SEC charged Ramil Palafox for orchestrating a fraudulent scheme that raised approximately $198 million from investors worldwide and misappropriating more than $57 million of investor funds.[61] Palafox's company, known as PGI Global, claimed to be a cryptoasset and foreign exchange trading company and made false statements to investors regarding the development of an AI-powered crypto auto-trading platform. In September 2025, Palafox pleaded guilty to the criminal charges that were brought in connection with civil charges.

- In November 2023, the SEC charged Ashraf Mufareh in connection with a fraudulent and unregistered offering of securities arising from an illegal pyramid scheme.[62] Mufareh and his company, OnPassive LLC, claimed to be developing a suite of computer applications using AI. Mufareh and OnPassive pitched potential investors on the opportunity to lock in their positions before any launch of the purported AI product. In August 2025, Mufareh agreed to a consent judgment that barred him from serving as an officer or director for eight years and ordered him to pay a civil penalty of $4,000,000. The company was required to pay disgorgement of $26,220,364, prejudgment interest of $1,218,528.40, and a civil penalty of $4,000,000.

These cases are consistent with the SEC's public statements regarding AI. At the Securities Enforcement Forum West 2025, Staff indicated that they will scrutinize whether public companies are disclosing genuine machine-learning functionality or merely repackaging a company's capabilities under the "AI" label to capitalize on market enthusiasm.[63]

In short, while the SEC is taking a measured regulatory approach to fostering innovation, companies must ensure that public statements about their AI technology are accurate and not misleading. The SEC has made clear that AI-washing remains a significant enforcement priority and companies that mischaracterize their AI capabilities risk regulatory scrutiny. Companies should carefully review their public disclosures, marketing materials, and investor communications to ensure AI-related claims are substantiated and accurately reflect the underlying technology.

Cybersecurity

The administration has rebranded its cybersecurity initiatives, but it does not appear to be pulling away from cybersecurity altogether. While the dismissal of the *SolarWinds* litigation, discussed below, suggests that cybersecurity disclosure cases will be less prevalent, public companies should be wary of reading the dismissal as suggesting a general lack of interest in cybersecurity disclosures and responses to such

breaches. Rather, we expect the SEC to continue investigating cybersecurity breaches, which can be an expensive and time-consuming effort for public companies.

New Cyber and Emerging Technologies Unit. In February 2025, the SEC announced the replacement of its then-existing Crypto Assets and Cyber Unit with the creation of a new Cyber and Emerging Technologies Unit (CETU).[64] The CETU will focus on combatting "cyber-related misconduct," with a particular emphasis on protecting investors from risks associated with these rapidly developing sectors. In particular, the CETU will combat misconduct in such priority areas as "[p]ublic issuer fraudulent disclosure relating to cybersecurity" and "[f]raud committed using emerging technologies, such as artificial intelligence and machine learning."

The creation of the unit and its associated priorities—many of which have parallels to those announced in 2017 when the prior cyber unit was created under the first Trump administration—underscores the continued importance of market participants, including public companies, maintaining robust cybersecurity programs and transparent disclosures regarding material risks. Focus on cybersecurity concerns will likely only increase; the FBI reported losses exceeding $16 billion from internet crime in 2024, a 33% increase from the previous year, with data breaches across critical industries such as manufacturing, healthcare, financial services, information technology, and food and agriculture.[65]

Dismissal of SolarWinds Suit. In November 2025, the SEC voluntarily dismissed its high-profile enforcement action against SolarWinds and its chief information security officer, marking a pivotal moment in how regulators approach public companies' cybersecurity disclosures, especially in the wake of a cyberbreach.[66] The SEC's lawsuit arose in the aftermath of a 2020 SUNBURST cyberattack in which nation-state actors accessed SolarWinds' systems and inserted malicious code into its Orion software platform, compromising numerous US government agencies and private-sector entities. The Commission alleged that SolarWinds did not adequately disclose known cybersecurity vulnerabilities and risk factors, potentially misleading investors regarding the company's security posture.

In July 2024, the court dismissed most of the claims, narrowing the controversy to claims concerning statements posted on SolarWinds' website. Following the government shutdown, the SEC and SolarWinds jointly submitted a stipulation of dismissal, with prejudice, formally closing the litigation. The dismissal came after a period of negotiations and a preliminary settlement.

While the SEC manifested a willingness to resolve this particular litigation, the agency continues to emphasize the critical nature of cybersecurity risk management and the need for timely, accurate disclosure of material incidents. For example, though the 2024 amendments to Regulation S-P do not apply to public companies, their inclusion on the list of enforcement priorities for CETU suggests that cybersecurity is top of mind for the agency across the board.

Public companies are reminded of the ongoing importance of maintaining robust internal controls (particularly those ensuring that the individuals responding to a breach convey information to those responsible for a company's disclosures or regulatory reporting), conducting regular risk assessments, and ensuring transparent communication of cybersecurity risks to investors and stakeholders.

CONCLUSION

Public company enforcement actions in 2025 reflect a clear shift in the SEC's priorities from those of the prior administration. As Commissioner Atkins foreshadowed, the Commission has gone "back to basics," emphasizing classic fraud theories and demonstrable investor harm over novel legal theories and technical violations that were a mainstay of the prior administration's approach to enforcement. We expect this enforcement philosophy to continue into 2026.

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