

SEC 2024 Enforcement Results: A Decline in Total Enforcement, but a Record-Breaking Recovery of Financial Remedies

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On November 22, the Securities and Exchange Commission (SEC) [announced](#) its enforcement results for fiscal year (FY) 2024. As compared to FY 2023, the Division of Enforcement (the division) reported a 26% decline in the total volume of enforcement actions filed, accompanied by a \$3.2 billion increase in the orders obtained for financial remedies. Below is a high-level summary of the [division's FY 2024 statistics](#) and key takeaways regarding the division's substantive focus.

FY 2024 Statistics

For FY 2024, the SEC reported a total of 583 enforcement actions, compared to 784 in FY 2023. The decline was seen across the board — in stand-alone enforcement actions (down 14%), follow-on administrative proceedings seeking to bar or suspend individuals from certain functions in the securities markets (down 43%), and actions against issuers for delinquent filings (down 51%). Consistent with prior years, the top three types of enforcement actions filed in FY 2024 involved investment advisers/investment companies, broker-dealers, and securities offerings.

The SEC achieved a historic milestone by obtaining orders for \$8.2 billion in total financial remedies — comprising \$6.1 billion in disgorgement and prejudgment interest and \$2.1 billion in civil penalties, some of the highest on record. Notably, over half of these financial remedies stemmed from a monetary judgment against Terraform Labs and its founder, following a [jury trial](#) holding them liable for securities fraud involving crypto assets. This case alone resulted in more than \$4.5 billion in disgorgement, prejudgment interest, and civil penalties.

Key Takeaways

Cooperation Credit

Consistent with its carrot-and-stick approach, the SEC also highlighted market participants who “stepped up efforts to self-report, remediate, and meaningfully cooperate” with the division's investigations. Although the division's statistical report does not address cooperation credit, the SEC announcement highlighted a variety of cases in which the SEC credited market participants for proactively addressing past compliance failures and aiding the SEC staff.

Off-Channel Communications

The SEC brought [recordkeeping cases](#) against more than 70 firms in FY 2024, resulting in \$600 million in civil penalties. These actions are a continuation of the division's initiative against broker-dealers, investment advisers, credit reporting agencies, and other regulated entities for use of off-channel communications in violation of the firm's respective recordkeeping requirements. The SEC noted that since December 2021, it has brought charges against more than 100 firms and obtained orders for more than \$2 billion in penalties.

Marketing Rule

The SEC also settled charges against more than a dozen investment advisers for noncompliance with the Marketing Rule. These cases focused on issues such as using hypothetical or misleading performance advertisements, as well as the use of third-party statements (*i.e.*, testimonials, endorsements, or third-party ratings) that lacked sufficient disclosures and/or contained false or misleading representations.

Whistleblowers

As one of its biggest investigative tools, the SEC's [Whistleblower Program](#) continues to drive enforcement actions. The SEC received a record-breaking 45,130 tips, complaints, and referrals in FY 2024. The SEC reported that this included more than 24,000 whistleblower tips. However, more than 14,000 of these tips were submitted by two individuals, which would suggest that many of these tips are not of the highest caliber. The SEC issued whistleblower awards totaling \$255 million.

The SEC also demonstrated its continued commitment to enforcing the Dodd-Frank whistleblower protection rule. As we [previously reported](#), the SEC settled charges against a broker-dealer and two affiliated investment advisers for their alleged use of confidentiality agreements to restrict clients from proactively reporting potential securities law violations to the SEC or other regulatory authorities. The SEC also highlighted a settled action against another firm for allegedly requiring its employees to waive the right to a possible whistleblower monetary award. Additionally, the SEC noted its largest penalty on record — \$18 million — for a standalone violation of the whistleblower protection rule.

Emerging Technologies and Emerging Risks

Through its Crypto Assets and Cyber Unit, the division continued its aggressive focus on emerging technologies and cybersecurity incident response. The SEC highlighted three cases involving digital assets — its blockbuster \$4.5 billion order against Terraforma Labs, as well as settled charges against Silvergate Capital and Barnbridge DAO. The SEC also noted three significant cybersecurity cases, including charges settled against stock exchanges, a transfer agent, and a business communications and marketing firm.

In the investment adviser space, the SEC noted cases involving the purported use of artificial intelligence (AI) by foreign and U.S.-based firms. In an ongoing, contested case against a China-based investment adviser, the SEC has alleged that the company lied to clients and prospective clients about its use of a proprietary software's ability to "generate extraordinary returns while promising '100%' protection for client funds." The SEC also settled charges against two separate investment firms, one based in Toronto and the other in San Francisco, for

misleading investors about their respective (and allegedly nonexistent) AI and machine-learning capabilities.

Individual Accountability

The SEC emphasized its continued commitment to charging individuals for alleged securities law violations, to hold those individuals accountable and deter future misconduct by other market participants. The SEC highlighted seven cases against founders, CEOs, CFOs, and other senior executives, with civil penalties ranging from \$85,000 to \$200 million. In addition to these high-profile cases, in FY 2024, the SEC obtained orders barring more than 100 individuals from serving as officers or directors of public companies.

Foreign Corrupt Practices Act

While enforcement of the Foreign Corrupt Practices Act (FCPA) continues to be a high priority area for the SEC, the total number of FCPA enforcement actions has continued to decline. The SEC reported only two new FCPA cases filed in FY 2024, a steep decline from 11 actions filed in FY 2023.

Looking to FY 2025

While there is significant overlap between the substantive focus areas reflected in the SEC's FY 2024 enforcement results and the [FY 2025 Examination Priorities](#) published by the SEC's Division of Examinations in October 2024, with the new administration coming in January, expect priorities to be changed. Many of the FY 2024 enforcement actions were approved by 3-2 votes among commissioners. Once the new chairman is sworn in, expect that a number of enforcement actions that would have been brought under the current administration will not be brought. Off-channel communication cases and those involving crypto assets are likely to be pared back substantially.

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