

# SEC Forms New Retail Fraud Working Group to Target Investor Fraud

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## KEY POINTS

- The SEC announced the creation of a Retail Fraud Working Group within its Division of Enforcement on July 7, 2026, consistent with Chairman Paul S. Atkins' stated focus on protecting retail investors.
- The working group's mandate covers offering frauds, pump-and-dump schemes, market manipulation, and breaches of duties to customers by investment advisers and broker-dealers — extending enforcement beyond traditional fraud into conduct standards governing retail client interactions.
- The group will be led by Kate Zoladz, deputy director, West, Division of Enforcement, and Kim Frederick, assistant director, Asset Management Unit, and will draw on data and technology to identify potential violations.
- The working group will coordinate with domestic and foreign regulatory partners and conduct investor education outreach through the SEC's Office of Investor Education and Assistance.
- Broker-dealers and investment advisers with retail-facing business lines should expect increased scrutiny of their practices, documentation, and supervisory frameworks in the near term.

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On July 7, the U.S. Securities and Exchange Commission (SEC) [announced](#) the creation of a new Retail Fraud Working Group within its Division of Enforcement. The initiative represents a structural expansion of the SEC's enforcement capabilities and has direct implications for broker-dealers, investment advisers, and other regulated entities that serve retail clients. This is consistent with prior statements made by SEC Chairman Paul S. Atkins about focusing the SEC's Division of Enforcement on protecting retail investors.

## WHAT IS THE RETAIL FRAUD WORKING GROUP?

The Retail Fraud Working Group will consolidate staff and resources across the SEC to identify and pursue fraud targeting retail investors. The group's stated mandate covers offering frauds, pump-and-dump schemes, market manipulation, and breaches of duties to customers by investment advisers and broker-dealers. In addition to proactive case generation, the working group will coordinate with domestic regulatory partners and foreign counterparts and will engage in investor education outreach through the SEC's Office of Investor Education and Assistance.

## LEADERSHIP AND STRUCTURE

The working group will be led by Kate Zoladz, deputy director, West, Division of Enforcement, and Kim Frederick, assistant director, Asset Management Unit. Atkins described the initiative as "a return to the core values and principles of the enforcement program." David Woodcock, director of the SEC's Division of Enforcement, indicated that the group will draw on data and technology to identify potential violations and build partnerships with

regulatory counterparts.

## **IMPLICATIONS FOR BROKER-DEALERS AND INVESTMENT ADVISERS**

The explicit inclusion of “breaches of duties to customers” within the working group’s mandate signals that the SEC intends to apply enforcement resources not only to outright fraud but also to conduct standards governing how registered firms and their representatives interact with retail clients. This broadens the potential scope of enforcement activity beyond traditional fraud cases and into areas such as suitability, best interest obligations, supervision, and disclosure practices.

Regulated entities should be attentive to the working group’s formation as an indicator of where enforcement priorities are likely to be directed. Firms with retail-facing business lines, in particular, may see increased scrutiny of their practices, documentation, and supervisory frameworks in the near term.

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