

# Securities Investigations and Enforcement Newsletter — April 2025

## WRITTEN BY

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## In the Spotlight

### TROUTMAN PEPPER LOCKE'S SECURITIES INVESTIGATIONS + ENFORCEMENT PRACTICE

Our Securities Investigations + Enforcement practice has expanded significantly due to our recent merger, enhancing our capabilities nationwide, including in our San Francisco, Dallas, and New York offices. We counsel and defend clients throughout all stages of securities enforcement proceedings, representing a diverse range of clients, including major financial institutions, senior corporate executives, boards of directors, and various entities in the financial services industry. Our team handles investigations by regulatory bodies such as the SEC, FINRA, and the Department of Justice. Leveraging decades of experience and including former key government officials, we develop informed and effective strategies tailored to each client's unique needs. To read more about our capabilities, please click [here](#).

### TEAM MEMBER SPOTLIGHT:

Liz Frohlich, a partner in Troutman Pepper Locke's San Francisco office, has extensive experience representing banks and securities broker-dealers in complex civil and criminal actions in federal and state courts, as well as in arbitration. She focuses on litigation involving asset-backed securities, including RMBS trustees in class, derivative, and individual actions. Additionally, Liz manages investor cases, trust instruction proceedings, National Fair Housing Act cases, and actions by municipalities and county recorder/mortgage electronic registration systems.

Liz provides strategic advice before and after litigation, ensuring a comprehensive approach to legal challenges. She excels in developing and executing legal strategies, establishing legal precedents, and coordinating defense strategies across multiple cases for consistency.

### IN THE NEWS:

Our team frequently comments on emerging trends and developments in the legal industry. Below are recent media quotes from our team members, offering insights and perspectives on current issues.

Jay Dubow was recently quoted in:

- “[Senate Confirms Trump Pick Atkins to Lead a Leaner SEC](#),” *Law360*, April 9, 2025.
- “[Uyeda Pledges to Bring ‘Normalcy’ to SEC](#),” *FundFire*, February 25, 2025.

Mike Lowe was recently quoted in:

- “[SEC Revamps Cyber and Crypto Enforcement Unit Under Trump Administration](#),” *Cybersecurity Dive* and *Yahoo Finance*, February 21, 2025

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## Webinars

- Jay Dubow will be co-chairing an upcoming webinar with PBI focusing on the newest developments in the world of securities litigation. Title: Federal Securities Law Forum: SEC Enforcement & Private Litigation Developments 2025 Date: Thursday, April 17 2025, 1:00 – 4:15 pm

Register [here](#)

- Jay Dubow, Sheri Adler, and Mary Weeks recently participated in a webinar titled [Understanding the SEC’s Whistleblower Program: Protections, Enforcement, and Drafting Compliant Agreements](#) hosted by MyLawCLE. The webinar focused on the SEC’s Whistleblower program and how it works. They discussed protections in place for whistleblowers and enforcement actions that the SEC had brought to discipline parties who impeded whistleblowers. The program also discussed best practices in drafting severance and employment agreements that protected employers while also safeguarding employees’ rights and not running afoul of SEC rules.

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## Podcast Updates

### NAVIGATING 2025: THE SEC’S EVOLVING ROLE IN CRYPTOCURRENCY ENFORCEMENT

By [Ethan Ostroff](#), [Alex Barrage](#), [Joanna Cline](#), and [Jay Dubow](#)

In this episode of *Crypto Exchange*, Ethan Ostroff and Alexandra Barrage are joined by partners Joanna Cline and Jay Dubow to discuss the evolving landscape of the SEC’s enforcement actions involving cryptocurrencies.

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## SEC Updates

### FIRST CIRCUIT QUESTIONS MATERIALITY IN SEC’S CASE AGAINST COMMONWEALTH EQUITY SERVICES

By [Jay Dubow](#) and [Ghillaine Reid](#)

On April 1, the U.S. Court of Appeals for the First Circuit [vacated](#) a summary judgment ruling in favor of the Securities and Exchange Commission (SEC) against Commonwealth Equity Services, LLC, also known as Commonwealth Financial Network (Commonwealth). The case, which involved allegations of inadequate

disclosure of potential conflicts of interest, was remanded for further proceedings.

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## **SEC BROADENS GUIDANCE ON ACCREDITED INVESTOR VERIFICATION**

By [Robert Friedel](#), [Thomas Rose](#), and [Theodore Edwards](#)

The Securities and Exchange Commission (SEC) has issued a [no-action letter](#) providing new interpretive guidance on the verification of accredited investor status in offerings conducted under Rule 506(c) of Regulation D, which may involve general solicitation or general advertising. In a significant liberalization of the SEC's position since 2012, this new guidance allows issuers to rely on high minimum investment amounts, coupled with written representations from purchasers, as a reasonable step to verify accredited investor status. The no-action letter concurred that an issuer could reasonably conclude that it has taken reasonable steps to verify that a purchaser of securities sold in an offering under Rule 506(c) of Regulation D is an accredited investor if the investment involves minimum investment amounts of at least \$200,000 for natural persons and at least \$1 million for legal entities.

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## **4 ACTIONS FOR COS. AS SEC REBRANDS CYBER ENFORCEMENT UNITS**

By [Sadia Mirza](#), [Casselle Smith](#), [Charlene Goldfield](#), [Jay Dubow](#), [David Meyers](#), and [Ghillaine Reid](#)

On Feb. 20, the U.S. Securities and Exchange Commission announced the creation of the Cyber and Emerging Technologies Unit, which will replace the Enforcement Division's previous Crypto Assets and Cyber Unit.

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## **SEC EXPANDS CONFIDENTIAL FILING OPTIONS FOR COMPANIES SUBMITTING DRAFT REGISTRATION STATEMENTS**

By [Nicole Edmonds](#), [Rakesh Gopalan](#), [Joseph Cataldo](#), and [Alexander Yarbrough](#)

On March 3, 2025, the Securities and Exchange Commission's (SEC) Division of Corporation Finance [announced](#) that it has expanded its confidential filing process for certain draft registration statements submitted for nonpublic review. Since 2012, many issuers have been able to confidentially submit draft filings to initially register a class of securities using certain registration statements under the Securities Exchange Act of 1934 (Exchange Act). Companies will now also be permitted to confidentially submit drafts of registration statements under the Securities Act of 1933 (Securities Act) for follow-on offerings, regardless of how much time has passed since their initial public offering (IPO). The SEC hopes this expansion will further promote capital formation, while maintaining important investor protections.

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## **SEC REPORTEDLY PLANS TO CUT REGIONAL DIRECTORS AS COST-SAVING MEASURE**

By [Jay Dubow](#), [Ghillaine Reid](#), and Nicole Giffin

According to news sources, including [Reuters](#), on Friday, February 21, the U.S. Securities and Exchange Commission (SEC) reportedly informed regional directors at its 10 regional offices that it plans to eliminate their roles as part of cost-saving measures required by the new administration. The plan to remove the regional directors has not been made public at this time, but at least two anonymous sources reportedly spoke to Reuters about the announcement made on Friday.

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## Data Brokerage Updates

### NEW DOJ NATIONAL SECURITY DIVISION DATA SECURITY RULES TAKE EFFECT ON APRIL 8: IS YOUR ORGANIZATION EXPOSED?

By [Peter Jeydel](#), [James Koenig](#), [David Navetta](#), and [Laura Hamady](#)

Under the Department of Justice's (DOJ) "Preventing Access to U.S. Sensitive Personal Data and Government-Related Data by Countries of Concern or Covered Persons" rules (the Rules), allowing access outside the United States to certain types of sensitive personal data involving "countries of concern" may be restricted or prohibited beginning on April 8. See our [previous advisory](#) for more detail.

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