



Morgan Lewis

**ADVANCED TOPICS IN
HEDGE FUND PRACTICES
CONFERENCE**

Manager and Investor Perspectives

NEW YORK

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Enforcement Trends and Issues

Speakers



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General SEC Enforcement Outlook for Registrants

- Consistent enforcement focus on investment advisers and broker-dealers
- Civil penalties and disgorgement
- Private funds remain a substantive priority area

INVESTMENT ADVISOR/INVESTMENT CO.



Total Money Ordered (in millions)*

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Penalties	\$1,580	\$4,194	\$1,456	\$1,091	\$1,101	\$1,439
Disgorgement	\$3,369	\$2,245	\$2,395	\$3,588	\$3,248	\$2,506
Total	\$4,949	\$6,439	\$3,852	\$4,680	\$4,349	\$3,945

Enforcement Overview

- Proactive Enforcement
 - Regulation by enforcement
 - Enforcement often follows significant rulemaking
 - Sweep investigations
- Penalties
- Cooperation and Self-reporting

Particular Areas of Scrutiny

"AI Washing"

Area of increasing interest to SEC and noted in multiple speeches by Chair and Director of Enforcement

Insider Trading

Shadow trading and information scraping; *SEC v. Panuwat* – jury verdict

Whistleblower Protections – Section 21F-17

Focusing on alleged impediments of whistleblowers on reporting to SEC; not limited to employees

Deficient Recordkeeping/Off-Channel Communications

First settled case against standalone IA filed; expect more to follow; litigation?