

Takeaways for SEC enforcement: Looking back at FY 2025 and the first six months of Chairman Atkins

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As the Securities and Exchange Commission (SEC or Commission) transitioned to the new administration and the leadership of Chairman Paul Atkins earlier this year, two parallel enforcement goals emerged: first, to promote industry innovation by tempering enforcement based on creative interpretations of the securities laws, and second, to direct resources, now more limited following staff cutbacks, toward anti-fraud protections.

At the close of fiscal year 2025 and the six-month mark for Chairman Atkins, a look back shows that SEC enforcement has moved in line with these goals.

The Commission has stepped back from the types of recordkeeping and compliance foot faults that characterized the prior administration — e.g., expansive enforcement sweeps based on standalone recordkeeping violations concerning firm off-channel communications — and has nearly extinguished enforcement concerning crypto registration. At the same time, however, the Division of Enforcement (Division) is not stagnant. Recent actions deliver on the promise to target instances of straight-up fraud and harm to retail investors.

Infrastructure and procedural changes also set a framework for a more transparent and practical enforcement process.

Understanding these shifts helps in looking ahead as the Commission starts its first full fiscal year under Chairman Atkins.

Enforcement priorities: What is ‘in’ and ‘out’?

Classic fraud

One clear area where the SEC plans to continue enforcement is classic fraud. In his opening remarks at an SEC Town Hall held on May 6, 2025, Chairman Atkins described the “cornerstone” of the agency’s mission as “to hold accountable those who lie, cheat, and steal.” Chairman Paul Atkins, Opening Remarks at the SEC Town Hall (May 6, 2025) (<https://bit.ly/4n1DTqi>). That has come through in the recent enforcement actions.

Over a dozen cases have alleged Ponzi or Ponzi-like schemes. Others address other archetypal frauds such as pump-and-dump schemes, pyramid structures, and misappropriation of investor assets.

Insider trading also remains a focus, with cases covering typical fact patterns like trading in advance of major corporate announcements, tipper-tippee liability, and third parties that gain access to confidential information (such as EDGAR filing agents and investment bankers).

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The higher percentage of cases fitting within these traditional categories is consistent with the anticipated trajectory. That said, the agency has not pulled back from enforcing the anti-fraud prohibitions in relatively newer contexts.

In September, the Commission filed a complaint against a Russian national accused of hacking hundreds of retail brokerage accounts. *SEC v. Kushnarev*, 1:25-cv-05412-WMR (N.D. Ga. Sept. 22, 2025). The defendant has not yet filed a response to the lawsuit.

And in August, the Commission brought settled charges in *SEC v. Cole* against a trader for “spoofing” options markets (i.e., placing fake orders to manipulate prices). *SEC v. Cole*, 2:25-at-01038 (E.D. Cal. Aug. 11, 2025). In settling, the defendant neither admitted nor denied the allegations contained in the SEC’s complaint.

The SEC's September creation of a cross-border task force to combat fraud harming US investors will likely lead to continued uptick in these areas.

Affinity fraud

Another area of anticipated focus at the beginning of the year was affinity fraud, i.e., schemes focused on exploiting particular segments of investors, such as the elderly, veterans, and religious groups. Those predictions have proved correct, as enforcement actions have been filed in each of these areas so far, with several highlighting the respondents' alleged targeting of elderly investors.

Registered persons and entities

The Commission is also keeping up enforcement against various registered actors — investment advisers, investment companies, and their associated persons. The cases have not broken new ground, instead continuing down familiar paths to enforce the host of rules that apply to such entities.

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Cases have covered failure to disclose conflicts of interest, not properly crediting investors' accounts, custody rule violations, and cherry-picking favorable investments for preferred accounts. These actions demonstrate the continued value of entities focusing on their compliance efforts.

Crypto

As expected, the SEC has pulled back considerably in the area of crypto enforcement for failure to register securities, with several legacy enforcement actions being dropped. Matters involving crypto assets have not been immune, though, when there were allegations of clear fraud, such as a crypto trading company stealing investors' money.

Areas of reduced or no enforcement

The past several months have also seen a noticeable pullback in other areas of enforcement. No new cases have been filed alleging failures by registered entities to retain "off-channel" communications, violations of the whistleblower protection rule, Foreign Corrupt Practices Act violations, and failures by corporate victims of cybersecurity breaches to adequately warn of such risks.

Process and structure changes with practical impacts

Formal orders

The Division director no longer has authority to issue formal orders of investigation, which empower Division staff to issue subpoenas. Instead, as was the case prior to 2009, the commissioners must approve such orders by majority vote. The goal, according to the SEC, is to "increase effectiveness by more closely aligning the Commission's use of its investigative resources with Commission priorities." Delegation of Authority to Director of the Division of Enforcement, 90 Fed. Reg. 12105, 12105 (Mar. 14, 2025) (<https://bit.ly/4n5cy6L>)

This may drive increased reliance on external cooperation with voluntary requests, which can slow down and prolong an inquiry but may allow greater opportunity for informal resolution.

Along these lines, Chairman Atkins has also expressed a commitment to notify businesses of technical violations before jumping to enforcement. As a result, the SEC's examination staff may make fewer referrals to the Division, and businesses may have opportunities to address deficiencies short of enforcement actions.

Wells process

Consistent with his long-expressed views, Chairman Atkins has attempted to make more transparent the process for responding to staff recommendation of an enforcement action (the Wells process).

In a keynote address at Fordham School of Law on Oct. 7, he confirmed that staff "must make every effort to share information that it has gathered" in its investigation with defense counsel and that Division leadership "will meet with defense counsel" before a recommendation. Chairman Paul Atkins, Keynote Address at the 25th Annual A.A. Sommer, Jr. Lecture on Corporate, Securities, and Financial Law, Fordham School of Law (Oct. 7, 2025) (<https://bit.ly/4q8RkaS>).

Division staff have shown increased willingness to outline areas of concern in greater detail to defense counsel before making an enforcement decision.

Resolutions

Other changes in enforcement practices suggest a practical, business-friendly approach to resolutions.

On Sept. 26, Chairman Atkins announced that the Commission would return to considering an offer of settlement contemporaneously with a request for the waiver of any automatic statutory disqualifications triggered by the settlement. This announcement departs from the prior administration's practice and makes the resolution process more predictable for entities.

Decisions from early 2025 suggest that the SEC may be more amenable to applications for relief from director-and-officer and industry bars placed on individuals under prior enforcement orders. The SEC may also take a more tailored approach to crafting remedial punishments, especially considering how courts have narrowed its authority in this regard in recent years.

Once a major concern for many settling actors, the language of a press release seems to be less relevant to the SEC as a means for communicating its enforcement priorities and deterring misconduct. The SEC has noticeably decreased its use of press releases announcing enforcement cases. For example, in September 2025, only one press release announced an enforcement action, as compared to 43 in September 2024.

Continued emphasis on cooperation

Under multiple chairs, the SEC has emphasized the benefits of cooperation, self-reporting, and remediation in deciding whether to bring an action and the terms of a resolution. This remains true, and staff continue to emphasize the potential benefits of meaningful cooperation.

Looking ahead

These pivots have been sharp and abrupt. And, although the following years could bring more change, it seems the Division has settled into a set of priorities. The objectives for those facing an inquiry nevertheless remain the same: address staff concerns, demonstrate cooperation and remediation when appropriate, and emphasize where the issues fall outside of the key priorities such that the SEC's limited resources would be better spent elsewhere.

About the authors



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