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## WHITE PAPER

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### SEC ENFORCEMENT IN FINANCIAL REPORTING AND DISCLOSURE: 2020 YEAR-END UPDATE

The second half of 2020 saw U.S. Securities and Exchange Commission (“SEC”) enforcement activity continue to rebound from deep uncertainty and change caused by the COVID-19 pandemic. All told, the SEC—despite a full-scale transition to telework and remote operations—was largely able to conduct “business as usual,” bringing more than 700 enforcement actions during this fiscal year.

This *White Paper* reviews SEC enforcement activity, specifically in the areas of financial reporting and disclosure, with specific focuses on accounting fraud, disclosure fraud, non-GAAP (generally accepted accounting principles) metrics and key performance indicators, and the Division of Enforcement’s recent use of data analytics in its investigative processes. The *White Paper* also examines recent SEC developments, most notably Congress’s defense authorization bill, which significantly boosts SEC enforcement sanctions.

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## INTRODUCTION

The second half of 2020 saw SEC enforcement activity continue to rebound from deep uncertainty and change caused by the COVID-19 pandemic. All told, the SEC—despite a full-scale transition to telework and remote operations—was largely able to conduct “business as usual,” bringing more than 700 enforcement actions during this fiscal year.

But, as 2020 gives way to 2021, and the Biden administration assumes office, new and distinct transitions will shape the near future of SEC enforcement activity. In late December, 2020 Chairman Jay Clayton announced his departure from the SEC, a move which coincided with the departure of Enforcement Division Director Stephanie Avakian, following the August 2020 departure of Enforcement Co-Director Steven Peikin. While the next slate of SEC leadership is likely to emphasize similar priorities—such as COVID disclosure, environmental, social, and corporate governance, and cybersecurity—we anticipate an increase in enforcement activity and sanctions under the Biden administration, building on a steady 2020 in terms of overall enforcement activity.

This *White Paper* reviews SEC enforcement activity, specifically in the areas of financial reporting and disclosure, with specific focuses on accounting fraud, disclosure fraud, non-GAAP (generally accepted accounting principles) metrics and key performance indicators, and the Division of Enforcement’s recent use of data analytics in its investigative processes. The *White Paper* also examines recent SEC developments, most notably Congress’s defense authorization bill, which significantly boosts SEC enforcement sanctions.

## ENFORCEMENT REVIEW

### Financial Fraud and Internal Controls

The following enforcement actions were brought by the SEC in the third and fourth quarters of 2020 proceeding on theories of accounting and financial fraud or internal controls deficiencies. This represented the largest subset of enforcement actions brought against issuers:

- On August 13, 2020, the SEC announced it had filed a settled complaint against the former chairman and CEO of an international car rental company. The former chairman and

CEO allegedly pressured subordinates to “find money” by reanalyzing the company’s reserves, which allegedly led the company’s financial reports to become materially inaccurate. The former chairman and CEO also allegedly led the company to extend holding periods of its car rental fleet, which lowered the company’s short-term expenses, and approved earnings guidance that he knew was inaccurate. The SEC’s complaint, filed in the District of New Jersey, required the former CEO to pay a Section 304 of the Sarbanes-Oxley Act clawback for incentive-based compensation. Without admitting or denying the allegations, the former chairman and CEO consented to a judgment permanently enjoining him from aiding and abetting any future violations of the applicable federal securities laws and requiring him to reimburse the company for \$1,982,654 in bonus and other incentive-based compensation and to pay a \$200,000 civil penalty.<sup>1</sup>

- On August 25, 2020, the SEC announced settled proceedings against a technology company and its former CFO, alleging the company and former CFO, among other executives, engaged in improper accounting practices by prematurely recognizing revenue and understating expenses for several years. The SEC also alleged internal accounting control failures and that the former CFO approved SEC filings that contained misstated financial statements. Thus, the SEC alleged that the company violated Sections 17(a)(2) and 17(a)(3) of the Securities Act, and the former CFO violated Section 13(b)(5) and Rule 13b2-1 of the Exchange Act. Pursuant to the settlement, the company was ordered to pay a civil penalty of \$175 million, and the former CFO was ordered to pay civil penalty of \$50,000, as well as disgorgement with prejudgment interest totaling more than \$300,000. In addition, the company’s CEO consented to reimburse the company \$2.1 million in stock sale profits.<sup>2</sup>
- On August 26, 2020, the SEC announced settled proceedings against an automotive parts company, alleging material misstatements reported on its financial statements. Specifically, the company allegedly failed to include an estimate of liability associated with future asbestos claims in its financial statements after erroneously concluding that it could not reasonably estimate its “incurred but not reported” liability and neglected to conduct a substantive quantitative inquiry to that effect. The SEC alleged that the company violated Exchange Act Sections 13(a), 13(b)(2)(A),

and 13(b)(2)(B). Pursuant to the settlement, the company agreed to pay a penalty of \$950,000 and to cease and desist from future violations.<sup>3</sup>

- On September 24, 2020, the SEC instituted settled proceedings against a lighting products company and four of its executives arising from alleged accounting fraud that falsely inflated reported revenues over a four-year period. Specifically, the SEC alleged that the company artificially inflated its revenue through a pattern of premature revenue recognition. For example, the company allegedly improperly recorded anticipated future sales as current “bill and hold” sales to make up for revenue shortfalls, and then failed to disclose that the “bill and hold” sales represented a significant portion of the company’s revenue, or that the company was materially deviating from its stated revenue recognition policies. Additionally, the SEC asserted that the executives made false certifications in the company’s filings, circumvented accounting controls or falsified records, and misled the company’s auditor. The SEC thus alleged violations of the antifraud, books and records, internal controls, and reporting provisions of the federal securities laws. Without admitting or denying the allegations, the company and executives agreed to cease and desist from further violations and to pay a penalty.<sup>4</sup>
- On September 24, 2020, the SEC instituted settled proceedings against an engine manufacturing company, alleging that the company fraudulently recorded revenue in a non-GAAP-compliant manner, leading the company to issue materially misstated financial statements in its public filings for both Q4 2014 and Q4 2015. Specifically, the SEC alleged that the company recorded revenue for sales of products that were not complete, for products that the customer had not agreed to accept, for products for which the price was falsely inflated, and for improper “bill and hold” arrangements. The SEC thus alleged that the company violated the antifraud, books and records, reporting, and internal accounting control provisions of the federal securities laws. Pursuant to the settlement agreement, the company agreed to cease and desist from further violations, to pay a \$1.7 million penalty, and to remediate deficiencies in its internal controls over financial reporting. The SEC had previously charged three former executives for their role in the alleged fraud.<sup>5</sup>
- On September 29, 2020, the SEC instituted settled cease-and-desist proceedings against a manufacturer and distributor of construction equipment and three of its former executives in connection with two accounting fraud schemes that resulted in the company’s issuance of materially misstated financial statements. Specifically, in the first scheme, the company allegedly improperly accounted for and misled its outside auditor regarding the existence of inventory contributions purportedly contributed from one of its subsidiaries. In the second scheme, the company allegedly improperly recognized revenue on and misled its auditor regarding purported “bill and hold” sales. As a result, the company allegedly misstated its financial statements for every period from the last quarter of 2014 to the second quarter of 2017. The SEC alleged that the company and the former executives violated certain antifraud, reporting, books and records, and internal accounting control provisions of the federal securities laws. Without admitting or denying the allegations, the company and executives agreed to cease and desist from further violations and to pay a penalty totaling \$485,000. The former executives also agreed to director and officer bars, and two of the former executives agreed to suspensions from appearance or practice before the SEC as accountants.<sup>6</sup>
- On October 5, 2020, the SEC announced that it had obtained a final consent judgment against a senior accountant at a project and construction management consulting company for allegedly improperly accounting for certain intercompany transactions involving foreign currency fluctuations. As discussed in our [Mid-Year 2020 Update](#), the SEC’s complaint—filed on January 16, 2020, initially in the Southern District of New York and later transferred to the Eastern District of Pennsylvania—alleged that the senior accountant identified approximately \$5 million in foreign currency exchange losses on intercompany obligations that had been incorrectly recorded on the company’s balance sheet and attempted to “bleed” the losses over time, resulting in a material increase in the company’s reported net income for several fiscal years and interim periods. The SEC thus alleged that the senior accountant had violated the antifraud provisions of Section 17(a) of the Securities Act, certain reporting, books and records, and internal accounting control provisions under Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder,

and that the senior accountant aided and abetted the company's violations of Section 13(a) and 13(b)(2)(A) of the Exchange Act. Without admitting or denying the allegations of the SEC's complaint, the senior accountant consented to the judgment, which enjoins him from future violations and orders him to pay a \$25,000 civil penalty.<sup>7</sup>

- On October 8, 2020, the SEC announced allegations against a seismic data company and four former executives for a multifaceted accounting fraud that allegedly inflated the company's revenue by approximately \$100 million and concealed the theft of millions of dollars by the executives. According to the SEC's complaint, filed in the Southern District of New York, the company—at the direction of the former executives—entered into a series of seismic data acquisition contracts with a purportedly unrelated company that was actually controlled by two of the former executives through a series of shell entities. These alleged transactions led the seismic data company to improperly inflate revenue by engaging in a series of round-trip transactions that falsely created the appearance of legitimate business dealings. Further, the complaint also alleges that the former executives misappropriated approximately \$6 million for their personal enrichment in the process of executing these round-trip transactions. The SEC's complaint alleged that the company and the four executives violated the anti-fraud provisions of Section 17 of the Securities Act and Section 10(b) of the Exchange Act. In addition, the SEC alleged the executives and company's conduct violated certain reporting, books and records, and internal accounting control provisions under Section 13 of the Exchange Act. The SEC seeks an injunction against the company and injunctions, civil penalties, disgorgement, and director and officer bars against the four executives. It also seeks a clawback of incentive-based compensation against three of the executives.<sup>8</sup>
- On October 15, 2020, the SEC announced settled allegations with a logistics company over internal controls relating to a stock buyback plan implemented while in discussions with a prospective acquirer in 2018. The SEC alleged the company used an abbreviated and informal process to evaluate whether the requirements for the buyback were satisfied. The SEC alleged that the company violated the internal controls provisions of Section 13(b)(2)(B) of the Exchange Act. Without admitting the findings in

the order, the company agreed to cease and desist from further violations of that provision and to pay a civil penalty of \$20 million.<sup>9</sup>

- On December 11, 2020, the SEC alleged that a brand management company failed to impair its goodwill as required by accounting principles and the federal securities laws. In its complaint, the SEC alleged that the company conducted internal calculations showing that, in light of the declining stock price, the company would fail the first step of its disclosed two-step impairment test. Allegedly ignoring this evidence of impairment, the company instead performed a qualitative analysis that omitted any mention of its internal calculations, as well as several negative developments in the business, leading to its allegedly erroneous conclusion that goodwill was not impaired. The company thus allegedly inflated its income from operations and misstated its financial statements and reports for almost a year by failing to recognize the goodwill impairment.<sup>10</sup> The complaint, filed in the Southern District of New York, alleges the company violated the non-scienter antifraud provisions of Section 17(a)(3) of the Securities Act and the reporting, books and records, and internal controls provisions of Sections 13(a) and 13(b) of the Exchange Act.
- On December 16, 2020, the SEC announced settled allegations against a Chinese coffee company whose American Depositary Shares traded on Nasdaq, alleging that the company defrauded investors by materially misstating the company's revenue, expenses, and net operating losses in an attempt to demonstrate rapid growth and increased profitability and to meet the company's earnings estimates. Specifically, the SEC alleged that the company fabricated more than \$300 million in retail sales transactions by using related parties to create false sales transactions through three separate purchasing schemes, and attempted to conceal the fraud by creating a fake operations database and altering records to reflect the false sales. Accordingly, the SEC alleged the company violated the antifraud provisions of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, as well as the reporting, books and records, and internal control provisions of Sections 13(a) and 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act. Without admitting or denying the allegations, the company agreed to an injunction against future violations and to pay a \$180 million penalty.<sup>11</sup>

- On December 17, 2020, the SEC announced settled allegations against an apparel brand company and its former CFO relating to alleged material misstatements on the company's financial statements regarding the company's trademarks. According to the SEC, the company allegedly failed to timely recognize impairments of its trademarks—its primary asset and revenue source—and, consequently, materially overstated its financial statements. The SEC alleged the company violated the non-scienter antifraud provisions of Sections 17(a)(2)-(3) of the Securities Act and the reporting provisions of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act. The SEC further alleged that the former CFO caused the company's violations of Section 13(b)(2)(A). Without admitting or denying these allegations, the company agreed to cease and desist from future violations of these provisions, but did not pay a penalty “consider[ing] [the company's] current financial condition,” and the former CFO agreed to cease and desist from future violations and to pay a penalty of \$10,000.<sup>12</sup>

### Corporate Disclosures

The following enforcement actions were brought by the SEC in the third and fourth quarters of 2020 alleging false or misleading disclosures by companies in their public filings:

- On September 25, 2020, the SEC announced that it had initiated proceedings against a top executive of a micro-cap company allegedly for making false and misleading statements indicating that the company had developed a COVID-19 blood test and had submitted the test for emergency approval when, in fact, the company had not yet purchased materials to make a test. Additionally, the executive allegedly made false and misleading statements to its investors regarding the company's intention to resolve its delinquent filings with the SEC. The SEC's complaint, filed in the Northern District of California, alleges that the executive violated the antifraud provisions of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and seeks injunctive relief, civil monetary penalties, and a director and officer bar.<sup>13</sup>
- On September 28, 2020, the SEC settled allegations with a foreign-based public company that sells vehicles through

its U.S.-based subsidiary for allegedly making misleading disclosures about an internal audit of its emissions control systems. Specifically, the SEC alleged the company failed to provide accurate and complete information to its investors when it failed to sufficiently disclose the limited scope of its internal audit conducted to determine whether the company's vehicles complied with environmental regulations concerning emissions. The SEC alleged the company violated the reporting provisions of Section 13(a) of the Exchange Act and Rules 13a-16 and 12b-20 thereunder. Without admitting or denying the allegations, the company and executives agreed to cease and desist from further violations and to pay a penalty of \$9.5 million.<sup>14</sup>

- On November 23, 2020, the SEC announced allegations against a California-based e-commerce start-up and its CEO for misleading investors about purported contracts with well-known consumer brands when, in reality, the company had never done business with the specified brands. According to the SEC, the CEO enlisted one or more associates to seek venture capital investments in the start-up by impersonating representatives of the customers and the founder of a venture capital fund who supposedly made a large investment in the start-up. The SEC's complaint, filed in the Northern District of California, alleges the company and its CEO violated the antifraud provisions of Section 17(a) of the Securities Act and Section 10(b) and of the Exchange Act and Rule 10b-5 promulgated thereunder. The SEC seeks permanent injunctions, civil money penalties, disgorgement, as well as a director and officer bar against the CEO.<sup>15</sup>
- On December 4, 2020, the SEC announced settled allegations against a well-known restaurant franchisor for allegedly making misleading disclosures about the impact of the COVID-19 pandemic on its business operations and financial condition. This action marked the first enforcement action against a publicly traded company for COVID-19-related disclosures. According to the SEC, the company allegedly stated in its public filings with the SEC that its restaurants were “operating sustainably” when, in fact, the company was losing approximately \$6 million in cash per week and internal projections showed that the company had only 16 weeks of cash remaining. Further, while the company did not disclose this information in its public filings, it did share this

information with potential private equity investors and lenders in an effort to seek additional liquidity. The company also allegedly failed to inform investors that it had informed its landlords that it would not pay rent in April 2020. Accordingly, the SEC alleged that the company violated Section 13(a) of the Exchange Act and Rules 13a-11 and 12b-20 thereunder. Without admitting the findings in the order, the company agreed to pay a \$125,000 penalty and to cease and desist from further violations of the reporting provisions, pursuant to a settlement agreement which considered the cooperation afforded by the company with the SEC.<sup>16</sup>

- On December 17, 2020, the SEC announced a complaint against a California-based biotechnology company and its CEO for allegedly including false and misleading claims in numerous press releases that the company had developed a working, breakthrough technology that could accurately detect COVID-19 through a quick blood test. In its complaint, the SEC alleged that, despite lacking a proven method for detecting COVID-19 and no physical testing device, the company and its CEO made false and misleading statements about the existence of a device that could detect COVID-19 in less than a minute. The SEC alleged the company and its CEO violated the anti-fraud provisions of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and is seeking a court order to enjoin both defendants from violating those provisions and ordering them to pay civil penalties. Parallel criminal charges are being pursued against the CEO in the U.S. District Court for the District of Columbia.<sup>17</sup>

### **Non-GAAP Metrics and Key Performance Indicators**

The following enforcement actions were brought by the SEC in the third and fourth quarters of 2020 as a result of allegedly false or misleading disclosures made by reporting companies in their public filings regarding non-GAAP metrics and key performance indicators:

- On September 30, 2020, the SEC announced settled proceedings with a prominent technology company for allegedly misleading investors by failing to disclose the impact of sales practices undertaken in an effort to meet quarterly sales and earnings targets. Specifically, the SEC alleged

that the company failed to disclose known trends and uncertainties associated with sales practices by which the company used a variety of incentives—such as substantial discounting in violation of corporate policy and distribution agreements—to “pull in” printing supplies sales into current quarters’ sales figures that they otherwise expected to materialize in subsequent quarters. These sales practices allegedly contributed to changes in the company’s business model that reduced the company’s net revenue by approximate \$450 million during the third and fourth quarters of 2016. The SEC alleged the company violated Sections 17(a)(2) and (3) of the Securities Act, Section 13(a) of the Exchange Act and Rule 13a-1 and 13a-13 thereunder, Exchange Act Rule 12b-20, and Exchange Act Rule 13a-15(a).<sup>18</sup> To settle these allegations, the company agreed to cease and desist from further violations and to pay a \$6 million penalty.

### **Use of Data Analytics—EPS and Executive Compensation**

The following enforcement actions, announced in September 2020, reflect the SEC’s recent interest in and use of data analytics to assist in the investigative process leading to enforcement activity:

- On September 28, 2020, the SEC announced settled proceedings against a modular carpet manufacturer and two former executives, alleging that in multiple quarters in 2015 and 2016, the company—at the direction of the former executives—made unsupported, manual accounting adjustments that were not compliant with GAAP. These adjustments boosted the company’s income, enabling the company to consistently report earnings that met or exceeded the consensus estimates. The SEC alleged the company violated certain non-scienter antifraud provisions of the Securities Act and reporting, books and records, and internal control provisions of the Exchange Act. It also alleged one executive violated antifraud provisions of the Securities Act, and both executives violated the books and records provisions of the Exchange Act. Without admitting or denying the allegations, the company and two former executives agreed to cease and desist from further violations and to pay monetary penalties of \$5 million, \$70,000, and \$45,000, respectively.<sup>19</sup>

- Also on September 28, 2020, the SEC announced settled proceedings against a financial services company, alleging that the company inaccurately presented its financial performance in late 2016 and early 2017 when it included in its public filings a valuation allowance for its mortgage servicing rights that was at odds with the valuation methodology described in the same filings. As a result, the company's disclosures created the misleading appearance of consistent earnings across multiple reporting periods. The SEC alleged the company violated reporting, books and records, and internal control provisions of the federal securities laws. Without admitting or denying the allegations, the company agreed to cease and desist from further violations and to pay a \$1.5 million penalty.<sup>20</sup>

These two actions are the first brought by the SEC stemming from investigations “generated by the Division of Enforcement’s EPS Initiative, which utilizes risk-based data analytics to uncover potential accounting and disclosure violations caused by, among other things, earnings management practices.”<sup>21</sup>

- On September 30, 2020, the SEC announced settled proceedings against a hospitality company for failing to fully disclose perks and personal benefits provided to executive officers. Specifically, the company allegedly failed to disclose \$1.7 million worth of travel-related perks and personal benefits provided to executives over the course of three years, including the CEO’s personal use of Hilton’s corporate aircraft and executive officers’ hotel stays, in violation of the SEC’s compensation disclosure rules. The SEC alleged the company violated the proxy solicitation provisions of Section 14(a) of the Exchange Act Rule 14a-3 thereunder, and the reporting provisions of Section 13(a) of the Exchange Act and Rules 12b-20 and 13a-1 thereunder. Without admitting or denying the SEC’s findings, the company agreed to pay a \$600,000 civil penalty. This action was generated by the SEC’s use of risk-based data analytics to uncover potential violations related to corporate perquisites.

## NATIONAL DEFENSE AUTHORIZATION ACT TO EXPAND SEC POWERS AND AUTHORITY

On December 11, 2020, Congress sent the National Defense Authorization Act for Fiscal Year 2021 (H.R. 6395) to the president for signature. After President Trump vetoed the bill, the House of

Representatives and Senate overrode the veto on December 28, 2020, and January 1, 2021, respectively. This bill includes important securities law changes pertaining to remedies available to the SEC. The changes provide the SEC with expanded authority to request disgorgement and other equitable remedies.

Key changes in the legislation include:

- Explicitly authorizing the SEC to seek disgorgement for violations of securities laws;
- Removing existing restrictions requiring disgorgement awards to be “for the benefit of investors”;
- Providing a 10-year statute of limitations for disgorgement awards stemming from fraud violations;
- Providing a 10-year statute of limitations for equitable remedies, including cease-and-desist orders and injunctions; and
- Adding a provision to indefinitely toll the statute of limitations while defendants remain outside the United States.

These changes are largely a response to the Supreme Court’s decision in *Liu v. Securities and Exchange Commission*, which created uncertainty—as discussed in our [Mid-Year 2020 Update](#)—by the Court’s rejection of a series of practices that had previously been commonplace. For example, the new provisions maintain *Liu*’s requirement that disgorgement be limited to net profits of defendants, but remove the restriction requiring disgorgement to be for the benefit of investors. By removing this requirement, Congress has nullified questions surrounding the SEC’s distribution of disgorgement awards to the U.S. Treasury. The new legislation also limits disgorgement awards to “any unjust enrichment by the person who received such unjust enrichment as a result of [a securities law] violation.” This appears to prohibit joint and several liability, thus preemptively answering questions raised in *Liu*.

## OFFICE OF COMPLIANCE INSPECTIONS AND EXAMINATIONS RENAMED TO DIVISION OF EXAMINATIONS

On December 17, 2020, the SEC announced that it was renaming the Office of Compliance Inspections and Examinations



to the Division of Examinations. The second largest office or division at the SEC, the Division of Examinations is “primarily responsible” for conducting examinations of entities registered with the SEC, including:

- more than 13,800 investment advisers;
- approximately 10,000 mutual funds and exchange traded funds;
- more than 3,600 broker-dealers;
- approximately 350 transfer agents;
- nine clearing agencies;

- 24 national securities exchanges;
- more than 500 municipal advisors; and
- the Financial Industry Regulatory Authority, the Municipal Securities Rulemaking Board, the Securities Investor Protection Corporation, and the Public Company Accounting Oversight Board.<sup>22</sup>

According to the SEC, the name change reflects the “important role that its expert staff play in support of the SEC’s mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.”

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## ENDNOTES

- 1 Litigation Release No. 24869 (August 14, 2020).
- 2 “SEC Charges Super Micro and Former CFO in Connection with Widespread Accounting Violations” (Aug. 25, 2020).
- 3 Exchange Act Release No. 89677 (August 26, 2020)
- 4 Litigation Release No. 24915 (Sept. 24, 2020).
- 5 “Engine Manufacturing Company to Pay Penalty, Take Remedial Measures to Settle Charges of Accounting Fraud” (Sept. 24, 2020).
- 6 “SEC Charges Manitex International and Three Former Senior Executives With Accounting Fraud” (Sept. 29, 2020).
- 7 “SEC Obtains Final Judgment Against, and Suspends, Accountant Formerly with Construction Management Consulting Company” (Oct. 5, 2020).
- 8 “SEC Charges Seismic Data Company, Former Executives with \$100 Million Accounting Fraud” (Oct. 8, 2020).
- 9 “SEC Charges Andeavor for Inadequate Controls Around Authorization of Stock Buyback Plan” (Oct. 15, 2020).
- 10 “SEC Charges Sequential Brands Group Inc. with Deceiving Investors by Failing to Timely Impair Goodwill” (Dec. 11, 2020).
- 11 “Luckin Coffee Agrees to Pay \$180 Million Penalty to Settle Accounting Fraud Charges” (Dec. 16, 2020).
- 12 “SEC Charges Apex Global Brands Inc. and Former CFO with Accounting Violations” (Dec. 17, 2020).
- 13 “SEC Charges Top Executive of California Microcap Company for Misleading Claims Concerning COVID-19 Test and Financial Statements” (Sept. 25, 2020).
- 14 “Fiat Chrysler Agrees to Pay \$9.5 Million Penalty for Disclosure Violations” (Sept. 28, 2020).
- 15 Litigation Release No. 24968 (Nov. 23, 2020).
- 16 “SEC Charges The Cheesecake Factory For Misleading COVID-19 Disclosures” (Dec. 4, 2020).
- 17 “SEC Charges Biotech Company and CEO With Fraud Concerning COVID-19 Blood Testing Device” (Dec. 18, 2020).
- 18 SEC Charges HP Inc. With Disclosure Violations and Control Failures (Sept. 30, 2020).
- 19 “SEC Charges Companies, Former Executives as Part of Risk-Based Initiative” (Sept. 28, 2020).
- 20 *Id.*
- 21 *Id.*
- 22 “Statement on the Renaming of the Office of Compliance Inspections and Examinations to the Division of Examinations.” (Dec. 17, 2020).

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