

In the News

Daily Journal: High Court to Hear Appeal of SEC's Disgorgement Power

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The US Supreme Court will hear an appeal challenging the US Securities and Exchange Commission's ability to seek disgorgement as a way to recoup illegal profits. The appeal was filed by attorneys for Charles Liu and Xin Wang who were ordered by US District Judge Cormac J. Carney to pay disgorgement fines of US\$27 million and the maximum in civil penalties after being accused of defrauding Chinese investors. O'Melveny partner Matthew Close noted that, "the ruling in *Kokesh* explicitly declines to say whether the SEC has power to seek disgorgement." However, Close also noted the SEC won disgorgement orders totaling US\$2.5 billion in 2018. "The looming Supreme Court decision will likely have a major impact on the SEC and defendants facing orders for disgorgement remedies," said Close.