

Major shift in the SEC's enforcement playbook

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When the presidency changes parties, so too do the priorities of the U.S. Securities and Exchange Commission (SEC). Although the SEC's core mission — to protect investors, foster capital formation, and safeguard fair, orderly, and efficient markets — remains constant, the agency's actions since President Trump's inauguration reflect a clear recalibration and moderation of its enforcement program.

Most notably, the SEC voluntarily dismissed several high-profile enforcement cases, many of which had survived early court challenges. These included actions concerning crypto assets, foreign bribery, the definition of a "dealer" under the securities laws, and the first-ever enforcement of the mutual fund liquidity rule.

At the same time, the agency has prioritized traditional fraud cases, particularly those involving alleged harm to retail investors. Indeed, when Chairman Paul Atkins announced Judge Margaret Ryan as the new Director of Enforcement, he stated that the Enforcement Division "should be guided by Congress' original intent: enforcing the securities laws, particularly as they relate to fraud and manipulation."¹

Consequently, cases involving novel or aggressive legal theories or technical missteps — which can often be quite lengthy, costly, and result in management distraction — are likely to be disfavored.

Crypto and digital-asset cases abandoned

Consistent with Chairman Atkins' stated desire to make the United States attractive to crypto and digital asset projects, the SEC has retreated from its previously aggressive enforcement stance toward the crypto industry.

Critics have attacked the SEC's crypto enforcement efforts as lacking statutory authority and regulatory clarity. The current Commission, which may agree with that assessment, appears to be stepping away from "regulation by enforcement" and moving towards guidance through regulation and rulemaking.

The SEC's friendlier posture toward the crypto industry is reflected in the agency's abandonment of several enforcement actions. Among the most notable reversals was the SEC's dismissal of its case against Binance. The complaint had alleged that the exchange and its founder violated securities laws by offering unregistered securities and commingling

customer funds. In May, the SEC dismissed the case with prejudice — effectively closing the door on future enforcement actions based on the same facts — in "the exercise of its discretion and as a policy matter."²

In February, the SEC abandoned its case against Coinbase, which centered on allegations that the platform operated as an unregistered broker-dealer and clearing agency, particularly regarding its staking services. Then acting-Chair Mark Uyeda linked the dismissal to the SEC's formation of a new Crypto Task Force, which aims to develop a rule-based framework for digital assets.³

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The SEC has also closed investigations or dismissed pending litigations involving NFT offerings, token listings, staking and lending programs, and decentralized platforms. These actions include matters involving Kraken,⁴ Crypto.com,⁵ Gemini,⁶ OpenSea,⁷ Robinhood,⁸ Uniswap,⁹ Yuga Labs,¹⁰ Immutable,¹¹ CyberKongz,¹² and Helium.¹³

In August 2025, the SEC and Ripple agreed to drop their cross-appeals of the district court's summary judgment ruling that found XRP not to be a security in some instances, but not others.¹⁴

Previously, the district court had rejected the SEC's attempt to dissolve a permanent injunction it obtained against Ripple and cut the monetary penalty imposed in half.¹⁵ Along with the dismissal of the appeals, SEC also granted Ripple a waiver from the Regulation D "bad actor" provisions.¹⁶ Without that waiver, Ripple would have been unable to raise equity capital through, for example, a Regulation D private placement for several years.

Dealer definition cases dismissed

The new SEC has also backed away from its controversial attempt to redefine "dealers" in a series of convertible-debt cases involving so-called "toxic lending."

Under the prior administration, the SEC sued several firms that acquired convertible debt from microcap issuers, converted it to equity, and resold the shares for profit — alleging this conduct made them unregistered dealers. Commissioners Peirce and Uyeda, as they had done with respect to several crypto cases, publicly objected to applying “dealer” to the conduct at issue.¹⁷

Although the district courts largely sided with the SEC,¹⁸ in May and June 2025, the agency reversed course and voluntarily dismissed — with prejudice — claims in seven pending dealer-definition cases.¹⁹

Foreign bribery case dropped

In July 2025, the SEC dismissed its long-running FCPA case against two former Cognizant Technology Solutions executives. This move followed the DOJ’s dismissal of its related criminal case and its issuance of new guidelines deprioritizing corruption cases that do not directly harm U.S. interests or U.S. companies.²⁰

The DOJ guidelines expressly prioritize alleged misconduct that facilitates criminal activities of transnational criminal organizations and cartels.²¹ The SEC’s parallel dismissal suggests alignment with the DOJ’s new approach and a broader reassessment of how aggressively the agency will pursue overseas conduct.

Retreat from aggressive cybersecurity enforcement

The SEC is also signaling a more restrained approach to cyber enforcement, consistent with longstanding criticisms of the agency’s aggressive enforcement actions involving cyber incidents and controls.

In February 2025, announcing the formation of its new Cyber and Emerging Technologies Unit (CETU), the SEC stated the unit would focus on fraudulent disclosures.²² In June, the SEC withdrew a proposed rule that would have required investment advisers and funds to adopt and implement written cybersecurity programs, policies, incident reporting, and public disclosure requirements.²³

A month later, the SEC settled its case against SolarWinds and its chief information security officer, alleging a failure to disclose IT systems risks related to a major cyber-attack.²⁴ The Court had previously dismissed many of the SEC’s claims in that case, including the SEC’s aggressive claim that the alleged cyber disclosure failure violated the SEC’s internal accounting controls rules.

The SEC’s defeat in SolarWinds, its abandonment of expanding cyber disclosure rules to the asset management industry, and the CETU’s mandate to focus on fraud signal a narrowed scope for the SEC’s cybersecurity enforcement and regulatory efforts.

Liquidity rule case abandoned

The SEC also dismissed its enforcement action against Pinnacle Advisors, LLC, the first-ever case brought under the Liquidity Rule for mutual funds.²⁵ That rule prohibits investments in illiquid securities beyond 15% of a fund’s net assets. Although the Commission offered no public explanation beyond citing “policy discretion,” the dismissal suggests a reluctance to bring “first-of-their-kind” cases to enforce an existing rule without any allegations of fraud.

Emphasis of the core enforcement mission

Beyond the headline-making dismissals, SEC leadership is underscoring the primacy of the agency’s traditional enforcement mandate. For instance, in a May 2025 town hall with SEC staff, Chairman Atkins stressed a “new day” at the agency by pledging to “return to [the SEC’s] core mission” of “protecting investors, furthering capital formation, and safeguarding fair, orderly, and efficient markets.”²⁶ He also emphasized the importance of “predictability, due process, rule of law, [and] integrity.”

At the SEC Speaks conference in May 2025, senior enforcement officials articulated the same message. They identified traditional fraud cases as the agency’s focus going forward, including insider trading, accounting and disclosure fraud, offering fraud, market manipulation, and breaches of fiduciary duty by investment advisers. Officials also stressed a commitment to holding individuals — not just corporate entities — accountable.

The SEC has filed more than 115 new cases since January 2025, most fitting the categories highlighted in these public remarks. Approximately 50 of those cases involve allegations of offering fraud, Ponzi schemes, or market manipulation. Another 19 cases allege insider trading. Approximately 25 cases involve investment advisers, with almost all alleging breaches of fiduciary duties.

The SEC Staff also announced new internal policies aimed at improving fairness and transparency in its enforcement program. In a welcomed change, enforcement senior leadership expressed a willingness to meet with respondents in all cases before recommending charges to the Commission.

Senior officials have also indicated that meaningful self-reporting, cooperation, and remediation could result in the SEC declining to bring charges altogether. While it remains to be seen how these policies will play out in practice, the SEC’s enforcement program is clearly evolving.

Key takeaways

The SEC’s enforcement program is prioritizing traditional areas such as insider trading, fraud, and conduct causing harm to retail investors. The SEC has also dismissed aggressive enforcement actions filed under prior administrations.

The Commission has also signaled a more open and collaborative posture toward defense counsel and a willingness to credit meaningful remediation and cooperation with reduced — or even no — enforcement action. These changes are a welcomed development, as the current SEC appears to disfavor pursuing novel legal theories and technical violations.

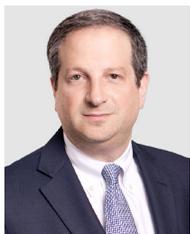
At the same time, these changes reflect a shift in enforcement priorities rather than changes to the underlying law. Without those changes, future SEC leadership could readily return to a more expansive enforcement approach. But changes may be forthcoming. For example, Chairman Atkins has voiced concerns about the future, recently noting that regulators “must craft a framework that future proofs the crypto markets against regulatory mischief.”²⁷

Regardless of the enforcement priorities, public companies and regulated entities benefit from continuing to promote strong internal controls and proactive compliance programs. Identifying and addressing potential issues before they attract SEC scrutiny will better position organizations to navigate an enforcement matter in any environment.

Notes:

- ¹ SEC Press Release No. 2025-108, <http://bit.ly/4pYy1B1>.
- ² SEC Litigation Release No. 26316, <http://bit.ly/3VTlCu8>.
- ³ SEC Press Release No. 2025-47, <http://bit.ly/3KwmE38>.
- ⁴ SEC Litigation Release No. 26278, <http://bit.ly/4h7N3Aw>.
- ⁵ Crypto.com Press Release: SEC Closes Crypto.com Investigation with No Action, <http://bit.ly/48kDhIO>.
- ⁶ CoinNews Article: SEC ends Gemini investigation after two years with no charges, <http://bit.ly/4pZXiuE>.

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⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ Cointelegraph Article: Yuga Labs says SEC has dropped its investigation into the NFT firm, <http://bit.ly/4h9qMSL>.

¹¹ Immutable Blog: SEC concludes its investigation into Immutable: a win for digital ownership, <http://bit.ly/4nczTnj>.

¹² CryptoNews Article: CyberKongz Cleared as SEC Ends Probe, <http://bit.ly/3IYskIS>.

¹³ CryptoNews Article: SEC Drops Lawsuit Against Helium Developer Nova Labs, <http://bit.ly/4nDQ4e3>.

¹⁴ SEC Litigation Release No. 26369, <http://bit.ly/3J19WsD>.

¹⁵ SEC Litigation Release No. 26306, <http://bit.ly/4pYyBib>.

¹⁶ SEC Securities Act Release No. 11383.

¹⁷ Uyeda’s Statement Regarding GHS Investments, LLC, <http://bit.ly/48PNYtQ>; Peirce’s Statement Regarding Dealer Rule, <http://bit.ly/48kaFzp>.

¹⁸ *SEC v. Long*, Case No. 23C14260, 2024 WL 3161669 (N.D. Ill. June 25, 2024); *SEC v. LG Cap. Funding, LLC*, 702 F. Supp. 3d 61 (E.D.N.Y. 2023); *SEC v. River N. Equity LLC*, 415 F. Supp. 3d 853 (N.D. Ill. 2019).

¹⁹ SEC Litigation Release No. 26310, <http://bit.ly/4mQX0n2>; SEC Litigation Release No. 26330, <http://bit.ly/4o9tr1c>.

²⁰ SEC Litigation Release No. 26351 <http://bit.ly/3Wpw034>.

²¹ DOJ Press Release June 9, 2025 FCPA Guidelines.

²² SEC Press Release No. 2025-42.

²³ SEC Announcement Withdrawing Investment Adviser Cybersecurity Rule.

²⁴ Reuters Article: SEC and SolarWinds reach preliminary settlement.

²⁵ SEC Litigation Release No. 26347, <http://bit.ly/4obRhJJ>; SEC Litigation Release No. 25715, <http://bit.ly/4pUlKxz>.

²⁶ Atkins’ Speech at SEC Town Hall (May 6, 2025), <http://bit.ly/42wThUu>.

²⁷ Atkins, Paul. “We must craft a framework...” X, 19 Aug. 2025, <http://bit.ly/47chh1H>.