

November 18, 2025

FINANCIAL REPORTING ISSUES AND SECURITIES ENFORCEMENT WEBINAR

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MCLE CERTIFICATE INFORMATION

MCLE Certificate Information

- Approved for 1 hour of General PP credit.
- CLE credit form must be submitted by ***Tuesday, November 25th***.
- Form Link: https://gibsondunn.qualtrics.com/jfe/form/SV_1MQkhl3vqhwHYcS
 - Most participants should anticipate receiving their certificate of attendance in four to eight weeks following the webcast.
- Please direct all questions regarding MCLE to CLE@gibsondunn.com.

AGENDA

01 Welcome & Opening Remarks

02 The New SEC

03 Trends in Financial Reporting Enforcement

04 Risk Outlook & the Future

WELCOME & OPENING REMARKS

01

Our Speakers



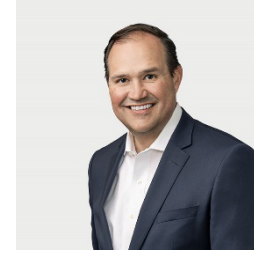
Osman Nawaz
Partner / New York

Osman Nawaz is a partner in Gibson Dunn's New York office, and a member of the firm's Securities Enforcement and White Collar Defense and Investigations practice groups. Prior to joining Gibson Dunn, Osman concluded a 14-year career with the SEC where he served in all staff positions and most recently in national leadership as a Senior Officer in the agency's Division of Enforcement, focused on complex products and trading. Osman worked closely with all Divisions at the SEC, covering the entire breadth of the federal securities laws involving investment advisers, broker-dealers, security-based swap dealers, rating agencies, issuers, and others.



Tina Samanta
Partner / New York

Tina Samanta is a partner in the New York office of Gibson Dunn. She is a member of the firm's Litigation, Securities Enforcement, White Collar Defense and Investigations, and Securities Litigation Practice Groups. Tina's practice focuses on representing financial institutions, corporations, and individuals in sensitive and high-stakes securities-related investigations and litigation. She has represented clients in investigations conducted by the Securities and Exchange Commission, the Department of Justice, the Financial Industry Regulatory Authority, the New York Attorney General's Office, and numerous other regulatory authorities.



Michael Scanlon
Partner / Washington, D.C.

Michael Scanlon is a partner in Gibson Dunn's Washington, D.C. office and a member of the firm's Securities Regulation & Corporate Governance and Securities Enforcement groups. He regularly advises corporate clients on SEC compliance and disclosure issues, with a particular focus on financial reporting matters. He also represents both accounting firms and public companies in enforcement investigations conducted by the SEC, PCAOB, and state accountancy boards and conducts internal investigations involving irregularities accounting.



David Ware
Partner / Washington, D.C.

David C. Ware is a partner in Gibson Dunn's Washington, D.C. office and a member of the firm's Securities Enforcement and White Collar Defense and Investigations groups. His practice centers on government investigations and enforcement actions, internal investigations, and litigation involving auditing, accounting, and securities fraud, and he advises clients on SEC and PCAOB compliance and enforcement risk. David serves as a member of the Auditing Standards Board, which promulgates auditing standards for private companies in the United States.

THE NEW SEC

02

SEC TIMELINE

Date	Event
Jan 20, 2025	President nominates Paul S. Atkins to be SEC Chairman.
Jan 20/21, 2025	Mark T. Uyeda becomes Acting Chairman of the SEC (following predecessor's departure).
January 21, 2025	SEC announces the launch of a dedicated Crypto Task Force, led by Commissioner Hester Peirce.
March 11, 2025	Commission revokes delegation of authority to Enforcement Director to issue formal orders and subpoenas.
April 9, 2025	Major structural reorganizations of SEC Enforcement & Exams divisions (incl. modified regions and reporting lines) take effect.
April 21, 2025	Atkins sworn in as the 34th Chairman of the SEC.
Spring/Summer 2025	Retirement/buy-out offers to SEC staff, resulting in approx. 12-15% reduction of enforcement workforce.
August 21, 2025	Judge Margaret Ryan named Enforcement Director effective September 2, 2025.
October 1, 2025	U.S. federal government shutdown begins, non-essential SEC operations paused.
November 13, 2025	U.S. federal government shutdown ends.



U.S. Securities and Exchange Commission

Chairman Gensler's Enforcement Priorities

**Environmental, Social, and Governance
(ESG)**

Digital Assets and Crypto

Corporate Disclosure and Cybersecurity

Record-keeping and Internal Controls

Chairman Atkins's Enforcement Priorities

Insider Trading

Offering Frauds

Market Manipulation

Accounting Fraud

Protection of Retail Investors

Matters Involving Genuine Harm and Bad Acts

Changing SEC Enforcement Environment – Numbers

- In FY 2025 (Oct 1 2024 – Sept 30 2025), the SEC filed **506 enforcement actions**, representing a **~13% decline from FY 2024**, and significantly below the 2018 – 2024 average of ~716 actions/year.
- Under new leadership, SEC enforcement appears to be focusing on addressing specifically identified instances of investor harm, market abuse, and cross-border risks rather than pursuing broad sweeps or programmatic initiatives that increase enforcement volume.

Changing SEC Enforcement Environment – Key Financial Reporting Themes

- Renewed emphasis on
 - **Disclosure accuracy,**
 - **Internal control over financial reporting,** and
 - **Audit quality**could create stresses for **Compliance functions, governance processes, and audit committees.**
- **Foreign private issuers, gatekeepers, and complex transactions** are likely areas of focus.

New Cross-Border Task Force

- **The SEC announced the formation of a Cross-Border Task Force within its Division of Enforcement on September 5, 2025.**
 - Investigating foreign issuers for potential market manipulation.
 - Increasing scrutiny of gatekeepers, including auditors and underwriters, who help foreign issuers access the U.S. capital markets.
 - Singling out China as a jurisdiction posing unique investor risks.



New Cross-Border Task Force

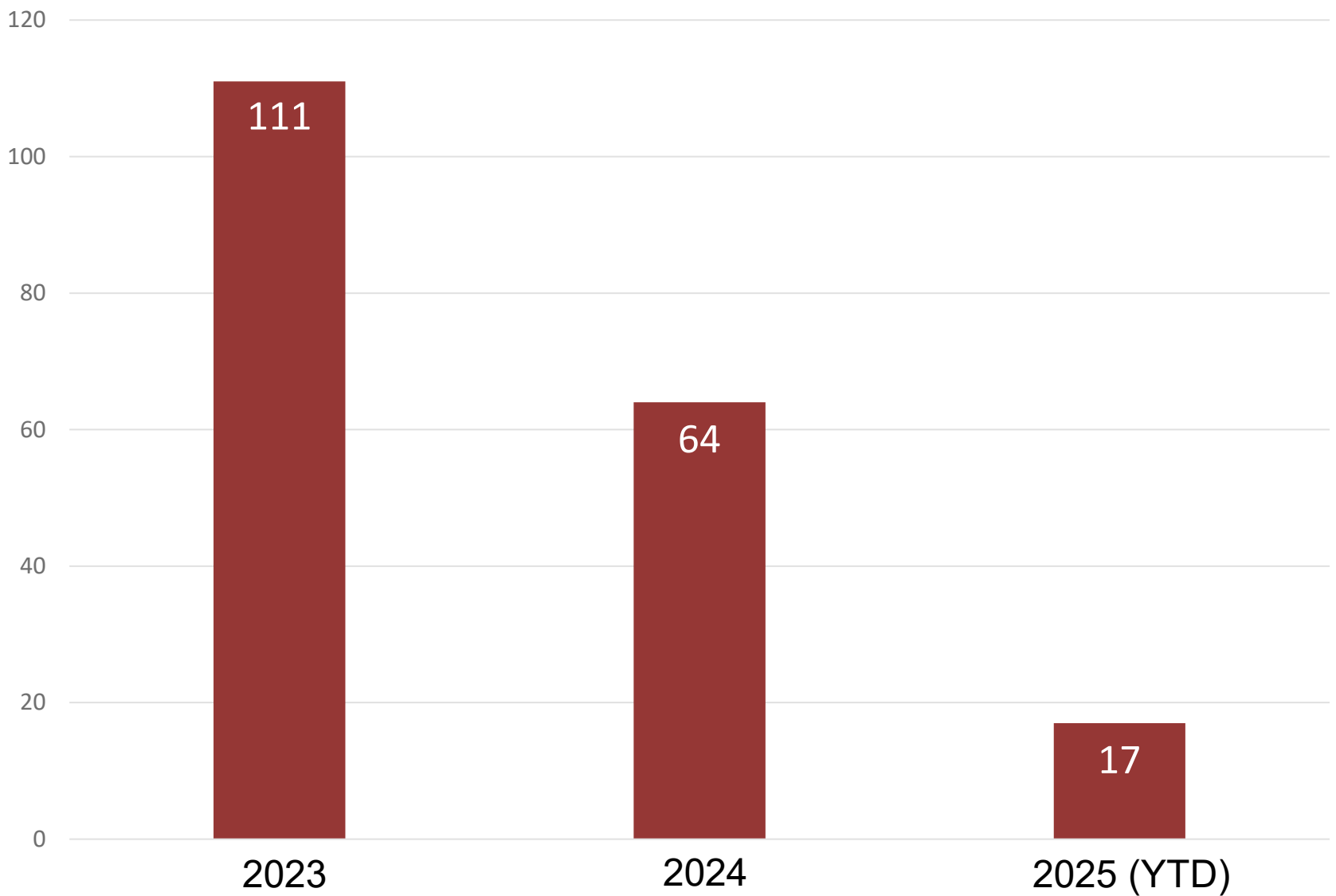
- Aligns the SEC's enforcement program with the current administration's priorities.
- Demonstrates the Commission's intention to crack down on foreign companies whose activities impact the United States.
- **Likely to lead to more enforcement inquiries** of foreign market participants and the gatekeepers who assist them.



TRENDS IN FINANCIAL REPORTING ENFORCEMENT

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SEC Accounting and Auditing Enf. Releases (AAERs)



Financial Reporting Enforcement

2024 Notable Gatekeeper Matters

Feb. 29, 2024: Clark Schaefer Hackett and Co.
(Lordstown Motors)

May 3, 2024: BF Borgers CPA PC

Sept. 17, 2024: Prager Metis CPAs, LLC and
Prager Metis CPAs, LLP

Dec. 19, 2024: Davidson & Company LLP

Financial Reporting Enforcement

2024 Notable Accounting and Disclosure Matters

Feb. 6, 2024: Cloopen Group Holding Limited

Aug. 9, 2024: Ideanomics, Inc.

Aug. 27, 2024: Austal USA, LLC

Dec. 16, 2024: Becton, Dickinson and Company

Financial Reporting Enforcement

2024-25 Transition Matters

Sept. 5, 2024: Nicholas Bowerman (CIRCOR)

Dec. 20, 2024: Entergy Corporation

Jan. 14, 2025: DMK Pharmaceuticals
Corporation

Jan. 17, 2025: GrubMarket Inc.

Jan. 17, 2025: Singularity Future Technology,
Ltd.

Jan. 17, 2025: American Electric Power
Company, Inc.

Financial Reporting Enforcement

2025 Post- Inauguration Matters

Feb. 4, 2025: Karen Smith (American Renal Associates Holdings)

Mar. 14, 2025: Glen Leibowitz (Acreage Holdings)

June 9, 2025: Edward O'Donnell (Pareteum)

Aug. 21, 2025: Joseph Sanberg (Aspiration Partners)

Reinstatement Orders

Financial Reporting Enforcement

Status of the Public Company Accounting Oversight Board (PCAOB)

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- Effective July 22, 2025, **Erica Williams stepped down as Chair of the PCAOB.**
- The SEC designated **George R. Botic** as Acting Chair, effective July 23, 2025.
- On July 23, 2025, Chairman Atkins issued a statement soliciting, on behalf of the Commission, candidates to fill all five PCAOB Board positions (including Chair), noting that “the PCAOB’s annual budget has increased at a rate significantly faster than that of the Commission. This increase took place over a period in which the Board’s mission did not change materially.”
- The PCAOB has issued 32 settled disciplinary orders so far in 2025, compared with 51 in 2024 and 44 in 2023. **Only two of the PCAOB’s 32 settled orders in 2025 have been issued after July 22.**
- The PCAOB also postponed the effective date of its new quality control standard and has slowed rulemaking activity.

RISK OUTLOOK & THE FUTURE

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1. Continued SEC Financial Reporting Enforcement, Even if Overall Activity Declines

- Several of Chairman Atkins's priorities (including addressing retail investor harm) appear to suggest that financial reporting matters will continue to be a core aspect of the SEC's enforcement docket.
- The biggest shift may be one of emphasis—moving away from areas of enforcement focus for the previous administration (e.g., crypto) and toward areas of focus for the current administration (e.g., foreign companies).
- Additionally, SEC enforcement may move away from certain more aggressive theories of liability that have been criticized by Republican Commissioners (e.g., internal accounting controls).

2. Effects of the Cross-Border Task Force

- Whether the Cross-Border Task Force substantially affects the case mix of the SEC under this Administration is an open question.
- Increased cross-border focus could:
 - Slow down SEC enforcement as MLAT and other international processes, document translation, etc., create delays.
 - Potentially increase focus on foreign accounting firms or others to whom SEC enforcement may have additional pathways to access information.
 - Increase use of the FCPA as a foreign accounting enforcement tool.

3. Continued Potential Exposure for Individuals and Gatekeepers

- A “back to basics” enforcement strategy with an emphasis on financial reporting matters could mean continued scrutiny for individuals involved in an issuer’s financial reporting process, including Controllers, CFOs, CEOs, and even Audit Committees.
- Additionally, attorney and accountant gatekeepers could continue to receive scrutiny even if more indirectly.
- Market volatility, the volume of “Big R” and “little r” restatements, and the mix of accounting versus disclosure cases could affect focus on auditors.

4. Non-SEC Activity

- **PCAOB:** The PCAOB is still operating under interim leadership and its mission under the Trump Administration still has not been defined. PCAOB enforcement activity that is aligned with an SEC focus on non-U.S. enforcement could bring additional scrutiny to auditors.
- **Criminal enforcement:** Significant corporate failures or scandals could prompt DOJ to take a more leading role in financial reporting matters.
- **State Attorneys General:** A perceived reduction in SEC enforcement activity could lead state-level regulators, particularly the N.Y. Attorney General, to consider stepping into the breach.
- **Plaintiffs' firms and short sellers:** Private actors will continue to raise financial reporting claims, though shareholder cases often depend on SEC enforcement activity for key factual disclosures.

5. Uncertainty Regarding SEC/PCAOB Enforcement Forums

- In the wake of *SEC v. Jarkesy*, the SEC dismissed a number of administrative enforcement actions, including financial reporting- and audit-related matters.
- SEC enforcement does not yet appear to have settled into a long-term post-*Jarkesy* arrangement for litigating financial reporting cases.
- A combination of federal court litigation and follow-on 102(e) actions may continue to be an interim solution.
- The PCAOB has no alternative enforcement forum to its in-house tribunal, so *Jarkesy* has implications for the entire PCAOB enforcement program.

6. Effect of Other Developments in SEC Financial Reporting

- **The end of quarterly reporting?** Any move away from the quarterly reporting cycle could have implications for multiple aspects of SEC enforcement, including insider trading and Regulation FD, financial statement materiality, and disclosure of risks and trends.
- **A move toward arbitration?** The SEC's Policy Statement permitting company bylaws and charters to mandate arbitration of shareholder claims could affect private and public enforcement activity down the road.

Financial Reporting Enforcement

2025 Checklist

- ☐ Keep your head down.
- ☐ Focus on the basics – controls, processes, disclosures, etc.
- ☐ Communicate regularly and transparently with the Audit Committee and auditor.
- ☐ Exercise oversight of accounting and financial reporting processes in non-U.S. operations.
- ☐ Keep attuned to emerging areas of focus.

Questions?

Upcoming
November
Programs

2025/2026
White Collar
Webcast
Series

Date and Time	Program	Registration Link
Wednesday, November 19, 2025 9:00 AM – 10:00 AM PT 12:00 PM – 1:00 PM ET	Board Oversight of Compliance, Major Investigations, and Interactions with Enforcers Presenters: Barry Berke Winston Y. Chan Jina L. Choi Nicola T. Hanna F. Joseph Warin	Event Details



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