

GIBSON DUNN



Appellate and Constitutional Law Update

June 4, 2026

## Supreme Court Holds That Courts May Order Disgorgement Without The SEC Proving Pecuniary Loss To Investors

*Sripetch v. Securities and Exchange Commission*, No. 25-466 – Decided June 4, 2026

**Today, the Supreme Court unanimously held that the SEC may obtain an order directing a defendant to disgorge ill-gotten gains to investors without proving that investors suffered pecuniary harm.**

*“Whatever else traditional equitable principles demand, they do not require a showing of pecuniary loss before a court may issue an award of unjust profits.”*

**JUSTICE GORSUCH, WRITING FOR THE COURT**

---

### Background:

The Securities and Exchange Commission (SEC) brought a civil enforcement action against Petitioner Ongkaruck Sripetch for securities-law violations arising from schemes involving penny-stock companies. The SEC alleged that Sripetch and his associates obtained shares, promoted the companies without disclosing their roles or planned stock sales, engaged in manipulative-matched trading, and obtained millions of dollars in proceeds from the schemes. Sripetch

ultimately entered into a consent judgment on liability. The SEC then sought approximately \$4 million in disgorgement to the investors involved in Sripetch's schemes. The district court awarded the disgorgement over Sripetch's objection.

The Ninth Circuit affirmed the disgorgement order. The court held that the SEC is not required to show pecuniary loss to investors as a precondition to a court ordering disgorgement. In doing so, the Ninth Circuit joined the First Circuit and disagreed with the Second Circuit, which had required such a showing.

#### **Issue:**

Whether the SEC must show that an investor suffered a pecuniary loss before it may secure a disgorgement remedy under either 15 U.S.C. §78u(d)(5) or 15 U.S.C. §78u(d)(7).

#### **Court's Holding:**

No. The SEC need not prove investor pecuniary harm to obtain disgorgement of a defendant's net profits or unjust enrichment in a civil enforcement action, because equitable remedies have long permitted stripping wrongdoers of ill-gotten gains without a showing of pecuniary loss to victims.

#### **What It Means:**

- The decision preserves one of the SEC's most powerful monetary remedies. The SEC may continue to seek disgorgement tied to a defendant's net profits even where identifying individual investors or quantifying their losses would be difficult.
- The Court's ruling limits defendants' ability to resist disgorgement by arguing that the SEC must prove the same type of economic loss required in private securities-fraud suits. The focus remains on whether the defendant received unjust enrichment as a result of the securities-law violation and whether the disgorgement award is properly limited to that enrichment.
- Because the Court only assumed without deciding that disgorgement under Section 78u(d)(7) is an equitable remedy, defendants can still challenge SEC disgorgement requests seeking to provide the funds to the U.S. Treasury, instead of to investors, on the grounds that they constitute a penalty that implicates Seventh Amendment jury-trial concerns—a concern highlighted in Justice Thomas's concurrence.

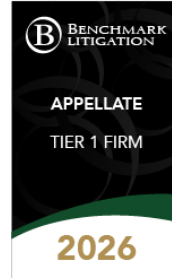


**Winner**, Appellate Group of the Year, the **only** 13-time winner



Gibson, Dunn & Crutcher LLP

**Band 1**, Appellate Law (Nationwide)



**Tier 1**, Appellate Practice



**Tier 1**, Appellate

The Court's opinion is available [here](#).

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding developments at the Supreme Court. Please feel free to contact the following practice group leaders:

### Appellate and Constitutional Law

Thomas H. Dupree Jr.  
+1 202.955.8547  
[tdupree@gibsondunn.com](mailto:tdupree@gibsondunn.com)

Allyson N. Ho  
+1 214.698.3233  
[aho@gibsondunn.com](mailto:aho@gibsondunn.com)

Julian W. Poon  
+1 213.229.7758  
[jpoon@gibsondunn.com](mailto:jpoon@gibsondunn.com)

Jeffrey B. Wall  
+1 202.955.8533  
[jwall@gibsondunn.com](mailto:jwall@gibsondunn.com)

Lucas C. Townsend  
+1 202.887.3731  
[ltownsend@gibsondunn.com](mailto:ltownsend@gibsondunn.com)

Bradley J. Hamburger  
+1 213.229.7658  
[bhamburger@gibsondunn.com](mailto:bhamburger@gibsondunn.com)

Brad G. Hubbard  
+1 214.698.3326  
[bhubbard@gibsondunn.com](mailto:bhubbard@gibsondunn.com)

### Related Practice: Securities Enforcement

Mark K. Schonfeld  
+1 212.351.2433  
[mschonfeld@gibsondunn.com](mailto:mschonfeld@gibsondunn.com)

*This alert was prepared by Salah Hawkins, Benjamin Rice, and Rebecca Roman.*

Attorney Advertising: These materials were prepared for general informational purposes only based on information available at the time of publication and are not intended as, do not constitute, and should not be relied upon as, legal advice or a legal opinion on any specific facts or circumstances. Gibson Dunn (and its affiliates, attorneys, and employees) shall not have any liability in connection with any use of these materials. The sharing of these materials does not establish an attorney-client relationship with the recipient and should not be relied upon as an alternative for advice from qualified counsel. Please note that facts and circumstances may vary, and prior results do not guarantee a similar outcome.

If you would prefer NOT to receive future emailings such as this from the firm,  
please reply to this email with "Unsubscribe" in the subject line.

If you would prefer to be removed from ALL of our email lists,  
please reply to this email with "Unsubscribe All" in the subject line. Thank you.

© 2026 Gibson, Dunn & Crutcher LLP. All rights reserved. For contact and other information, please visit our [website](#).