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Securities Enforcement Update August 5, 2026

SEC Enforcement Division Launches Financial Reporting and Accounting Unit

Unit will focus resources on investigation of suspected accounting and financial reporting fraud and other related misconduct in accounting and auditing.

Earlier today, the Securities and Exchange Commission announced it is establishing a new specialized Financial Reporting and Accounting Unit within the Division of Enforcement. As we anticipated in our 2026 Securities Enforcement Mid-Year Update, accounting, financial reporting, and disclosure matters are shaping up to occupy a significant share of the Division's docket.

The unit will be led by Timothy Zimmerman, who served as Deputy General Counsel of accounting firm RSM US following twelve years in practice at Gibson Dunn. Mr. Zimmerman will report to Principal Deputy Director Osman Nawaz.

The creation of the Financial Reporting and Accounting Unit is a natural step for Director Woodcock, who has consistently emphasized the importance of accounting and financial-reporting disclosures. Director Woodcock previously chaired the Division's Financial Reporting and Audit Task Force and began his career as an auditor with a national accounting firm. Director Woodcock described the unit as "expand[ing] on the Division's current and historical efforts to crack down on bad actors in the accounting and auditing profession."

The SEC's press release notes that the unit will "pursue accounting and financial reporting fraud cases as well as general misconduct in the accounting and auditing areas." The unit will work with staff across all SEC divisions and will be staffed by attorneys and accountants.

In anticipation of this renewed focus, public companies should continue their efforts in ensuring robust financial reporting reviews in periodic reports, evaluating and strengthening internal controls over financial reporting, and responding thoroughly to complaints alleging potential accounting fraud and other financial reporting irregularities. See our Mid-Year Update for a discussion of recent cases highlighted by Director Woodcock in his remarks at the MFA Legal & Compliance Conference, which are examples of the types of actions one likely can expect to see in the future.

The following Gibson Dunn lawyers prepared this update: Mark Schonfeld, Jina Choi, Tina Samanta, Michael Scanlon, David Ware, and Liesel Schapira.

Gibson Dunn lawyers are available to assist in addressing any questions you may have about these developments. Please contact the Gibson Dunn lawyer with whom you usually work, the authors, or any leader or member of the firm's Securities Enforcement practice group:

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