

SEC's Fraud Enforcement Shows Quality, If Not Quantity

In September 2018, shortly before the beginning of the [U.S. Securities and Exchange Commission](#)'s 2019 fiscal year, SEC Division of Enforcement Co-Director Stephanie Avakian discussed the standard by which the enforcement program should be judged.

In Avakian's eyes, and echoed this year by Co-Director Steven Peikin, the SEC should be judged by quality, not quantity: "[Statistics] do not provide a full and meaningful picture of the quality, nature, and effectiveness of the Division's efforts."

By this metric, fiscal year 2019 was a positive year for the SEC in the area of financial fraud. The SEC brought several cases alleging that public companies misrepresented their financial performance, and many cases included defendants from the C-suite. The cases also covered a variety of issues, including violations of generally accepted accounting principles, or GAAP, as well as non-GAAP metrics, disclosure, internal controls and auditor independence.

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