



In recent years, the SEC has touted a new enforcement tool known as "Robocop," purportedly designed to detect fraud in the financial statements of public companies.

Robocop's architect, Craig Lewis, then the Director of the SEC's Division of Economic and Risk Analysis, described the virtues of Robocop in a [speech](#) in December 2012. Last year, SEC Enforcement Director Andrew Ceresney referred to this "recently developed technology," known formally as the Accounting Quality Model, in a September 2013 [speech](#). But in May 2014, Mr. Lewis left the SEC and in June 2014, Mr. Ceresney admitted that Robocop is still in prototype. The more human element to the SEC's renewed focus on financial fraud, the Financial Reporting and Audit Task Force, is also not yet producing public results. The task force has not brought a financial fraud case since its [creation](#) in July 2013. In public comments on June 11, 2014, Mr. Ceresney said that a number of financial reporting cases in 2014, including [Caremark Corp.](#), [Diamond Foods](#),

[Inc.](#), and [Agfeed Industries, Inc.](#), were not attributable to the task force. While the SEC's plan to use data analytics and a task force to pursue financial fraud appears to be a work in progress, the SEC has not retreated from making such cases a priority, and the SEC reports that it has opened new investigations in the last six months attributable to the task force. Public companies should continue to be mindful of the SEC's focus on financial reporting and disclosure issues.

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