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The SEC Speaks in 2022

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Office of International Affairs

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I. INTRODUCTION

The Office of International Affairs (OIA) advances the SEC's mission by promoting international enforcement and supervisory cooperation; developing and implementing strategies to further SEC policy interests in the regulation and oversight of cross-border securities activities; coordinating the SEC's participation in international regulatory bodies; engaging in regulatory dialogues with international counterparts; and providing technical assistance to strengthen partnerships with foreign authorities.

OIA primarily operates in four areas: Regulatory Policy, Supervisory Cooperation, Enforcement Policy and Cooperation, and Technical Assistance.

II. REGULATORY POLICY

In 2021, SEC staff continued to participate in international organizations, including the International Organization of Securities Commissions (IOSCO), the Financial Stability Board (FSB), and engaged with foreign authorities on numerous securities-related topics. As part of SEC's staff involvement in these organizations, SEC staff led or participated in various international workstreams addressing international regulatory matters. Select developments and projects of the international bodies in which SEC staff participates are highlighted below.

A. International Organization of Securities Commissions

Non-bank Financial Intermediation

In early 2020, the IOSCO Board established the Financial Stability Engagement Group (FSEG), a Board-level group set up to enhance IOSCO's approach to financial stability issues, including with regard to its engagement with the FSB, international standard setting bodies, and other organizations. FSEG has led IOSCO's engagement with the FSB on financial stability issues and contributed to the FSB's financial stability agenda, described below.

Secondary Markets

As part of its 2021-22 work plan, IOSCO established a Corporate Bond Market Liquidity (CBML) working group through FSEG to analyze corporate bond market microstructure, resilience and liquidity provision during the COVID-19 induced market stresses

of March 2020 and subsequent months. In April 2022, IOSCO published a Discussion Paper on *Corporate Bond Markets – Drivers of Liquidity during COVID-19 Induced Market Stress*[1] with a request for stakeholder feedback on possible ways to help improve market functioning and liquidity provision, by early July 2022. The Discussion Paper notes that possible areas of further inquiry include analyzing whether there could be greater use of "all-to-all" trading or ways to reduce the frictions currently inhibiting its wider use, as well as ways to advance the quantity, quality, and availability of public and private data.

IOSCO also published, in April 2022, a final report entitled *Market Data in the Secondary Equity Market: Current Issues and Considerations*.[2] The report discusses issues and challenges related to market data in the equity secondary markets, particularly as those markets have evolved to become largely electronic. The report highlights that market data is an essential element of efficient price discovery and for maintaining fair and efficient markets.

Market Intermediaries

In September 2021,[3] IOSCO published a final report entitled *The Use of Artificial Intelligence (AI) and Machine Learning (ML) by Market Intermediaries and Asset Managers*. Following up on its June 2021 consultation report, the report provides guidance to assist IOSCO members in supervising market intermediaries and asset managers that utilize AI and ML. The guidance consists of six measures that reflect expected standards of conduct by market intermediaries and asset managers using AI and ML. The report encourages IOSCO members to consider these measures carefully in the context of their legal and regulatory frameworks. It also encourages IOSCO members and firms to consider the proportionality of any response when implementing these measures.

In January 2022, IOSCO published a consultation report entitled *Report on Retail Distribution and Digitalization*.[4] The report analyzes the developments in online marketing and distribution of

1. Available athttps://www.iosco.org/library/pubdocs/pdf/IOSCOPD700.pdf.
2. Available athttps://www.iosco.org/library/pubdocs/pdf/IOSCOPD703.pdf.
3. Available athttps://www.iosco.org/library/pubdocs/pdf/IOSCOPD658.pdf.
4. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD695.pdf.

financial products to retail investors in IOSCO member jurisdictions, both domestically and on a cross-border basis. It presents proposed toolkits of policy and enforcement measures to help in addressing the issues and risks associated with online marketing and distribution, with guidance for IOSCO members to consider in their regulatory and supervisory frameworks.

Operational Resilience

In July 2022, IOSCO published a final report entitled *Operational resilience of trading venues and market intermediaries during the COVID-19 pandemic & lessons for future disruptions*.[5] Following up on a consultation report published in January 2022, the report summarizes some of the existing operational resilience work done by IOSCO and other international organizations; outlines how the pandemic impacted regulated entities; examines the key operational risks and challenges that regulated entities faced during the pandemic; and builds on existing IOSCO and other international organizations' principles and guidance on operational resilience by providing additional observations and identifying lessons learned from the pandemic.

Asset Management

Over the last few years, IOSCO has continued to work on asset management issues. In August 2021, IOSCO published the *Exchange Traded Funds Thematic Note – Findings and Observations during COVID-19 induced market stresses*, reviewing the operation and activities of the primary and secondary market of ETFs during March-April 2020 market turmoil.[6] In April 2022, IOSCO published a consultation report on *Exchange Traded Funds – Good Practices for Consideration*, with a view to supplement its 2013 principles for regulation of ETFs.[7] In addition, in January 2022, IOSCO published a first of its kind *Investment Fund Statistics Report*, which contains information on leverage, liquidity, counterparty risk, borrowing risk and collateral needs in hedge funds, open-ended funds, and closed-ended funds.[8] This report will be published

5. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD706.pdf.
6. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD682.pdf.
7. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD701.pdf.
8. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD693.pdf.

on an annual basis with the aim of presenting insights on the global investment funds industry and any potential emerging risks within it.

Crypto-assets

In March 2022, IOSCO published the *IOSCO Decentralized Finance (DeFi) Report*.[9] The report notes that DeFi is an important, evolving and expanding technological innovation that appears to present many similar risks to investors, market integrity and financial stability as do other financial products and services, as well as specific and unique risks and challenges for regulators to consider. The purpose of the report is to provide a general understanding of DeFi, including some areas of potential regulatory concern.

In July 2022, IOSCO published the *IOSCO Crypto-Asset Roadmap for 2022-2023*,[10] which sets out the planned work of the IOSCO Fintech Task Force (FTF) relating to crypto-assets. The roadmap notes that the IOSCO Board established the FTF in March 2022 and tasked the FTF with developing, overseeing, delivering, and implementing IOSCO's regulatory agenda with respect to Fintech and crypto-assets, as well as coordinating IOSCO's engagement with the FSB and other standard setting bodies on Fintech and crypto-related matters. The FTF's workplan for 2022-2023 will initially prioritize policy-focused work on crypto-asset markets and activities, while continuing to monitor and review activities and market developments related to broader Fintech-related trends and innovations. The FTF's work will initially be divided into two workstreams, one covering Crypto and Digital Assets and the other covering DeFi. Both workstreams will primarily focus on analyzing and responding to market integrity and investor protection concerns within the crypto-asset space.

Outsourcing

Since the publication of IOSCO´s principles on outsourcing for market intermediaries in 2005 and for markets in 2009, there have been new developments in markets and technology. In 2020 and 2021, IOSCO conducted work to consider risks related to outsourcing and the operational resilience of regulated entities. In October 2021,

9. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD699.pdf.
10. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD705.pdf.

IOSCO published a set of updated *Principles on Outsourcing*[11] for regulated entities that outsource tasks to service providers. The updated principles are based on the earlier Outsourcing Principles for Market Intermediaries and for Markets, but their application has been expanded and now includes trading venues, intermediaries, market participants acting on a proprietary basis and credit rating agencies.

World Investor Week

IOSCO continues to hold its annual World Investor Week.[12] In 2020 and 2021, capital markets regulators and other stakeholders from across the globe conducted activities in their jurisdictions to raise awareness and reinforce the importance of investor education and protection. Key themes in 2021 included sustainable finance and preventing frauds and scams, as well as reiterated themes from 2020, including online investing, digital learning, and investing basics. In the United States, SEC staff worked together with staff from the CFTC, FINRA, NASAA, and the NFA to encourage the promotion of World Investor Week goals through a variety of virtual and in person events.

Retail Market Conduct Task Force

IOSCO published a consultation report in March 2022 prepared by its Retail Market Conduct Task Force (Task Force)[13] that sought stakeholder feedback on issues related to the development of a regulatory toolkit for jurisdictions to consider when addressing emerging retail investor market conduct issues in today's rapidly changing retail investment landscape. Among other issues, this report discusses increasing gamification, self-directed trading, and the influence of social media on retail investor behavior.

This consultation report builds on an earlier report published in December 2020 by the Task Force, which described COVID-19 crisis impacts on firm and retail investor behavior.[14] It noted that retail investor vulnerability can take many forms and vulnerable investors may be more susceptible to financial exploitation during periods of market stress.

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11. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD687.pdf.
12. Information regarding IOSCO's World Investor Week is available at https://www.worldinvestorweek.org.
13. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD698.pdf.
14. Available at https://www.iosco.org/news/pdf/IOSCONEWS588.pdf.

Implementation and Assessment

In May 2021, IOSCO published a *Thematic Review on Business Continuity Plans with respect to Trading Venues and Intermediaries*.[15] The Thematic Review assessed the extent to which participating IOSCO member jurisdictions have implemented regulatory measures consistent with the recommendations and standards set out in IOSCO's 2015 *Mechanisms for Trading Venues to Effectively Manage Electronic Trading and Plans for Business Continuity Report* and *Market Intermediary Business Continuity and Recovery Planning Report.*

Market Fragmentation

In June 2020, IOSCO published *Good Practices on Processes for Deference*, which identified practices that authorities could consider to help make processes for deference assessments more efficient.[16] The report was based on work undertaken by IOSCO's Follow-Up Group (FUG) which was organized to examine market fragmentation following the work of the Task Force on Cross Border Regulation. The Good Practices Report describes the objectives of deference and different approaches to deference determinations that currently exist and identifies 11 good practices for deference determinations and describes how they are applied by various regulatory authorities. The good practices are designed to help regulatory authorities build trust, mitigate market fragmentation, and better manage risks in global cross-border markets.

In January 2022, IOSCO published *Lessons Learned from the Use of Global Supervisory Colleges*,[17] which contains an overview of the practices followed by global supervisory colleges in various sectors of financial services, a series of good practices regulators and supervisors could consider in the creation and use of such colleges in the securities markets, and a discussion of areas of the securities markets where the use of global supervisory colleges could be beneficial in the future.

15. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD675.pdf.
16. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD659.pdf.
17. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD696.pdf.

Sustainable Finance

In June 2021, IOSCO published a final report on *Sustainability-Related Issuer Disclosures*.[18] The final report summarized IOSCO's work to demonstrate investor demand for sustainability-related information, and the need for improvements in the current landscape of sustainability standard-setting. The final report identifies core elements of standard-setting that could help meet investor needs and provided guidance to the International Financial Reporting Standards (IFRS) Foundation as it develops an initial prototype climate reporting standard, as well as input to the IFRS Foundation on governance features and mechanisms for stakeholder engagement as it works to create an ISSB.

In November 2021, IOSCO published a final report on *Recommendations on Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management*.[19] The final report provides background on different regulatory approaches relating to asset manager and product-level disclosures. The recommendations cover several topics, including sustainability disclosures for asset managers, product-level disclosures, terminology, supervisory tools for curbing greenwashing practices, and investor education.

In November 2021, IOSCO published a final report on *Environmental, Social and Governance (ESG) Ratings and Data Products Providers*,[20] including a set of recommendations. IOSCO acknowledged that this market does not typically fall within the remit of securities regulators, and suggested that regulators could consider focusing greater attention on the use of ESG ratings and data products and the activities of ESG rating and data products providers in their jurisdictions. The recommendations directed to market participants address various topics, including transparency regarding the methodologies that ESG ratings and data product providers use in developing their products; procedures for managing conflicts of interest; and improving communication channels between providers and the entities covered by their ESG ratings or data products.

18. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD678.pdf.
19. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD679.pdf.
20. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD690.pdf.

B. Financial Stability Board

Non-bank Financial Intermediation

In November 2020, the FSB published a *Holistic Review of the March Market Turmoil*, which underscored the need to strengthen the resilience of non-bank financial intermediation (NBFI).[21] The Holistic Review set out an NBFI work plan, which focused on three areas: (i) work to examine and address specific risk factors and markets that contributed to amplification of the shock; (ii) enhancing understanding of systemic risks in NBFI and the financial system as a whole, including interactions between banks and non-banks and cross-border spill-overs; and (iii) assessing policies to address systemic risks in NBFI.

The FSB publishes an annual progress report on the work plan, including key findings and next steps.[22] The main focus of work to date has been on assessing and addressing vulnerabilities in specific areas that may have contributed to the build-up of liquidity imbalances and their amplification. This includes:

- A Final Report published in October 2021 on *Policy Proposals to Enhance Money Market Fund Resilience*;[23]
- Work to assess liquidity and its management in open-ended funds;
- Work to examine the structure and drivers of liquidity in core government and corporate bond markets during stress ;
- A Consultative Report published in October 2021 on *Review of Margining Practices*;[24] and
- An assessment of the fragilities in USD cross-border funding and their interaction with vulnerabilities in emerging market economies.[25]

The second part of the work plan aims to develop a systemic approach to NBFI, including strengthening ongoing monitoring, and, where appropriate, developing policies to address such risks.

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21. Available at https://www.fsb.org/wp-content/uploads/P171120-2.pdf.
22. Available at https://www.fsb.org/wp-content/uploads/P011121.pdf.
23. Available at https://www.fsb.org/wp-content/uploads/P111021-2.pdf.
24. Available at https://www.bis.org/bcbs/publ/d526.pdf.
25. Available at https://www.fsb.org/wp-content/uploads/P260422.pdf.

Annual Monitoring Exercise

The FSB conducts an annual monitoring exercise to assess global trends, innovations, adaptations, and potential risks of credit intermediation in the non-bank financial system. The FSB published its eleventh annual monitoring report on December 16, 2021 (covering data through end-2020).[26]

Crypto-assets and FinTech

The FSB continues to monitor developments in Fintech and analyze their implications for financial stability. As part of its work, the FSB has recently reviewed the progress made on the implementation of its October 2020 High-Level Recommendations for the Regulation, Supervision and Oversight of "Global Stablecoin" Arrangements (High-Level Recommendations), updated its assessment of risks to financial stability from crypto-assets, and published a statement on international regulation and supervision of crypto-asset activities.

Stablecoins

In October 2021, the FSB published a progress report on the regulation, supervision and oversight of "global stablecoin" arrangements.[27] The report discusses key market and regulatory developments since the publication of the FSB's October 2020 High-Level Recommendations; takes stock of the implementation of the High-Level Recommendations across jurisdictions; describes the status of the review of the existing standard-setting body (SSB) frameworks, standards, guidelines and principles in light of the High-Level Recommendations; and identifies areas for consideration for potential further international work. The report notes that the FSB will continue to support the effective implementation of the FSB High-Level Recommendations and facilitate coordination among SSBs. The FSB will undertake a review of its recommendations in consultation with other relevant SSBs and international organizations. The review,

26. Available at https://www.fsb.org/2021/12/global-monitoring-report-on-non-bank-financial-intermediation-2021/.
27. Available at https://www.fsb.org/wp-content/uploads/P071021.pdf.

which will be completed in July 2023, will identify how any gaps could be addressed by existing frameworks and will lead to the update of the FSB's recommendations if needed.

Assessment of Financial Stability Risks from Crypto-Assets

In February 2022, the FSB published its *Assessment of Risks to Financial Stability from Crypto-assets*.[28] The report examines developments and associated vulnerabilities relating to three segments of the crypto-asset markets: unbacked crypto-assets (such as Bitcoin); so-called stablecoins; and DeFi and crypto-asset trading platforms. The report concludes that crypto-assets markets are fast evolving and could reach a point where they represent a threat to global financial stability due to their scale, structural vulnerabilities and increasing interconnectedness with the traditional financial system. The report states that the FSB will continue to monitor developments and risks in crypto-asset markets. The report notes that in 2022, the FSB will continue to monitor and share information on regulatory and supervisory approaches to help ensure the effective implementation of the High-Level Recommendations for stablecoins, and will explore potential regulatory and supervisory implications of unbacked crypto-assets.

Statement on International Regulation and Supervision of Crypto-asset Activities

In July 2022, the FSB published a *Statement on International Regulation and Supervision of Crypto-asset Activities.*[29] The statement notes that crypto-assets and markets must be subject to effective regulation and oversight commensurate to the risks they pose, both at the domestic and international level. It calls for adherence by so-called stablecoins and crypto-assets to relevant existing requirements where regulations apply to address the risks these assets pose. It also calls for crypto-asset service providers to ensure compliance with existing legal obligations in the jurisdictions in which they operate at all times. The statement also outlines the work the FSB is taking forward,

28. Available at https://www.fsb.org/wp-content/uploads/P160222.pdf.
29. Available at https://www.fsb.org/wp-content/uploads/P110722.pdf.

in collaboration with standard-setting bodies, including the Financial Action Task Force, on the regulation and supervision of so-called "unbacked" crypto-assets and "stablecoins," as well as on analyzing the financial stability implications of DeFi, noting that this work should provide a solid basis for a consistent and comprehensive regulation of crypto assets.

Bigtech

In March 2022, the FSB published a report on the accelerated trends towards digitalization during the pandemic and highlighted the importance of cooperation between financial, competition and data protection authorities.[30]

Sustainable Finance

FSB Climate Roadmap

In July 2021, the FSB published a *Roadmap for Addressing Financial Risks from Climate Change* covering four main areas: (i) disclosures; (ii) data; (iii) vulnerabilities analysis; and (iv) regulatory and supervisory practices and tools.[31] For each of these areas, the roadmap sets forth detailed deliverables and timelines.

1. **Disclosures**. The FSB's goal is to promote the establishment of international standards for consistent public company disclosures and regulatory reporting of climate-related risk. The Climate Roadmap notes that consistency in specific risk metrics used as part of disclosures is important for both comparison and aggregation purposes, which is necessary for both individual investors and for monitoring and assessing financial stability risk. The Climate Roadmap recognizes that, while international alignment may be desirable, authorities will move forward with work on disclosures based on timing that is dictated by their domestic mandates and regulatory requirements.

30. Available at https://www.fsb.org/2022/03/fintech-and-market-structure-in-the-covid-19-pandemic-implications-for-financial-stability.
31. Available at https://www.fsb.org/wp-content/uploads/P070721-2.pdf.

2. **Data**. The goal of this area of work is to promotework to establish a basis of comprehensive, consistent and comparable data for global monitoring and assessing of climate-related financial risks. In that regard, the Climate Roadmap notes that the availability of such data is a precondition for monitoring of financial stability risks and for vulnerabilities assessment. Accordingly, this area proposes the assessment of data availability and the identification of gaps, including future work to fill those gaps, such as the development of metrics on the financial impacts of climate change for financial and non-financial corporates and the broader financial system.

3. **Vulnerabilities analysis**. This area proposes the development of a global monitoring framework for climate-related risks followed by systematic and regular assessments of climate-related financial vulnerabilities and financial stability impacts. The FSB's goal is to integrate climate-related risks in its surveillance framework for global financial stability risks. This work includes the development of the Climate Vulnerabilities and Data working group under the Standing Committee on Assessment and Vulnerabilities

4. **Supervisory and regulatory practices**. This area proposes the promotion of consistent and effective supervisory and regulatory approaches to the assessment of climate-related risks.

In July 2022, the FSB published its first progress report regarding the Roadmap, taking stock of progress made after one year and noting that there continues to be a need for strong international coordination of actions in the coming years because of the importance of this issue for the global financial system and highlights milestones for each.[32]

Working Group on Climate Risk

The FSB Working Group on Climate Risk (WGCR), is tasked with exploring regulatory and supervisory practices related to monitoring, managing, and mitigating climate-related risks for

32. Available at https://www.fsb.org/wp-content/uploads/P140722.pdf.

their regulated financial institutions. In April 2022, the WGCR prepared a consultation report regarding the ways in which authorities assess climate-related risks and containing recommendations for future steps.[33] The goal of the report is to assist supervisory and regulatory authorities in developing their approaches to monitor, manage, and mitigate risks arising from climate change, and to promote consistent approaches to systemic risk analysis across sectors and jurisdictions. The consultation period ended in July 2022, and a final report is expected to be published in October 2022.

Report on Promoting Climate-Related Disclosures

In July 2021, the FSB published a report that explored financial authorities' current and planned practices and approaches on promoting climate-related disclosures.[34] The WSCD aimed to promote implementation of the TCFD recommendations as a basis for climate-related disclosures and to contribute to a more common approach among national/regional financial authorities.

Report on Availability of Data with Which to Monitor and Assess Climate-Related Risks to Financial Stability

In July 2021, the FSB published a report examining the availability of data with which to monitor and assess climate-related risks to financial stability.[35] The report discusses how climate-related risks differ from many other risks to the financial system, and what this implies for the data needed to monitor and assess them. The report examines the availability of data with which to monitor the drivers of climate-related risks, as well as non-financial entities' exposures to them. It looks at the availability of data with which to assess the financial system's exposures to climate-related risks and examines the availability of data with which to assess the resilience of the financial system to climate-related risks.

33. Available at https://www.fsb.org/wp-content/uploads/P290422.pdf.
34. Available at https://www.fsb.org/wp-content/uploads/P070721-4.pdf.
35. Available at https://www.fsb.org/wp-content/uploads/P070721-3.pdf.

Implementation and Effects of G20 Reforms

The FSB, through the Standing Committee on Standards Implementation (SCSI), coordinates and oversees the monitoring of the implementation of agreed financial reforms and reports jurisdictions' progress to the G20 in an annual report.

Annual Report

In October 2021, the FSB published its *Annual Report*[36] describing its work to promote global financial stability. The Annual Report, which has been published annually since 2015, was revamped in 2021 to be more forward-looking and encompassing so that it describes the FSB's work to promote global financial stability.

Evaluations

In May 2022, the FSB published a *Thematic Review on Out-of-court Corporate Debt Workouts*.[37] The review found that FSB jurisdictions have adopted various approaches to complement in-court insolvency proceedings and facilitate restructurings through out-of-court frameworks. However, data about the use and outcomes of workouts is scarce, making it difficult to compare the performance of different frameworks within and across jurisdictions.

Vulnerabilities Assessment

In September 2021, the FSB published a new *Financial Stability Surveillance Framework* to identify and assess global financial system vulnerabilities.[38] The framework aims to increase the effectiveness of discussions among FSB members about vulnerabilities and improve the timeliness in which these discussions identify challenges to global financial stability. The FSB communicates its view on vulnerabilities through its Annual Report.

36. Available at https://www.fsb.org/wp-content/uploads/P271021.pdf.
37. Available at https://www.fsb.org/wp-content/uploads/P090522.pdf.
38. Available at FSB Financial Stability Surveillance Framework.

FSB Roundtable on External Audit

The FSB continues to hold its annual roundtable where participants discuss ways to promote financial stability by enhancing public confidence in external audits. Participants include senior representatives from FSB member authorities, regulatory standard-setting bodies, audit oversight bodies, the International Forum of Independent Audit Regulators, the Committee of European Auditing Oversight Bodies, the International Ethics Standards Board for Accountants and its oversight body, the Public Interest Oversight Board, and the six largest global audit networks. The FSB communicates issues covered via press release.[39]

Operational Resilience

In October 2020, the FSB published a final report entitled *Effective Practices for Cyber Incident Response and Recovery*.[40] The report contains a toolkit of effective practices for financial institutions' cyber incident response and recovery, which the FSB has encouraged authorities and organization to use to enhance their cyber incident response and recovery activities. The toolkit includes 49 practices for effective cyber incident response and recovery across seven components: (i) governance; (ii) planning and preparation; (iii) analysis; (iv) mitigation; (v) restoration and recovery; (vi) coordination and communication; and (vii) improvement. The final toolkit draws on the feedback from an April 2020 consultation report and four virtual outreach meetings.

In October 2021, the FSB published a report entitled *Cyber Incident Reporting: Existing Approaches and Next Steps for Broader Convergence*.[41] The report explores whether greater convergence in the reporting of cyber incidents from financial institutions to financial authorities could be achieved in light of increasing financial stability concerns, especially given the digitalization of financial services and increased use of third-party service providers. In the report, the FSB has identified three ways that the FSB will take work forward to achieve greater convergence in cyber incident reporting, including the development of best practices for cyber incident reporting; identifying common types of information to be shared

39. The FSB's press release on the 2022 roundtable is available at: https://www.fsb.org/2022/06/fsb-holds-2022-roundtable-on-external-audit/.
40. Available at https://www.fsb.org/wp-content/uploads/P191020-1.pdf.
41. Available at https://www.fsb.org/wp-content/uploads/P191021.pdf.

relating to cyber incidents; and creating common terminologies for cyber incident reporting.

In November 2020, the FSB published a consultation report entitled *Discussion Paper on Regulatory and Supervisory Issues Relating to Outsourcing and Third-Party Relationships*.[42] The paper provides an overview of the regulatory and supervisory landscape on outsourcing and third-party risk management in FSB member jurisdictions and was intended to facilitate and inform discussions among authorities. It did not propose any specific principles or standards but rather sought to promote greater global dialogue among financial institutions, supervisory authorities and third parties. The FSB received 39 responses to the paper from a wide range of stakeholders, including banks, insurers, asset managers, financial market infrastructures (FMIs), third-party service providers, industry associations, public authorities, and individuals, and also held a virtual outreach meeting in February 2021. In June 2021, the FSB published a note summarizing the main issues raised and views expressed in response to the public consultation.

COVID-19 Work

In July 2022, the FSB published a report titled *Interim report on COVID-19 Exit Strategies and Scarring Effects for the G20,*[43] which considers COVID-19 policy exit strategies through the lens of financial stability and the capacity of the financial system to finance equitable growth and prevent "scarring effects" of the pandemic. The report says that, on the one hand, a premature withdrawal of economic support measures could produce reduce economic growth potential through unnecessary insolvencies and unemployment. On the other hand, if support measures remain in place for too long, the report says that financial stability risks may gradually build, by distorting resource allocation and asset prices, increasing moral hazard and postponing necessary structural adjustment in the economy. This includes potential scarring through debt overhang (when low interest rates lead corporates to take on so much debt that they cannot continue to finance new projects). The FSB will invite feedback from stakeholders on the interim report, and produce a final report, to be delivered to the G20 in November 2022.

42. Available at https://www.fsb.org/wp-content/uploads/P091120.pdf.
43. Available at: https://www.fsb.org/2022/07/exit-strategies-to-support-equitable-recovery-and-address-effects-from-covid-19-scarring-in-the-financial-sector/.

C. Regulatory Oversight Committee (ROC, FKA LEI ROC)

The ROC was established in 2012 by public authorities from more than 40 countries to oversee a worldwide framework for legal entity identifiers (LEI), the Global LEI System (GLEIS).

In October of 2020 the ROC's mandate expanded to become the International Governance Body (IGB) of the globally harmonized Unique Transaction Identifier (UTI), the Unique Product Identifier (UPI) and the Critical Data Elements (CDE). The UPIs identify the products reported to trade repositories (TRs) consistently across FSB jurisdictions. The UTIs identify individual transactions reported to TRs and allow authorities to follow their modifications during their whole lifecycle. The CDEs capture other important characteristics of the transactions.

As IGB of the UTI, UPI and CDE, the ROC became the overseer of the designated UPI service provider, the Derivatives Service Bureau (DSB). Since the FSB transferred all governance and oversight responsibilities in relation to the UPI to the ROC, the ROC has been working with DSB to establish appropriately rigorous oversight arrangements.

In June 2021, the ROC and the DSB finalized a Memorandum of Understanding on the implementation of the governance arrangements of the globally harmonized UPI, representing a common understanding of the expected division of responsibilities for overseeing the UPI system.[44]

In September 2021, the ROC published a revised version of the CDE Technical Guidance (version 2),[45] which includes corrections that the ROC considers appropriate to facilitate its jurisdictional implementations.

In January of 2022, the ROC published its Progress Report for 2019-2021,[46] which summarizes a number of important developments that have taken place for the ROC between 2019 and 2021.

D. Organization for Economic Cooperation and Development (OECD)

In November 2021, the OECD Corporate Governance Committee launched its review of the 2015 *G20/OECD Principles of Corporate*

44. Available at https://www.leiroc.org/publications/gls/mou_dsb20210630.pdf.
45. Available at roc_20210922 (leiroc.org).
46. Available at https://www.leiroc.org/publications/gls/roc_20220125.pdf.

Governance,[47] with an expected conclusion in 2023.[48] This review aims to ensure the continuing high quality, relevance, and usefulness of the Principles, with the objective of adapting relevant elements to the post COVID-19 environment and taking into account other developments in the corporate sector and capital markets. The Principles are the international standard for corporate governance and one of the key standards designated by the FSB for sound financial systems.[49] The Principles and the OECD's Methodology for Assessing Implementation of the Principles[50] underlie the corporate governance component of the Report on the Observance of Standards and Codes initiative and are used by the World Bank to benchmark a country's corporate governance frameworks and listed company practices.

III. SUPERVISORY COOPERATION

OIA facilitates cooperation with foreign authorities in the oversight of SEC registrants located abroad, including in cross-border examinations.

In 2021, OIA's Supervisory Cooperation group:

- Assisted SEC staff in the supervision of cross-border regulated entities by facilitating cooperation with foreign counterparts through formal information-sharing arrangements and on an ad hoc basis, including in conducting correspondence examinations and asset verifications abroad,[51] and addressing cross-border registration issues;
- Responded to requests from foreign counterparts in supervisory matters; and
- Developed supervisory cooperation arrangements with foreign counterparts.

The SEC's supervisory memoranda of understanding and similar arrangements (MOUs) provide well-defined and reliable mechanisms for the SEC and its foreign counterparts to consult, cooperate, and share information on a confidential basis about regulated entities that operate

47. Available at https://doi.org/10.1787/9789264236882-en.
48. For background information see: https://www.oecd.org/corporate/review-oecd-g20-principles-corporate-governance.htm.
49. Information about the FSB's key standards is available at: https://www.fsb.org/work-of-the-fsb/about-the-compendium-of-standards/key_standards/.
50. Available at https://doi.org/10.1787/9789264269965-en.
51. Information about Division of Examinations' asset verification is available at: https://www.sec.gov/about/offices/ocie/routine_account_information_confirmation.pdf.

across borders.[52] The scope of these MOUs covers a wide range of regulated entities that may vary for each arrangement depending on the level and type of cross-border activity between the United States and the relevant jurisdiction. The coverage of the MOUs includes: exchanges and other trading venues; brokers or dealers; investment advisers; investment companies; clearing agencies; transfer agents; and credit rating agencies. In addition, the SEC has entered into protocols that cover information sharing and cooperation relating to the application of U.S. GAAP and International Financial Reporting Standards.

From December 2020 to October 2021, the SEC entered into MOUs with regulators from Germany, France, the United Kingdom, Switzerland, and Spain, as well as with the European Central Bank to support applications for substituted compliance for security-based swap dealers and major security-based swap participants located in those jurisdictions.[53] The SEC's rules require that the SEC enter into an MOU or other arrangement with the relevant foreign authorities prior to granting substituted compliance applications. The MOUs address the exchange of information as well as matters of supervisory and enforcement cooperation between the SEC and the respective foreign regulators.

OIA continues to work in conjunction with SEC Division of Examinations staff in seeking additional information regarding laws on data protection and privacy, among others, that may impact the cross-border transfer of records from offshore registered firms to the SEC through various channels in order to determine whether they can comply with inspection requirements.[54] In 2021, the United Kingdom's Information Commissioner's Office (ICO) provided guidance that SEC-registered firms located in the United Kingdom can rely on the public interest derogation under the local data protections law to transfer records containing personal data to SEC staff during examinations.

Additionally, the SEC engages in international collaboration and consultation related to the supervision of globally-active securities firms through supervisory colleges. Supervisory colleges afford regulators the opportunity to share experiences and information with one another and the

52. The SEC's Supervisory Cooperation arrangements are publicly available at: http://www.sec.gov/about/offices/oia/oia_cooparrangements.shtml.
53. The MOUs and other relevant materials relevant to the SEC's substituted compliance process, including the applications and relevant SEC orders, are available at https://www.sec.gov/tm/Jurisdiction-Specific-Apps-Orders-and-MOU.
54. Division of Examinations Examination Priorities (2021), https://www.sec.gov/files/2021-exam-priorities.pdf.

industry. SEC Division of Trading and Markets staff participates in supervisory colleges for some global financial complexes that include a broker-dealer entity for which the SEC is the functional regulator. SEC Office of Credit Ratings staff participates in colleges for three internationally active credit rating agencies – S&P Global Ratings (S&P), Moody's Investors Service, Inc. (Moody's), and Fitch Ratings, Inc. (Fitch) – and serves as chair of the colleges for S&P and Moody's. The European Securities and Markets Authority serves as chair of the college for Fitch.

IV. ENFORCEMENT POLICY AND COOPERATION

OIA's Enforcement Cooperation and Assistance team (OIA-ENF) supports the Division of Enforcement's cross-border investigations and litigation on a constantly increasing number of matters across the spectrum of US securities law violations.

Cooperating with the SEC's partners abroad is essential to thwarting fraudsters' use of foreign borders to shield wrongdoing. The IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (MMOU) is the main instrument that securities regulators around the world use to share enforcement information and evidence. Now a widening group of regulators is also sharing more forms of information internationally using the IOSCO Enhanced Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information.

OIA-ENF regularly obtains documents and testimony from across the globe to assist Division of Enforcement investigations. OIA-ENF also provides advice to the Division on international litigation issues, such as obtaining discovery from outside US borders using tools that include international treaties such as the Hague Service and Evidence Conventions. OIA-ENF also works with Enforcement in tracing, freezing, and repatriating securities fraud proceeds transferred outside the United States. In addition, OIA-ENF plays a significant role in international collections and enforcement of judgments.

Assistance from foreign securities regulators and other foreign government agencies is key to the SEC's actions against individuals and entities that target United States investors but operate abroad; and the SEC assists those foreign partners as well. OIA-ENF also continues to process increasing numbers of incoming and outgoing cross-border tips, complaints, and referrals. International enforcement coordination is vital to the SEC's investor protection mission.

A. Recent International Enforcement Cases

OIA supported the Division of Enforcement on an array of cases[55] having international components in 2020, 2021 and 2022, including:

CyberFraud

Securities and Exchange Commission v. Rahim Mohamed, Davies Wong, Glenn B. Laken, Richard C.S. Tang, Zoltan Nagy, Jeffrey D. Cox, Phillip G. Sewell, Breanne M. Wong, Christophe Merani, Anna Tang, Robert W. Seeley, Richard B. Smith, Christopher R. Smith, H.E. Capital SA, POP Holdings Ltd., Maximum Ventures Holdings LLC, Harmony Ridge Corp., and Avatele Group LLC:

On August 15, 2022, the SEC announced charges against 18 individuals and entities for their roles in a fraudulent scheme in which dozens of online retail brokerage accounts were hacked and improperly used to purchase microcap stocks to manipulate the price and trading volume of those stocks. Those charged include Rahim Mohamed of Alberta, Canada, who is alleged to have coordinated the hacking attacks, and several others in and outside the U.S. who allegedly benefited from or participated in the scheme.

According to the SEC's complaint, in late 2017 and early 2018, hackers accessed at least 31 U.S. retail brokerage accounts and used them to purchase the securities of Lotus Bio-Technology Development Corp. and Good Gaming, Inc. The unauthorized purchases allegedly enabled fraudsters, who already controlled large blocks of Lotus Bio-Tech and Good Gaming stock, to sell their holdings at artificially high prices and reap more than $1 million in illicit proceeds. According to the complaint, Davies Wong of British Columbia, Canada, and Glenn B. Laken of Illinois, respectively, controlled the majority of the Lotus Bio-Tech and Good Gaming stock that was sold while the hacking attacks were being carried out, and Mohamed coordinated with Wong, Laken, and others to orchestrate the attacks.

55. The cases listed below only reflect actions at a particular time in the litigation of the case. In addition, some of the summaries describe only the SEC allegations of violations of federal securities laws and allegations are not proof of and do not constitute a determination that the defendants or the respondents have committed such violations. Further information about the status of the cases can be obtained by referring to the SEC Index of Litigation Releases or Administrative Proceedings on the SEC's public website.

The complaint also alleges that Richard Tang of British Columbia, Canada, was involved with both the Lotus Bio-Tech and Good Gaming schemes.

The SEC's complaint charges violations of the antifraud and beneficial ownership reporting provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 and names two relief defendants who received proceeds from the hacks. The SEC seeks the return of ill-gotten gains plus interest, penalties, bars, and other equitable relief.

The SEC received assistance from the Financial Industry Regulatory Authority, the Alberta Securities Commission, the Australia Securities and Investments Commission, the British Columbia Securities Commission, the Calgary Police Service, the Cayman Islands Monetary Authority, the Dubai Financial Services Authority, the French Autorité des Marchés Financiers, the Hong Kong Securities and Futures Commission, the Mauritius Financial Services Commission, the Ontario Securities Commission, the Quebec Autorité des Marchés Financiers, the Royal Canadian Mounted Police, the Securities Commission of the Bahamas, the Sûreté du Québec, the Superintendencia del Mercado de Valores de la República Dominicana, the Swiss Financial Market Supervisory Authority, and the United Kingdom Financial Conduct Authority.

Securities and Exchange Commission v. Rahim Mohamed, Davies Wong, Glenn B. Laken, Richard C.S. Tang, Zoltan Nagy, Jeffrey D. Cox, Phillip G. Sewell, Breanne M. Wong, Christophe Merani, Anna Tang, Robert W. Seeley, Richard B. Smith, Christopher R. Smith, H.E. Capital SA, POP Holdings Ltd., Maximum Ventures Holdings LLC, Harmony Ridge Corp., and Avatele Group LLC, Case 1:22-cv-03252-ELR (N.D. Ga. filed August 15, 2022).

Securities and Exchange Commission v. Vladimir Okhotnikov, Jane Doe a/k/a Lola Ferrari, Mikail Sergeev, Sergey Maslakov, Samuel D. Ellis, Mark F. Hamlin, Sarah L. Theissen, Carlos L. Martinez, Ronald R. Deering, Cheri Beth Bowen, and Alisha R. Shepperd:

On August 1, 2022, the SEC announced charges against 11 individuals for their roles in creating and promoting Forsage, a fraudulent crypto pyramid and Ponzi scheme that raised more than $300 million from millions of retail investors worldwide, including in the United States. Those charged include the four founders of Forsage, who were last known to be living in Russia, the Republic

of Georgia, and Indonesia, as well as three U.S.-based promoters engaged by the founders to endorse Forsage on its website and social media platforms, and several members of the so-called Crypto Crusaders—the largest promotional group for the scheme that operated in the United States from at least five different states.

According to the SEC's complaint, in January 2020, Vladimir Okhotnikov, Jane Doe a/k/a Lola Ferrari, Mikhail Sergeev, and Sergey Maslakov launched Forsage.io, a website that allowed millions of retail investors to enter into transactions via smart contracts that operated on the Ethereum, Tron, and Binance blockchains. However, Forsage allegedly has operated as a pyramid scheme for more than two years, in which investors earned profits by recruiting others into the scheme. Forsage also allegedly used assets from new investors to pay earlier investors in a typical Ponzi structure.

Despite cease-and-desist actions against Forsage for operating as a fraud in September 2020 by the Securities and Exchange Commission of the Philippines and in March 2021 by the Montana Commissioner of Securities and Insurance, the defendants allegedly continued to promote the scheme while denying the claims in several YouTube videos and by other means.

In addition to charging the four founders, the complaint, filed in United States District Court in the Northern District of Illinois, also charges Cheri Beth Bowen, of Pelahatchie, Miss., Ronald R. Deering, of Coeur d' Alene, Idaho, Samuel D. Ellis, of Louisville, Ky., Mark F. Hamlin, of Henrico, Va., Carlos L. Martinez, of Chicago, Ill., Alisha R. Shepperd, of Dunedin, Fla., and Sarah L. Theissen, of Hartford, Wis., with violating the registration and anti-fraud provisions of the federal securities laws. The SEC's complaint seeks injunctive relief, disgorgement, and civil penalties.

Without admitting or denying the allegations, two of the defendants, Ellis and Theissen, agreed to settle the charges and to be permanently enjoined from future violations of the charged provisions and certain other activity. Additionally, Ellis agreed to pay disgorgement and civil penalties, and Theissen will be required to pay disgorgement and civil penalties as determined by the court. Both settlements are subject to court approval.

The SEC received the assistance of the Securities and Exchange Commission of the Philippines.

Securities and Exchange Commission v. Vladimir Okhotnikov, Jane Doe a/k/a Lola Ferrari, Mikail Sergeev, Sergey Maslakov, Samuel D. Ellis, Mark F. Hamlin, Sarah L. Theissen, Carlos L.

Martinez, Ronald R. Deering, Cheri Beth Bowen, and Alisha R. Shepperd, Case 1:22-cv-03978 (N.D. Ill. filed August 1, 2022).

Securities and Exchange Commission v. Vladislav Kliushin, a/k/a Vladislav Klyushin, Nikolai Rumiantcev, a/k/a Nikolay Rumyantcev, Mikhail Irzak, Igor Sladkov, and Ivan Yermakov, a/k/a Ivan Ermakov:

On December 20, 2021, the SEC announced fraud charges against five Russian nationals for engaging in a multi-year scheme to profit from stolen corporate earnings announcements obtained by hacking into the systems of two U.S.-based filing agent companies before the announcements were made public. The filing agents assist publicly traded companies with the preparation and filing of periodic reports with the SEC, including quarterly reports containing earnings information.

The SEC's complaint, filed in federal district court in Massachusetts, alleges that defendant Ivan Yermakov used deceptive hacking techniques to access the filing agents' systems and directly or indirectly provided not-yet-public corporate earnings announcements stolen from those systems to his co-defendants Vladislav Kliushin, Nikolai Rumiantcev, Mikhail Irzak, and Igor Sladkov. According to the complaint, from 2018 through 2020, the traders used 20 different brokerage accounts located in Denmark, the United Kingdom, Cyprus and Portugal to generate profits of at least $82 million using the stolen information to make trades before over 500 corporate earnings announcements. The defendants allegedly shared a portion of their enormous profits by funneling them through a Russian information technology company founded by Kliushin and for which Yermakov and Rumiantcev serve as directors.

The SEC's complaint charges each of the defendants with violating the antifraud provisions of the federal securities laws and related SEC antifraud rules and seeks a final judgment ordering the defendants to pay penalties, return their ill-gotten gains with prejudgment interest, and enjoining them from committing future violations of the antifraud laws.

The SEC received the assistance of the Danish Financial Supervisory Authority and the Cyprus Securities and Exchange Commission.

Securities and Exchange Commission v. Vladislav Kliushin, a/k/a Vladislav Klyushin, Nikolai Rumiantcev, a/k/a Nikolay

Rumyantcev, Mikhail Irzak, Igor Sladkov, and Ivan Yermakov, a/k/a Ivan Ermakov, Case 1:21-cv-12088 (D. Mass. Filed December 20, 2021).

In the Matter of GTV Media Group, Inc., Saraca Media Group, Inc., and Voice of Guo Media, Inc.:

On September 13, 2021, the SEC charged New York City-based GTV Media Group Inc. and Saraca Media Group Inc., and Phoenix, Arizona-based Voice of Guo Media Inc., with conducting an illegal unregistered offering of GTV common stock. The SEC also announced charges against GTV and Saraca for conducting an illegal unregistered offering of a digital asset security referred to as either G-Coins or G-Dollars. The respondents have agreed to pay more than $539 million to settle the SEC's action.

According to the SEC's order, from April through June 2020, the respondents generally solicited thousands of individuals to invest in the GTV stock offering. During the same period, GTV and Saraca solicited individuals to invest in the digital asset offering. The order finds that the respondents disseminated information about the two offerings to the general public through publicly available videos on GTV's and Saraca's websites, as well as on social media platforms such as YouTube and Twitter. Through these two securities offerings, whose proceeds were commingled, the respondents collectively raised approximately $487 million from more than 5,000 investors, including U.S. investors. As stated in the order, no registration statements were filed or in effect for either offering, and the respondents' offers and sales did not qualify for an exemption from registration.

Without admitting or denying the SEC's findings that they violated Section 5 of the Securities Act of 1933, GTV and Saraca agreed to a cease-and-desist order, to pay disgorgement of over $434 million plus prejudgment interest of approximately $16 million on a joint and several basis, and to each pay a civil penalty of $15 million. Voice of Guo agreed to a cease-and-desist order, to pay disgorgement of more than $52 million plus prejudgment interest of nearly $2 million, and to pay a civil penalty of $5 million. The order establishes a Fair Fund to return monies to injured investors. The respondents also agreed to not participate, directly or indirectly, in any offering of a digital asset security, to assist the SEC staff in the administration of a distribution plan, and to publish notice of the SEC's order on their public websites and social media channels, including but not limited to, www.gtv.org and www.gnews.org.

The SEC received the assistance of the British Columbia Securities Commission.

In the Matter of GTV Media Group, Inc., Saraca Media Group, Inc., and Voice of Guo Media, Inc. Administrative Proceeding File No. 3-20537 (September 13, 2021).

Securities and Exchange Commission v. Stefan Qin*, *Virgil Technologies LLC, Montgomery Technologies LLC, Virgil Quantitative Research, LLC, Virgil Capital LLC, and VQR Partners LLC:

On December 28, 2020, the SEC announced that it filed an emergency action and obtained an order imposing an asset freeze and other emergency relief against Virgil Capital LLC and its affiliated companies in connection with an alleged securities fraud relating to Virgil Capital's flagship cryptocurrency trading fund, Virgil Sigma Fund LP. The Commission's action alleges that the fraud was directed by Stefan Qin, an Australian citizen and part-time resident of New York, who owns and controls Virgil Capital and its affiliated companies.

According to the SEC's complaint, Qin and his entities have been defrauding investors in the Sigma Fund since at least 2018 by making material misrepresentations about the fund's strategy, assets, and financial condition. The complaint alleges that the defendants misled investors to believe their money was being used solely for cryptocurrency trading based on a proprietary algorithm, while Qin and the entities used investment proceeds for personal purposes or for other undisclosed high-risk investments. Since at least July 2020, Qin and Virgil Capital have told investors who requested redemptions from the Sigma Fund that their interests would be transferred instead to another fund under the ultimate control of Qin but with separate management and operations, the VQR Multistrategy Fund LP. The complaint alleges that no funds were transferred and the redemption requests remain outstanding. The SEC's complaint further alleges that Qin is actively attempting to misappropriate assets from the VQR Fund and to raise new investments in the Sigma Fund.

The SEC's complaint, filed in the Southern District of New York on Dec. 22, 2020, charges Qin, Virgil Technologies LLC, Montgomery Technologies LLC, Virgil Quantitative Research LLC, Virgil Capital LLC, and VQR Partners LLC with violations of the antifraud provisions of the federal securities laws, and seeks permanent injunctions, including conduct-based injunctions, disgorgement with prejudgment interest, and civil penalties.

Securities and Exchange Commission v. Stefan Qin, Virgil Technologies LLC, Montgomery Technologies LLC, Virgil Quantitative Research, LLC, Virgil Capital LLC, and VQR Partners LLC, Case 1:20-cv-10849 (S.D.N.Y. December 22, 2020).

Securities and Exchange Commission v. FLiK, CoinSpark, Ryan S. Felton, William Q. Sparks, Owen B. Smith, Chance B. White; and In the Matter of Clifford Harris, Jr.:

On September 11, 2020, the SEC announced charges against five Atlanta-based individuals, including film producer Ryan Felton, rapper and actor Clifford Harris, Jr., known as T.I. or Tip, and three others who each promoted one of Felton's two unregistered and fraudulent initial coin offerings (ICOs). The SEC also charged FLiK and CoinSpark, the two companies controlled by Felton that conducted the ICOs. Aside from Felton, all of the individuals have agreed to settlements to resolve the charges against them.

The SEC's complaint alleges that Felton promised to build a digital streaming platform for FLiK, and a digital-asset trading platform for CoinSpark. Instead, Felton allegedly misappropriated the funds raised in the ICOs. The complaint also alleges that Felton secretly transferred FLiK tokens to himself and sold them into the market, reaping an additional $2.2 million in profits, and that he engaged in manipulative trading to inflate the price of SPARK tokens. Felton allegedly used the funds he misappropriated and the proceeds of his manipulative trading to buy a Ferrari, a million-dollar home, diamond jewelry, and other luxury goods.

In a settled administrative order, the SEC finds that T.I. offered and sold FLiK tokens on his social media accounts, falsely claiming to be a FLiK co-owner and encouraging his followers to invest in the FLiK ICO. T.I. also asked a celebrity friend to promote the FLiK ICO on social media and provided the language for posts, referring to FLiK as T.I.'s "new venture." The SEC's complaint alleges that T.I.'s social media manager William Sparks, Jr. offered and sold FLiK tokens on T.I.'s social media accounts, and that two other Atlanta residents, Chance White and Owen Smith, promoted SPARK tokens without disclosing they were promised compensation in return.

The complaint, filed in the U.S. District Court for the Northern District of Georgia, charges Felton with violating registration, antifraud, and anti-manipulation provisions of the federal securities laws. FLiK and CoinSpark are charged with violating registration and anti-fraud provisions. White and Smith are charged with violating

registration and anti-touting provisions. Sparks is charged with violating registration provisions. The complaint seeks injunctive relief, disgorgement of ill-gotten gains, and civil monetary penalties, as well as an officer-and-director bar against Felton. Sparks agreed to disgorge his ill-gotten gains plus prejudgment interest, and Sparks, White, and Smith each agreed to pay a penalty of $25,000 and to conduct-based injunctions prohibiting them from participating in the issuance, purchase, offer, or sale of any digital asset security for a period of five years. The proposed settlements are subject to court approval. Three of Felton's family members and an LLC that he established were also named as relief defendants. The SEC's order against T.I. requires him to pay a $75,000 civil monetary penalty and not participate in offerings or sales of digital-asset securities for at least five years.

The SEC received assistance from the Australian Securities and Investments Commission.

Securities and Exchange Commission v. FLiK, CoinSpark, Ryan S. Felton, William Q. Sparks, Owen B. Smith, Chance B. White, 1:20-cv-03739-SCJ (N.D.Ga. September 10, 2020); and *In the Matter of Clifford Harris, Jr.* Administrative Proceeding File No. 3-19990 (September 11, 2020).

Retail Fraud

Securities and Exchange Commission v. Dean Shah, Henry Clarke, Julius Csurgo, and Antevorta Capital Partners, Ltd.; Securities and Exchange Commission v. Ronald Bauer aka Ronald J. Bauer and Ronald Jacob Bauer, and et al.;* and *Securities and Exchange Commission v. Domenic Calabrigo, Curtis Lehner, Hasan Sario, and Courtney Vasseur:

On April 18, 2022, the SEC announced charges against 16 defendants, located in the Bahamas, the British Virgin Islands, Bulgaria, Canada, the Cayman Islands, Monaco, Spain, Turkey, and the United Kingdom, for participating in multi-year fraudulent penny stock schemes that generated more than $194 million in illicit proceeds. The SEC investigations leading to these charges involved assistance from securities regulators and other law enforcement authorities in more than 20 countries.

The SEC's complaints, filed in the United States District Court for the Southern District of New York, charge all of the defendants with violating the antifraud and registration provisions of the federal

securities laws. The charges, contained in three separate complaints, allege that several defendants played a variety of roles to accumulate the majority of shares in penny stocks via difficult to unveil, offshore nominee companies. It is also alleged that some of the defendants frequently used encrypted text and phone applications to avoid detection by regulators, and arranged to buy and sell penny stocks from multiple offshore accounts, in furtherance of the fraud.

According to the complaints, once some of the defendants had amassed a significant majority of the shares of the stocks, certain defendants secretly funded promotional campaigns to promote the stocks to unsuspecting investors in the United States and elsewhere. As alleged, when those campaigns triggered increases in the demand for and price of the stocks, some of the defendants sold the stocks via trading platforms in Asia, Europe and the Caribbean for significant profits.

The SEC is seeking permanent injunctions, disgorgement of allegedly ill-gotten gains plus interest, and civil penalties against all the defendants; penny stock bars against all the individual defendants; conduct-based injunctions against 11 of the 15 individual defendants; and officer and director bars against eight of the individual defendants. On the emergency applications, the Court issued orders on April 12 and April 15 freezing and directing repatriation of the assets of six defendants.

The SEC received assistance from the Alberta Securities Commission, the Securities Commission of the Bahamas, the British Columbia Securities Commission, the Cayman Islands Monetary Authority, the Curaçao Korps Landelijke Politiediensten, the Cyprus Securities and Exchange Commission, the Financial Supervisory Authority of Denmark, the Guernsey Financial Services Commission, the Hong Kong Securities and Futures Commission, the Italian Commissione Nazionale per le Società e la Borsa, the Japan Financial Services Agency, the Jersey Financial Services Commission, the Latvia Financial and Capital Market Commission, the Liechtenstein Financial Market Authority, the Malta Financial Services Authority, the Mauritius Financial Services Commission, the Mexican Comisión Nacional Bancaria y de Valores, the New Zealand Financial Markets Authority, the Ontario Securities Commission, the Panamanian Superintendencia del Mercado de Valores, the Securities Commission of Serbia, the Québec Autorité des Marchés Financiers, the Royal Canadian Mounted Police, the Monetary Authority of Singapore, the Swiss Financial Market Supervisory Authority, the

United Arab Emirates Securities and Commodities Authority, the Dubai Financial Services Authority, and the United Kingdom Financial Conduct Authority.

Securities and Exchange Commission v. Dean Shah, Henry Clarke, Julius Csurgo, and Antevorta Capital Partners, Ltd. 22-CV-3012 (S.D.N.Y. filed April 12, 2022)*; Securities and Exchange Commission v. Ronald Bauer aka Ronald J. Bauer and Ronald Jacob Bauer, and et al.* Case 1:22-cv-03089 (S.D.N.Y. filed April 14, 2022); and *Securities and Exchange Commission v. Domenic Calabrigo, Curtis Lehner, Hasan Sario, and Courtney Vasseur*, Case 1:22-cv-03096 (S.D.N.Y. filed April 14, 2022).

Securities and Exchange Commission v. Francis Biller, Raymond Dove, Chester Alvarez, Troy Gran-Brooks, and Justin Plaizier:

On March 15, 2022, the SEC announced fraud charges against five individuals for allegedly operating a call center in Medellin, Colombia, which used high pressure sales tactics and made false and misleading statements to retail investors to convince them to buy the stocks of small companies trading in the U.S. markets.

According to the SEC's complaint, filed on March 14, 2022, U.S. citizen Chester Alvarez, Canadian citizens Francis Biller, Raymond Dove, and Troy Gran-Brooks, and Dutch citizen Justin Plaizier operated call centers, set up as phony investment management firms, with fake names, websites, and phone numbers. The SEC's complaint alleges that, using the false personas, the defendants orchestrated a pump-and-dump scheme and made false and misleading statements when they promoted the stock of at least 18 issuers, and that they generated more than $58 million in trading from this scheme. The complaint also alleges that the defendants were paid approximately $10 million for promoting thinly traded stocks, which they misled investors to believe had high prospects for success.

The SEC's complaint, filed in the U.S. District Court for the Eastern District of New York, charges all defendants with violations of antifraud provisions of the securities laws and charges Alvarez with violating market manipulation provisions of the securities laws. It also seeks injunctive relief, disgorgement plus prejudgment interest, civil penalties, and a prohibition on participating in any offerings of penny stocks by all defendants.

The SEC received assistance from the Argentinian Comisión Nacional de Valores, the British Columbia Securities Commission, the Royal Canadian Mounted Police, the Hong Kong Securities and Futures Commission, the Malta Financial Services Authority, the Mauritius Financial Services Commission, the Mexican Comisión Nacional Bancaria y de Valores, the Panamanian Superintendencia del Mercado de Valores, the Monetary Authority of Singapore, the Dubai Financial Services Authority, the UAE Securities and Commodities Authority, the Superintendencia Financiera de Colombia, the Colombian Office the Attorney General, the Swiss Financial Market Supervisory Authority, and the Switzerland Federal Office of Justice.

Securities and Exchange Commission v. Francis Biller, Raymond Dove, Chester Alvarez, Troy Gran-Brooks, and Justin Plaizier, Case 1:22-cv-01406 (E.D.N.Y. filed March 14, 2022).

Securities and Exchange Commission v. Roger Nils-Jonas Karlsson (aka Euclid Diodorus, Steve Heyden, Joshua Millard, and Lars Georgsson):

On September 29, 2020, the SEC charged a Swedish national living in Thailand with conducting a multi-million dollar online offering fraud that victimized thousands of retail investors worldwide, including hundreds of investors from the Deaf, Hard of Hearing, and Hearing Loss communities.

The SEC's complaint alleges that from November 2012 to June 2019, Roger Nils-Jonas Karlsson, through his entity, Eastern Metal Securities, defrauded over 2,000 retail investors in nearly every state in the United States, as well as in over 45 countries around the world. According to the complaint, Karlsson solicited investors for what he described as a "Pre Funded Reversed Pension Plan," falsely claiming that the investment platform was run by award-winning economists and promising a payout based on the value of gold. Karlsson allegedly claimed that the investment had no risk of loss. At least 847 of the investors were members of a community for the Deaf that invested more than $2 million in Eastern Metal Securities since 2015 as their retirement investment. The SEC alleges that Karlsson raised $3.5 million from December 2017 through June 2019, and misappropriated at least $1.5 million to purchase real estate in Thailand and for other personal expenses.

The SEC alleges that Karlsson violated the registration provisions of Sections 5(a) and 5(c) of the Securities Act of 1933 and the antifraud provisions of 17(a)(1) and 17(a)(3) of the Securities Act and Section 10(b) of the Securities Exchange Act of 1934 and Rules 10b-5(a) and 10b-5(c) thereunder, and seeks permanent injunctions, disgorgement with prejudgment interest, and civil penalties.

The SEC received the assistance of the securities and financial markets regulatory authorities in Austria, Finland, France, Hong Kong, Malaysia, Romania, Singapore and Thailand, and the National Bureau of Investigation of Finland.

Securities and Exchange Commission v. Roger Nils-Jonas Karlsson (aka Euclid Diodorus, Steve Heyden, Joshua Millard, and Lars Georgsson), Case 1:20-cv-04615 (E.D.N.Y. Filed September 29, 2020).

Securities and Exchange Commission v. BitConnect, Satish Kumbhani, Glenn Arcaro, and Future Money Ltd.:

On September 1, 2021, the SEC announced it had filed an action against BitConnect, an online crypto lending platform, its founder Satish Kumbhani, and its top U.S. promoter and his affiliated company, alleging that they defrauded retail investors out of $2 billion through a global fraudulent and unregistered offering of investments into a program involving digital assets.

According to the SEC's complaint, filed in the United States District Court for the Southern District of New York, from early 2017 through January 2018, Defendants conducted a fraudulent and unregistered offering and sale of securities in the form of investments in a "Lending Program" offered by BitConnect. The complaint alleges that, to induce investors to deposit funds into the purported Lending Program, Defendants falsely represented, among other things, that BitConnect would deploy its purportedly proprietary "volatility software trading bot" that, using investors' deposits, would generate exorbitantly high returns. However, the SEC alleges that instead of deploying investor funds for trading with the purported trading bot, defendants BitConnect and Kumbhani siphoned investors' funds off for their own benefit by transferring those funds to digital wallet addresses controlled by them, their top promoter in the U.S., defendant Glenn Arcaro, and others. The SEC's complaint further alleges that BitConnect and Kumbhani established a network of promoters around the world, and rewarded them for their promotional efforts and outreach by paying commissions, a substantial

portion of which they concealed from investors. According to the complaint, among these promoters was Arcaro, the lead national promoter of BitConnect for the United States who used the website he created, Future Money, to lure investors into the Lending Program.

The SEC's complaint charges Defendants with violating the antifraud and registration provisions of the federal securities laws. The complaint seeks injunctive relief, disgorgement plus interest, and civil penalties. The SEC previously reached settlements with two of the five individuals it charged in a related action for promoting the BitConnect offering.

The SEC received the assistance of the Cayman Islands Monetary Authority, the Hong Kong Securities and Futures Commission, the Monetary Authority of Singapore, the Ontario Securities Commission, the Romanian Financial Supervisory Authority, and the Thailand Securities and Exchange Commission.

Securities and Exchange Commission v. BitConnect, Satish Kumbhani, Glenn Arcaro, and Future Money Ltd., Case 1:21-cv-07349 (S.D.N.Y. Filed September 1, 2021).

Securities and Exchange Commission v. Spot Option Tech House, Ltd. (formerly known as Spot Option, Ltd.), Malhaz Pinhas Patarkazishvili (aka Pini Peter and Pinhas Peter), and Ran Amiran:

On April 19, 2021, the SEC announced it charged Israeli-based Spot Tech House Ltd., formerly known as Spot Option Ltd., and two of its former top executives, Malhaz Pinhas Patarkazishvili (also known as Pini Peter) and Ran Amiran, with deceiving U.S. investors out of more than $100 million through fraudulent and unregistered online sales of risky securities known as binary options.

According to the SEC's complaint, Spot Option – under the control of Patarkazishvili, the company's founder and former chief executive officer, and Amiran, the company's former president – defrauded retail investors worldwide through a scheme involving the sale of online binary options. Binary options are securities whose payouts are contingent on the outcome of a yes/no proposition, typically whether an underlying asset will be above or below a specified price at the time the option expires. The SEC has previously charged several entities and individuals in connection with their involvement in the sale of binary options using the Spot Option platform, including in the *SEC v. Banc de Binary*, *SEC v. Beserglik*, and *SEC v. Senderov* cases.

The SEC alleges that the defendants developed nearly all of the products and services necessary to offer and sell binary options through the internet, including a proprietary trading platform, and that they licensed these products and services to entities they called "white label partners," who directly marketed the binary options. According to the complaint, Spot Option instructed its white label partners to aggressively market the binary options as a highly profitable investments for retail investors. As alleged, investors were not told that the defendants' white label partners were the counter-parties on all investor trades, and thus profited when the investors lost money. To ensure sufficient investor losses and make the scheme profitable, Spot Option allegedly, among other tactics, instructed its partners to permit investors to withdraw only a portion of the monies the investors deposited, devised a manipulative pay-out structure for binary options trades, and designed its trading platform to increase the probability that investors' trades would expire worthless. According to the complaint, the defendants' deceptive business practices caused U.S. and foreign investors to lose a substantial portion of the money they deposited to their trading accounts. The defendants allegedly made millions of dollars as a result.

The SEC's complaint, filed in federal district court in Nevada, charges Spot Option with violating the anti-fraud and registration provisions of the federal securities laws, and Malhaz Pinhas Patarkazishvili and Ran Amiran with violating the registration provisions of the federal securities laws and with controlling Spot Option in its violations of the anti-fraud provisions of the federal securities laws. The complaint seeks disgorgement of ill-gotten gains, prejudgment interest, financial penalties, and permanent injunctions against all three defendants.

The SEC received the assistance of the British Virgin Islands Financial Services Commission, the Financial Supervision Commission of Bulgaria, the Czech National Bank, the Hong Kong Securities and Futures Commission, the Central Bank of Ireland, the Israel Securities Authority, the Swiss Financial Market Supervisory Authority, and the United Kingdom Financial Conduct Authority.

Securities and Exchange Commission v. Spot Option Tech House, Ltd. (formerly known as Spot Option, Ltd.), Malhaz Pinhas Patarkazishvili (aka Pini Peter and Pinhas Peter), and Ran Amiran, Case 2:21-cv-00632 (D. Nev. Filed April 16, 2021).

Securities and Exchange Commission v. Dennis M. Jali. John E. Frimpong, Arley R. Johnson, The Smart Partners LLC, and 1st Million LLC:

On August 28, 2020, the SEC charged two Maryland companies and their principals for a scheme that allegedly defrauded approximately 1,200 investors, many of them African immigrants, of more than $27 million.

According to the SEC's complaint, Dennis Jali, John Frimpong, and Arley Johnson, directly and through their companies 1st Million LLC and The Smart Partners LLC, falsely told investors that their funds would be used by a team of skilled and licensed traders for foreign exchange and cryptocurrency trading, promising risk-free returns of between 6% and 42%. The complaint alleges that the defendants often targeted vulnerable African immigrants and exploited their common ancestry and religious affiliations. The complaint further alleges that Jali, who claimed to be a pastor and falsely held himself out as a self-made millionaire and expert trader, rented office space to conduct in-person meetings and give the appearance of a legitimate company. According to the complaint, the defendants diverted investor funds for personal use and to make Ponzi payments to prior investors.

The SEC's complaint, filed in federal court in Greenbelt, Maryland, charges the defendants with violating the antifraud provisions of the federal securities laws and seeks permanent injunctive relief, return of allegedly ill-gotten gains with prejudgment interest, and civil penalties. The SEC also named Access2Assets as a relief defendant, seeking the return of proceeds of the alleged fraud to which it had no legitimate claim.

The SEC received assistance from the Financial Sector Conduct Authority of South Africa and the Financial Conduct Authority in the United Kingdom.

Securities and Exchange Commission v. Dennis M. Jali. John E. Frimpong, Arley R. Johnson, The Smart Partners LLC, and 1st Million LLC, Case 8:20-cv-02491-PJM (D. Md. August 28, 2020).

Accounting and Disclosure Fraud

Securities and Exchange Commission v. Vale S.A.:

On April 28, 2022, the SEC charged Vale S.A., a publicly traded Brazilian mining company and one of the world's largest iron ore producers, with making false and misleading claims about the safety

of its dams prior to the January 2019 collapse of its Brumadinho dam. The collapse killed 270 people, caused immeasurable environmental and social harm, and led to a loss of more than $4 billion in Vale's market capitalization.

According to the SEC's complaint, beginning in 2016, Vale manipulated multiple dam safety audits; obtained numerous fraudulent stability certificates; and regularly misled local governments, communities, and investors about the safety of the Brumadinho dam through its environmental, social, and governance (ESG) disclosures. The SEC's complaint also alleges that, for years, Vale knew that the Brumadinho dam, which was built to contain potentially toxic byproducts from mining operations, did not meet internationally-recognized standards for dam safety. However, Vale's public Sustainability Reports and other public filings fraudulently assured investors that the company adhered to the "strictest international practices" in evaluating dam safety and that 100 percent of its dams were certified to be in stable condition.

The SEC's complaint, filed in U.S. District Court for the Eastern District of New York, charges Vale with violating antifraud and reporting provisions of the federal securities laws and seeks injunctive relief, disgorgement plus prejudgment interest, and civil penalties.

The SEC received the assistance of the Brazilian Federal Prosecution Service, Ministério Público do Estado de Minas Gerais, and Brazil's Comissão de Valores Mobilários.

Securities and Exchange Commission v. Vale S.A., Case 1:22-cv-02405 (E.D.N.Y. filed April 28, 2022).

Securities and Exchange Commission v. Luckin Coffee, Inc.:

On December 16, 2020, the SEC charged China-based company Luckin Coffee Inc. with defrauding investors by materially misstating the company's revenue, expenses, and net operating loss in an effort to falsely appear to achieve rapid growth and increased profitability and to meet the company's earnings estimates. Luckin, whose American Depositary Shares traded on Nasdaq until July 13, 2020, has agreed to pay a $180 million penalty to resolve the charges.

The SEC's complaint alleges that, from at least April 2019 through January 2020, Luckin intentionally fabricated more than $300 million in retail sales by using related parties to create false sales transactions through three separate purchasing schemes. According to the complaint, certain Luckin employees attempted to

conceal the fraud by inflating the company's expenss by more than $190 million, creating a fake operations database, and altering accounting and bank records to reflect the false sales.

The complaint further alleges that the company intentionally and materially overstated its reported revenue and expenses and materially understated its net loss in its publicly disclosed financial statements in 2019. For example, Luckin allegedly materially overstated its reported revenue by approximately 28% for the period ending June 30, 2019, and by 45% for the period ending Sept. 30, 2019, in its publicly disclosed financial statements. The complaint alleges that during the period of the fraud, Luckin raised more than $864 million from debt and equity investors. After Luckin's misconduct was discovered in the course of the annual external audit of the company's financial statements, Luckin reported the matter to and cooperated with SEC staff, initiated an internal investigation, terminated certain personnel, and added internal accounting controls.

The SEC's complaint, filed in the Southern District of New York, charges Luckin with violating the antifraud, reporting, books and records, and internal control provisions of the federal securities laws. Without admitting or denying the allegations, Luckin has agreed to a settlement, subject to court approval, that includes permanent injunctions and the payment of a $180 million penalty. This payment may be offset by certain payments Luckin makes to its security holders in connection with its provisional liquidation proceeding in the Cayman Islands. The transfer of funds to the security holders will be subject to approval by Chinese authorities.

The SEC received assistance from the China Securities Regulatory Commission and the Swiss Financial Market Supervisory Authority.

Securities and Exchange Commission v. Luckin Coffee, Inc., Case 1:20-cv-10631 (S.D.N.Y. Filed December 16, 2020).

Insider Trading

Securities and Exchange Commission v. Moshe Strugano and Rinat Gazit:

On April 20, 2022, the SEC charged Israeli citizens Moshe Strugano and Rinat Gazit with insider trading ahead of the January 24, 2018 public announcement that Ormat Technologies, Inc. had signed a definitive agreement to acquire U.S. Geothermal Inc., a geothermal energy company based in Boise, Idaho.

According to the SEC's complaint, filed in federal district court in New York, Gazit, the former head of mergers and acquisitions at Ormat and resident of Tel Aviv, Israel, tipped her close friend, Strugano, an attorney and resident of Caesarea, Israel, with material, nonpublic information she had obtained concerning Ormat's potential acquisition of U.S. Geothermal. The SEC alleges that based on Gazit's tip, Strugano purchased more than 740,000 shares of U.S. Geothermal stock from December 19, 2017 through January 18, 2018. In the months following the merger announcement, Strugano sold all of these shares for a total profit of over $1.2 million.

The SEC's complaint charges Strugano and Gazit with violating the antifraud provisions of Section 10(b) of the Securities and Exchange Act of 1934 and Rule 10b-5 thereunder, and it seeks a permanent injunction, civil penalties, and disgorgement with prejudgment interest against Strugano, and a permanent injunction, civil penalties, and an officer and director bar against Gazit.

The SEC received assistance from the Israel Securities Authority and Swiss Financial Market Supervisory Authority.

Securities and Exchange Commission v. Moshe Strugano and Rinat Gazit, 1:22-cv-03216 (S.D.N.Y. April 20, 2022).

Broker-Dealer Fraud

Securities and Exchange Commission v. Murchinson Ltd., Marc Bistricer, and Paul Zogala:

On August 17, 2021, the SEC announced it settled charges against Murchinson Ltd.; its principal, Marc Bistricer; and its trader, Paul Zogala (the respondents), for providing erroneous order-marking information that caused executing brokers to violate Regulation SHO. In addition, Murchinson and Bistricer settled charges for causing a dealer to fail to register with the SEC.

According to the SEC's order, from June 2016 through October 2017, the respondents provided erroneous order-marking information on hundreds of sale orders of their hedge fund client to the hedge fund's brokers, causing those brokers to mismark the hedge funds' sales as "long." The order finds that in providing the inaccurate information, the respondents also caused the hedge fund's brokers to fail to borrow or locate shares prior to executing the sales. The order further finds that Murchinson and Bistricer caused the hedge fund to engage in dealer activity without registering with the SEC or being exempt from registration.

The SEC's order finds that the respondents caused the hedge fund's executing brokers to violate the order-marking and locate requirements of Regulation SHO, and that Murchinson and Bistricer caused the hedge fund to violate the dealer registration requirements of the Securities Exchange Act of 1934. Without admitting or denying the findings, the respondents each agreed to cease-and-desist orders. In addition, Murchinson and Bistricer agreed to pay, jointly and severally, disgorgement of $7,000,000, with prejudgment interest of $1,078,183. Murchinson, Bistricer, and Zogala also agreed to pay penalties of $800,000, $75,000, and $25,000, respectively. Finally, Murchinson and Bistricer agreed to certain undertakings to ensure future compliance with Regulation SHO.

The SEC received assistance from the British Virgin Islands Financial Services Commission, the Hellenic Republic Capital Markets Commission, the Central Bank of Ireland, the Jersey Financial Services Commission, the Nova Scotia Securities Commission, and the Ontario Securities Commission.

Securities and Exchange Commission v. Murchinson Ltd., Marc Bistricer, and Paul Zogala, Administrative Proceeding File No. 3-20463 (August 17, 2021).

Investment Adviser Fraud

Securities and Exchange Commission v. Cornerstone Acquisition and Management Company LLC, Derren L. Geiger, and She Hwea Ngo:

On May 27, 2022, the SEC announced that it filed charges against previously registered Rancho Santa Fe, California investment adviser Cornerstone Acquisition & Management Company LLC ("Cornerstone"), its chief executive officer, portfolio manager, and chief compliance officer, Derren Lee Geiger, and its chief financial officer, She Hwea Ngo, for allegedly making false and misleading statements, committing other deceptive acts, and committing recordkeeping and compliance violations.

The SEC's complaint alleges that Cornerstone, Geiger, and Ngo engaged in a scheme to deceive investors in Cornerstone's private funds, including the Caritas Royalties Fund (Bermuda) Ltd. (the "Bermuda Fund"), which had U.S. tax-exempt and non-U.S. investors. The complaint alleges that their deceptive conduct included misstatements concerning the ownership of Cornerstone, the existence of collateral, and other material issues. The complaint also

alleges that Cornerstone and Geiger failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and that Cornerstone and Ngo created inaccurate books and records.

The SEC's complaint, filed in federal district court in San Diego, California, charges (i) Cornerstone, Geiger, and Ngo with violations of the antifraud provisions of Securities Act Section 17(a) and Exchange Act Section 10(b) and Rule 10b-5 thereunder; (ii) Cornerstone and Geiger with violations of Advisers Act Sections 206(4) and Rule 206(4)-8 thereunder and 207; (iii) Cornerstone with violations of Advisers Act Sections 204 and Rule 204-2 thereunder and 206(4) and Rule 206(4)-7 thereunder; (iv) Geiger with aiding and abetting Cornerstone's violations of Advisers Act Section 206(4) and Rule 206(4)-7 thereunder; and (v) Ngo with aiding and abetting Cornerstone's and Geiger's Advisers Act violations except for Advisers Act Section 206 and Rule 206(4)-7 thereunder. The SEC seeks permanent injunctions, disgorgement with prejudgment interest, and civil penalties against all defendants.

The SEC received assistance from the Bermuda Monetary Authority

Securities and Exchange Commission v. Cornerstone Acquisition and Management Company LLC, Derren L. Geiger, and She Hwea Ngo, Case 3:22-cv-00765-JLS-WVG (S.D. Cal. Filed May 27, 2022).

In the Matter of BlueCrest Capital Management Limited:

On December 8, 2020, the SEC announced that UK-based investment adviser BlueCrest Capital Management Limited has agreed to pay $170 million to settle charges arising from inadequate disclosures, material misstatements, and misleading omissions concerning its transfer of top traders from its flagship client fund, BlueCrest Capital International (BCI), to a proprietary fund, BSMA Limited, and replacement of those traders with an underperforming algorithm. The SEC will distribute the $170 million to harmed investors.

According to the SEC's order, BlueCrest created BSMA to trade the personal capital of BlueCrest personnel using primary trading strategies that overlapped with BCI's. As set forth in the order, members of BlueCrest's governing body, which made the relevant decisions regarding BSMA, had a 93 percent ownership interest in BSMA that peaked at $1.79 billion compared to its ownership interest of approximately $619 million in BCI.

The order finds that, over more than four years, BlueCrest made inadequate and misleading disclosures concerning BSMA's existence, the movement of traders from BCI to BSMA, the use of the algorithm in BCI, and associated conflicts of interest. According to the order, BlueCrest transferred a majority of its highest-performing traders from BCI to BSMA, and assigned many of its most promising newly hired traders, eligible to trade for either fund, to BSMA.

The order also finds that BlueCrest failed to disclose that it reallocated the transferred traders' capital allocations in BCI to a semi-systematic trading system, which was essentially a replication algorithm that tracked certain trading activity of a subset of BlueCrest's live traders. The order finds that BlueCrest did not disclose certain material facts about the algorithm to BCI's independent directors. According to the order, the algorithm generated significantly less profit with greater volatility than the live traders. The order finds that BlueCrest was able to keep more of any performance fees generated by the algorithm than by live traders.

The SEC's order finds that BlueCrest willfully violated antifraud provisions of the Securities Act of 1933 and Investment Advisers Act of 1940 as well as the Advisers Act's compliance rule. Without admitting or denying the SEC's findings, BlueCrest agreed to a cease-and-desist order imposing a censure, and must pay disgorgement and prejudgment interest of $132,714,506 and a penalty of $37,285,494, all of which will be returned to investors.

The SEC received assistance from the UK's Financial Conduct Authority.

In the Matter of BlueCrest Capital Management Limited, Administrative Proceeding File No. 3-20162 (December 8, 2020).

Market Manipulation

Securities and Exchange Commission v. Jay Scott Kirk Lee, Geoffrey Allen Wall, and Benjamin Thompson Kirk:

On December 10, 2021, the SEC announced it charged three Canadian citizens with carrying out a fraudulent scheme involving penny stocks which generated tens of millions of dollars in proceeds but left investors with nearly worthless shares of various public companies.

According to the SEC's complaint, between at least 2011 and 2016, Jay Scott Kirk Lee, Geoffrey Allen Wall, and Benjamin Thompson Kirk allegedly were able to utilize a network of offshore

front companies to conceal their control of shares in penny stocks, unload those shares on unsuspecting retail investors, and disburse the proceeds of their fraud to various bank accounts throughout the world.

The SEC also alleges that Lee, Wall and Kirk hid their control from brokers and transfer agents who serve as "gatekeepers" to assure that shares controlled by company affiliates (including those who control 5% or more of a company's shares) were not sold to the public without proper disclosure in a registration statement.

The defendants charged in this case were some of the more prolific clients of Frederick L. Sharp and his offshore platform, which was essentially a complete service provider for all the illicit needs of those dedicated to committing penny stock fraud. The SEC filed an action against Sharp and his associates in August 2021 for violations of the anti-fraud and registration provisions of the federal securities laws arising from their creation, maintenance and profiting from this platform. (*SEC v. Frederick L. Sharp, et al.*, Case 1:21-cv-11276-WGY (D. Mass. August 5, 2021)).

The SEC's complaint, which was filed in federal district court in Boston, charges Lee, Wall and Kirk with violating the antifraud and registration provisions of the federal securities laws. The SEC is seeking permanent injunctions, conduct based injunctions, disgorgement of allegedly ill-gotten gains plus interest, civil penalties, and penny stock bars.

The SEC received the assistance of the British Columbia Securities Commission, the Mauritius Financial Services Commission, and the Curaçao Korps Landelijke Politiediensten.

Securities and Exchange Commission v. Jay Scott Kirk Lee, Geoffrey Allen Wall, and Benjamin Thompson Kirk, Case 1:21-cv-11997 (D. Mass. Filed December 9, 2021).

Securities and Exchange Commission v. Timothy Page, and et al.; and Securities and Exchange Commission v. Daniel Cattlin and William R. Shupe:

On September 23, 2021, the SEC filed two complaints in the United States District Court for the Eastern District of New York charging four individuals and five entities for their roles in an allegedly fraudulent microcap scheme that generated more than $10 million in unlawful stock sales. The SEC also is seeking an order to freeze the assets of seven of the defendants and one relief defendant.

According to the first of the two complaints, United Kingdom citizen Timothy Page, a recidivist, and his son, U.K. resident Trevor

Page, schemed with associates to acquire millions of shares in U.S. publicly traded microcap companies, disguise their control over the companies, and then dump their shares into the public markets in violation of the securities laws. The Pages allegedly used nominee entities, including the five entity defendants, to conceal their holdings in the companies, and then engaged in manipulative trading and hired boiler rooms to generate artificial demand for their stock by making misleading statements to investors.

The SEC's second complaint alleges that two of the Pages' associates, Utah resident William R. Shupe and U.K. resident Daniel Cattlin, used their insider roles as officers or majority shareholders at several of the microcap companies to hide the Pages' control. At the same time, they helped the Pages secretly acquire and then sell millions of the companies' shares. Shupe allegedly enabled the Pages to disguise their control over the companies by, among other things, holding the Pages' securities through a company Shupe formed and by helping the Pages conceal their funding of the microcap companies. Cattlin is alleged to have coordinated with the Pages to provide false and misleading information in response to investigative subpoenas issued by the SEC staff, and during an interview conducted by SEC staff in June 2020.

The SEC's complaints charge each of the nine defendants with violating the antifraud provisions of the federal securities laws. Timothy and Trevor Page and three of the entity defendants also are charged with violating the securities laws' registration provisions, and Timothy and Trevor Page and one entity are charged with violating the securities laws' reporting provisions. Timothy Page and Trevor Page also are charged with violating the market manipulation provisions of the federal securities laws. Cattlin and Shupe are charged with aiding and abetting the Pages' violations of the antifraud provisions of the securities laws. Timothy Page's wife, Janan Page, is named as a relief defendant for her alleged receipt of illicit proceeds from the Pages' fraudulent scheme. In addition to seeking an order freezing the assets of Timothy, Trevor, and Janan Page and the five entity defendants, the SEC seeks permanent injunctions, disgorgement of ill-gotten gains plus interest, and civil penalties against all the defendants. The SEC also seeks penny stock bars against Trevor Page, Cattlin, and Shupe, conduct-based injunctions against the Pages, and officer and director bars against Cattlin and Shupe.

The SEC received the assistance of the British Columbia Securities Commission, the Royal Canadian Mounted Police, the Malta Financial Services Authority, the Mauritius Financial Services Commission, the Hong Kong Securities and Futures Commission, Magyar Nemzeti Bank (The Central Bank of Hungary), and the Monetary Authority of Singapore.

Securities and Exchange Commission v. Timothy Page, and et al., Case 1:21-cv-05292-ARR-RLM (E.D.N.Y. September 23, 2021); *Securities and Exchange Commission v. Daniel Cattlin and William R. Shupe*, Case 1:21-cv-05294 (E.D.N.Y. September 23, 2021).

Securities and Exchange Commission v. Frederick L. Sharp, Zhiying Yvonne Gasarch, Courtney Kelln, Mike K. Veldhuis, Paul Sexton, Jackson T. Friesen, William T. Kaitz, Avtar S. Dhillon, and

Graham R. Taylor:

On August 9, 2021, the SEC announced an emergency action charging nine individuals, including a public company chairman, for their participation in long-running fraudulent schemes that collectively generated hundreds of millions of dollars from unlawful stock sales and caused significant harm to retail investors in the United States and around the world. The SEC has obtained emergency relief in court, including an order to freeze the defendants' assets.

According to the SEC's complaint unsealed on August 9, Canadian resident Frederick L. Sharp masterminded a complex scheme from 2011 to 2019 in which he and his associates – Canadian residents Zhiying Yvonne Gasarch and Courtney Kelln – enabled control persons of microcap companies whose stock was publicly traded in the U.S. securities markets to conceal their control and ownership of huge amounts of penny stock. They then surreptitiously dumped the stock into the U.S. markets in violation of federal securities laws. The services Sharp and his associates allegedly provided included furnishing networks of offshore shell companies to conceal stock ownership, arranging stock transfers and money transmittals, and providing encrypted accounting and communications systems. According to the complaint, Sharp and his associates facilitated over a billion dollars in gross sales in hundreds of penny stock companies.

The complaint alleges that one group of control persons comprised of Canadian residents Mike K. Veldhuis, Paul Sexton, and Jackson T. Friesen frequently collaborated with Sharp to dump huge

stock positions while hiding their control positions and stock promotional activities from the investing public. The complaint further alleges that California resident Avtar S. Dhillon, who chaired the boards of directors of four of the public companies whose stocks were fraudulently sold during the schemes, reaped millions in illicit proceeds from those illegal sales. Dhillon was allegedly complicit with Veldhuis and his associates as well as with others, including Canadian resident Graham R. Taylor. According to the complaint, Maryland resident William T. Kaitz worked as a promoter and allegedly touted stocks that Veldhuis, Sexton, and Friesen simultaneously planned to sell, while concealing their roles.

The SEC filed a related action on August 4, 2021, charging Mexican resident Luis Jimenez Carrillo for engaging in deceptive penny stock schemes that generated more than $75 million from the fraudulent sales of multiple microcap companies' stock. Carrillo, who allegedly utilized Sharp's services, partnered with Canadian resident Amar Bahadoorsingh and United Kingdom residents Justin Roger Wall and Jamie Samuel Wilson on at least one of the schemes.

The SEC's complaint, which was filed in federal district court in Boston, charges Sharp, Kelln, Veldhuis, Sexton, Friesen, and Dhillon with violating the antifraud and registration provisions of the federal securities laws. Veldhuis, Sexton, Friesen, and Dhillon are also charged with violating reporting provisions of the federal securities laws. Taylor, Gasarch, and Kaitz are each charged with violating one or more of the antifraud provisions of the federal securities laws. Taylor, Sharp, Kelln, Gasarch, and Kaitz are also charged with aiding and abetting violations by other defendants. In addition to the asset freeze and other temporary relief obtained, the SEC is seeking permanent injunctions, conduct based injunctions, disgorgement of allegedly ill-gotten gains plus interest, civil penalties, penny stock bars, and an officer and director bar for Dhillon.

The SEC received the assistance of the Alberta Securities Commission, the British Columbia Securities Commission, the Royal Canadian Mounted Police, the Argentina Comisión Nacional de Valores, the Securities Commission of The Bahamas, the Colombia Fiscalía General de la Nación, the Curaçao Korps Landelijke Politiediensten, the Cayman Islands Monetary Authority, the Cyprus Securities and Exchange Commission, the Dominican Republic Superintendencia del Mercado de Valores, the German Bundesanstalt für Finanzdienstleistungsaufsicht, the Hong Kong Securities and Futures Commission, the Latvia Financial and Capital Market

Commission, the Liechtenstein Financial Market Authority, the Bank of Lithuania, the Malta Financial Services Authority, the Mauritius Financial Services Commission, the Mexican Comisión Nacional Bancaria y de Valores, the New Zealand Financial Markets Authority, the Panamanian Superintendencia del Mercado de Valores, the St. Lucia Financial Intelligence Authority, the Securities Commission of Serbia, the Monetary Authority of Singapore, the Swiss Financial Market Supervisory Authority, the United Arab Emirates Securities and Commodities Authority, the Dubai Financial Services Authority, and the United Kingdom Financial Conduct Authority.

Securities and Exchange Commission v. Frederick L. Sharp, Zhiying Yvonne Gasarch, Courtney Kelln, Mike K. Veldhuis, Paul Sexton, Jackson T. Friesen, William T. Kaitz, Avtar S. Dhillon, and Graham R. Taylor, 1:21-cv-11276-WGY (D. Mass. Filed August 5, 2021).

Securities and Exchange Commission v. Sean Wygovsky:

On July 2, 2021, the SEC announced fraud charges against Sean Wygovsky, a trader at a major Canada-based asset management firm, in connection with a long-running and lucrative front-running scheme that Wygovsky perpetrated in the accounts of his close family members, netting more than $3.6 million in illicit gains.

According to the SEC's complaint, from approximately January 2015 through at least April 2021, Wygovsky repeatedly traded in his family members' accounts held at brokerage firms in the United States ahead of large trades that were executed on the same days in the accounts of his employer's advisory clients. On over 600 occasions, Wygovsky allegedly bought or sold a stock for one his relatives' accounts either before the client accounts began executing a large order for the same stock on the same side of the market, or during the time period when tranches of such a large order were being executed. Then, typically before the client accounts completed their executions, Wygovsky allegedly closed out the just-established positions in his relatives' accounts, nearly always at a profit.

The SEC's complaint, filed in federal court in New York, charges Wygovsky with violating the antifraud provisions of the federal securities laws and seeks disgorgement of ill-gotten gains plus interest, penalties, and injunctive relief.

Securities and Exchange Commission v. Sean Wygovsky, Case 1:21-cv-05730 (S.D.N.Y. Filed July 2, 2021).

Securities and Exchange Commission v. Trevon Brown, Craig Grant, Joshua Jeppesen, Ryan Maasen, and Michael Noble:

On May 28, 2021, the SEC announced an action against five individuals alleging that they promoted a global unregistered digital asset securities offering that raised over $2 billion from retail investors.

According to the SEC's complaint, filed in the United States District Court for the Southern District of New York, from approximately January 2017 to January 2018, BitConnect used a network of promoters, including U.S.-based Trevon Brown (a.k.a. Trevon James), Craig Grant, Ryan Maasen, and Michael Noble (a.k.a. Michael Crypto) to market and sell securities in its "lending program." The SEC's complaint alleges that these promoters offered and sold the securities without registering the securities offering with the Commission, and without being registered as broker-dealers with the Commission, as required by the federal securities laws. The promoters advertised the merits of investing in BitConnect's lending program to prospective investors, including by creating "testimonial" style videos and publishing them on YouTube, sometimes multiple times a day. According to the complaint, the promoters received commissions based on their success in soliciting investor funds. Another U.S.-based individual, Joshua Jeppesen, served as a liaison between BitConnect and promoters and represented BitConnect at conferences and promotional events.

The SEC's complaint charges the promoter defendants with violating the registration provisions of the federal securities laws, and Jeppesen with aiding and abetting BitConnect's unregistered offer and sale of securities. The complaint seeks injunctive relief, disgorgement plus interest, and civil penalties.

The SEC received the assistance of the Cayman Islands Monetary Authority, the Hong Kong Securities and Futures Commission, the Monetary Authority of Singapore, the Ontario Securities Commission, the Romanian Financial Supervisory Authority, and the Thailand Securities and Exchange Commission.

Securities and Exchange Commission v. Trevon Brown, Craig Grant, Joshua Jeppesen, Ryan Maasen, and Michael Noble, Case 1:21-cv-04791 (Filed May 28, 2021).

Securities and Exchange Commission v. Ongkaruck Sripetch, Amanda Flores, Brehnen Knight, Andrew McAlpine, Ashmit Patel, Michael Wexler, Dominic Williams, Adtron Inc. aka Stockpalooza.com, ATG Inc., DOIT Ltd., Doji Capital, Inc., King Mutual Solutions Inc., Optimus Prime Financial Inc., Orca Bridge, Redline International, and UAIM Corporation:

On September 23, 2020, the SEC announced that it has obtained an asset freeze and other emergency relief to halt a series of microcap market manipulation schemes that defrauded retail investors.

According to the SEC's complaint, from 2013 to 2019, the defendants engaged in various schemes to manipulate microcap stocks and defraud retail investors, obtaining a total of over $6 million in illicit profits.

First, as alleged in the complaint, from at least 2013 to 2017, defendants Ongkaruck Sripetch, Amanda Flores, and Brehnen Knight with assistance on certain occasions from attorney Ashmit Patel orchestrated numerous fraudulent "scalping" schemes. According to the complaint, they purchased stock in over-the-counter issuers through various entities that they controlled, funded promotional campaigns recommending that investors buy those stocks, and then sold the stocks when their price and trading volume were inflated by those same unlawful promotional campaigns. The complaint also alleges that, from 2013 to 2016, Sripetch and Flores along with Dominic Williams and several entities controlled by Sripetch sold over 24 million shares of a microcap issuer they controlled and promoted. According to the complaint, these sales were not registered with the Commission or exempt from registration.

Second, the complaint alleges that in 2016, Sripetch, and Knight engaged in manipulative trading by executing matched trades and wash orders to create a fictitious, attractive price and volume trading history to prime the market in advance of a promotional campaign for a microcap stock.

Third, the complaint alleges that in 2018 and 2019, Sripetch and Knight along with Michael Wexler and Andrew McAlpine, planned and implemented pump-and-dump manipulations of the stock of a microcap issuer controlled by Wexler. According to the complaint, Sripetch and McAlpine were able to sell approximately 340,000 shares before the SEC suspended trading.

The SEC alleges that Flores, Knight, Sripetch, McAlpine, Wexler, and their companies, Adtron Inc., ATG Inc., DOIT Ltd., Doji Capital Inc., King Mutual Solutions Inc., Optimus Prime Financial

Inc., Orca Bridge, Redline International, and UAIM Corporation violated the antifraud provisions of the federal securities laws and that Patel aided and abetted certain of those violations. The SEC also alleges that Knight and Sripetch violated the anti-manipulation provisions of the federal securities laws and that Sripetch, Flores, Williams, DOIT, Doji, Optimus, Redline, and UAIM violated the registration provisions of the federal securities laws. The SEC seeks permanent injunctions, disgorgement plus prejudgment interest, civil penalties, and penny stock bars against the individual defendants as well as officer-and-director bars against Knight and Flores.

The Honorable Marilyn L. Huff of the U.S. District Court for the Southern District of California granted the SEC's request for a temporary restraining order and other emergency relief against defendants Sripetch, Flores, Knight and Patel as well as an asset freeze against Sripetch, Knight and Patel. Judge Huff scheduled a hearing for Oct. 5, 2020.

The SEC received assistance from the Alberta Securities Commission.

Securities and Exchange Commission v. Ongkaruck Sripetch, and et al., 3:20-cv-01864-CAB-AGS (Filed September 21, 2020).

Foreign Corrupt Practices Act (FCPA)

In the Matter of Tenaris S.A.: On June 2, 2022, the SEC announced that Tenaris, a Luxembourg-based global manufacturer and supplier of steel pipe products, will pay more than $78 million to resolve charges that it violated the Foreign Corrupt Practices Act (FCPA) in connection with a bribery scheme involving its Brazilian subsidiary.

According to the SEC's order, the resolution with Tenaris is the result of an alleged bribe scheme involving agents and employees of its Brazilian subsidiary to obtain and retain business from the Brazil state-owned entity Petrobras. Specifically, the order finds that between 2008 and 2013, approximately $10.4 million in bribes was paid to a Brazilian government official in connection with the bidding process at Petrobras. The bribes were funded on behalf of Tenaris' Brazilian subsidiary by companies affiliated with Tenaris' controlling shareholder.

This is not the first time Tenaris has been involved in a corruption scheme. In 2011, the company entered into a Non-Prosecution Agreement with the Department of Justice and a Deferred Prosecution Agreement with the SEC as a result of alleged bribes

the company paid to obtain business from a state-owned entity in Uzbekistan.

Tenaris consented to the SEC's order without admitting or denying the findings that it violated the anti-bribery, books and records, and internal accounting controls provisions of the Securities Exchange Act of 1934 and agreed to pay more than $78 million in combined disgorgement, prejudgment interest, and civil penalties. The company also agreed to comply with undertakings for a two-year period related to its ongoing remedial efforts.

The SEC received assistance from the Superintendencia del Mercado de Valores (SMV) in Panama, the Brazilian Federal Prosecution Service, and the Procura della Repubblica presso il Tribunale di Milano, Italy.

In the Matter of Tenaris S.A., Administrative Proceeding File No. 3-20875 (June 2, 2022).

In the Matter of WPP plc:

On September 24, 2021, the SEC announced that London-based WPP plc, the world's largest advertising group, has agreed to pay more than $19 million to resolve charges that it violated the anti-bribery, books and records, and internal accounting controls provisions of the Foreign Corrupt Practices Act (FCPA).

According to the SEC's order, WPP implemented an aggressive business growth strategy that included acquiring majority interests in many localized advertising agencies in high-risk markets. The order finds that WPP failed to ensure that these subsidiaries implemented WPP's internal accounting controls and compliance policies, instead allowing the founders and CEOs of the acquired entities to exercise wide autonomy and outsized influence. The order also finds that, because of structural deficiencies, WPP failed to promptly or adequately respond to repeated warning signs of corruption or control failures at certain subsidiaries. For example, according to the order, a subsidiary in India continued to bribe Indian government officials in return for advertising contracts even though WPP had received seven anonymous complaints touching on the conduct. The order also documents other schemes and internal accounting control deficiencies related to WPP's subsidiaries in China, Brazil, and Peru.

Without admitting or denying the SEC's findings, WPP agreed to cease and desist from committing violations of the anti-bribery, books and records, and internal accounting controls provisions of

the FCPA and to pay $10.1 million in disgorgement, $1.1 million in prejudgment interest, and an $8 million penalty.

The SEC received the assistance of the Securities and Exchange Board of India and Brazil's Comissão de Valores Mobilários.

In the Matter of WPP plc, Administrative Proceeding File No. 3-20595 (September 24, 2021).

In the Matter of Amec Foster Wheeler Limited:

On June 25, 2021, the SEC announced charges against Amec Foster Wheeler Limited (Foster Wheeler) for violations of the Foreign Corrupt Practices Act (FCPA) arising out of a bribery scheme that took place in Brazil. As part of coordinated resolutions with the SEC, the U.S. Department of Justice, the Brazil Controladoria-General da Uniῶo (CGU)/Advocacia-Geral da Uniῶo (AGU) and the Ministério Publico Federal (MPF), and the United Kingdom Serious Fraud Office (SFO), the company has agreed to pay more than $43 million related to this scheme, including more than $10.1 million to settle the SEC's charges.

The SEC's order finds that Foster Wheeler, a company that provided project, engineering, and technical services to energy and industrial markets worldwide, engaged in a scheme to obtain an oil and gas engineering and design contract from the Brazilian state-owned oil company, Petroleo Brasileiro S.A. (Petrobras), known as the UFN-IV project. According to the order, from 2012 through 2014, Foster Wheeler's UK subsidiary, Foster Wheeler Energy Limited (FWEL), made improper payments to Brazilian officials in connection with its efforts to win the contract and establish a business presence in Brazil. The bribes were paid through third party agents, including one agent who failed Foster Wheeler's due diligence process, but was allowed to continue working "unofficially" on the UFN-IV project. According to the order, Foster Wheeler paid approximately $1.1 million in bribes in connection with obtaining the contract.

Foster Wheeler, which is currently owned by John Wood Group PLC, consented to the SEC's cease-and-desist order finding that it violated the anti-bribery, books and records, and internal accounting controls provisions of the FCPA and agreed to pay $22.7 million in disgorgement and prejudgment interest. The SEC's order provides for offsets for up to $9.1 million of any disgorgement paid to the CGU/AGU and the MPF in Brazil and up to $3.5 million of any disgorgement paid to the SFO in the United Kingdom. Therefore,

the company's minimum payment to the SEC would be approximately $10.1 million.

The SEC received the assistance of the CGU/AGU and the MPF in Brazil and the SFO in the United Kingdom.

In the Matter of Amec Foster Wheeler Limited, Administrative Proceeding File No. 3-20373 (June 25, 2021).

In the Matter of The Goldman Sachs Group, Inc.:

On October 22, 2020, the SEC announced charges against The Goldman Sachs Group Inc. for violations of the Foreign Corrupt Practices Act (FCPA) in connection with the 1Malaysia Development Berhad (1MDB) bribe scheme, and as part of coordinated resolutions, it has agreed to pay more than $2.9 billion, which includes more than $1 billion to settle the SEC's charges.

According to the SEC's order, beginning in 2012, former senior employees of Goldman Sachs used a third-party intermediary to bribe high-ranking government officials in Malaysia and the Emirate of Abu Dhabi. The order finds that these bribes enabled Goldman Sachs to obtain lucrative business from 1MDB, a Malaysian government-owned investment fund, including underwriting approximately $6.5 billion in bond offerings.

The SEC's order finds that Goldman Sachs violated the antibribery, internal accounting controls, and books and records provisions of the federal securities laws. Goldman Sachs agreed to a cease-and-desist order and to pay $606.3 million in disgorgement and a $400 million civil penalty, with the amount of disgorgement satisfied by amounts it paid to the Government of Malaysia and 1MDB in a related settlement.

In December 2019, the SEC charged former Goldman Sachs Group Inc. participating managing director Tim Leissner for his role in the 1MDB bribery scheme. (*In the Matter of Tim Leissner*, Administrative Proceeding File No. 3-19619, December 16, 2019.)

The SEC received assistance from the United Kingdom's Financial Conduct Authority, the United Kingdom's Prudential Regulation Authority, the Monetary Authority of Singapore, the Securities Commission of Malaysia, and the Securities and Futures Commission of Hong Kong.

In the Matter of The Goldman Sachs Group, Inc., Administrative Proceeding File No. 3-20132 (October 22, 2020).

In the Matter of J&F Investimentos, S.A., JBS, S.A., Joesley Batista, and Wesley Batista:

On October 14, 2020, the SEC announced announced that Brazilian nationals Joesley Batista and Wesley Batista and their companies J&F Investimentos S.A. and JBS S.A., a global meat and protein producer, have agreed to pay nearly $27 million to resolve charges arising out of an extensive bribery scheme that took place over multiple years.

The SEC's order finds that the Batistas engaged in a bribery scheme in part to facilitate JBS's 2009 acquisition of U.S. issuer Pilgrim's Pride Corporation. According to the order, following that acquisition and while serving as board members of Pilgrim's, the Batistas made payments of approximately $150 million in bribes at the direction of a former Brazil Finance Minister using in part funds from intercompany transfers, dividend payments, and other means obtained from JBS operating accounts containing funds from Pilgrim's. As set forth in the order, the Batistas exerted significant control over Pilgrim's, which shared office space, overlapping board members and executives, accounting and SAP systems, and certain internal accounting controls and policy documents with JBS and its U.S. affiliate JBS USA. The order finds that as a result of that control, the Batistas caused the failure of Pilgrim's to maintain an adequate system of internal accounting controls and accurate books and records. The order also finds that the Batistas, who signed Pilgrim's Pride's financial statements, did not disclose their conduct to Pilgrim's Pride's accountants and independent public accountants.

Joesley Batista, Wesley Batista, J&F, and JBS consented to the SEC's order finding that they caused Pilgrim's Pride's violations of the books and records and internal accounting controls provisions of the FCPA and agreed to cease-and-desist orders. Further, JBS agreed to pay approximately $27 million in disgorgement and the Batistas each agreed to pay a civil penalty of $550,000. The parties must also comply with a three-year undertaking to self-report on the status of certain remedial measures. As also announced by the Department of Justice, J&F pleaded guilty to conspiracy to violate the FCPA and will pay a criminal penalty of over $256 million.

The SEC received assistance from the Ministerio Publico Federal and the Procuradoria-Geral da Republica in Brazil.

In the Matter of J&F Investimentos, S.A., JBS, S.A., Joesley Batista, and Wesley Batista, Administrative Proceeding File No. 3-20124 (October 14, 2020).

V. TECHNICAL ASSISTANCE

As reflected in the Commission's most recent Congressional Justification (for Fiscal Year 2023),[56] OIA's Technical Assistance program advances the Commission's policy objectives for international cooperation, including promoting best practices and overcoming obstacles with respect to cross-border enforcement-related information sharing. Consistent with the agency's enforcement priorities, which include a focus on investor protection and keeping pace with technological change, the TA team will continue to advance initiatives to address frauds that affect retail investors, such as cross-border pump-and-dump frauds. The TA program builds capacity and strong relationships with the foreign counterparts the SEC relies on for assistance in SEC enforcement cases and overseas examinations. In response to increased requests from foreign securities authorities, the TA staff will provide technical advice and virtual training; review regulatory oversight regimes and suggest improvements; and consult with foreign securities authorities on draft legislation and regulations and operational processes.

As reflected in a recent Report of the Attorney General,[57] the TA team has been active in providing effective TA to foreign counterparts in the digital assets area. Historically, SEC TA projects reach in the range of 1,600 to 2,000 foreign officials every year. With respect to digital assets, from the beginning of FY 2020 to the present, SEC staff have completed 17 TA projects, working with and training 334 foreign officials from more than 50 countries.

56. Fiscal Year 2023, Congressional Budget Justification, Annual Performance Plan, FISCAL YEAR 2021, Annual Performance Report at https://www.sec.gov/files/FY%202023%20Congressional%20Budget%20Justification%20Annual%20Performance%20Plan_FINAL.pdf, pp. 51-52.
57. Report of the Attorney General Pursuant to Section 8(b)(iv) of Executive Order 14067: How To Strengthen International Law Enforcement Cooperation For Detecting, Investigating, And Prosecuting Criminal Activity Related To Digital Assets, at https://www.justice.gov/ag/page/file/1510931/download Annex C, International Training and Outreach Efforts, p. 45.

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