

CLIENT ALERT

SEC Enforcement – New Administration Update – First Half of 2025

July 7, 2025

AUTHORS

A. Kristina Littman | Erik Holmvik | Kevin Burns

The first half of 2025 has welcomed a number of pivots away from the Biden administration's U.S. Securities and Exchange Commission (the "SEC" or the "Commission") enforcement priorities. Key changes include shifts in the SEC's approach to crypto assets, climate-related disclosures, and rules-based violations without accompanying allegations of investor harm. These changes come while the Commission itself has undergone a significant recomposition: Chair Gensler and Commissioner Jaime Lizárraga have resigned, Commissioner Caroline Crenshaw's term ends this year, and Chairman Paul Atkins was sworn in. Read on to learn more about the changes taking place at the SEC under Trump's administration and what market participants might expect from them.

1. Crypto Enforcement Détente

The Commission is making significant industry-friendly reforms to its enforcement approach regarding crypto assets and market participants. The new approach appears to focus primarily on instances of fraudulent conduct, abandoning the prior focus on registration violations.

SEC Enforcement – New Administration Update – First Half of 2025

On January 21, 2025, then-Acting Chairman Mark T. Uyeda announced the creation of a new Crypto Task Force designed to develop a comprehensive and clear regulatory framework for crypto assets.¹ The Crypto Task Force is led by Commissioner Peirce and aims to clarify regulatory lines, develop sensible disclosure frameworks, provide realistic paths to registration, and deploy enforcement resources judiciously.² Former Willkie Partner Mike Selig joined the task force as its Chief Counsel.³ For more information on the regulatory developments, including crypto-specific staff guidance, see Willkie's prior client alert "Where We Stand in June 2025: Highlights of Regulatory Changes Impacting Asset Managers from the First Half of 2025."⁴

A month after announcing the new Crypto Task Force, the Commission reorganized the Crypto Assets and Cyber Unit into the new Cyber and Emerging Technologies Unit (the "CETU") to complement the work of the Crypto Task Force.⁵ The CETU is designed to "clear[] the way for innovation to grow" and will "deploy enforcement resources judiciously."⁶ Per then-Acting Chairman Uyeda, the CETU's enforcement objectives embrace these goals by prioritizing: (1) fraud committed using emerging technologies, such as artificial intelligence and machine learning; (2) use of social media, the dark web, or false websites to perpetrate fraud; (3) hacking to obtain material nonpublic information; (4) takeovers of retail brokerage accounts; (5) fraud involving blockchain technology and crypto assets; (6) regulated entities' compliance with cybersecurity rules and regulations; and (7) public issuer fraudulent disclosure relating to cybersecurity.⁷

The Commission has voluntarily dismissed or stayed the majority of its litigation docket against crypto industry participants. Since January, the SEC dismissed its suit against Coinbase Inc. and Coinbase Global Inc.⁸ and closed its investigation into one crypto intermediary without taking further action.⁹ On May 29, 2025, the SEC and Binance filed a joint stipulation to dismiss the SEC's claims against Binance.¹⁰ The SEC and Ripple have also reached an agreement to drop their cross appeals and petitioned the district court to modify the final judgment to reduce the penalty amount and dissolve the injunctive relief ordered by the court.¹¹ That request was denied by the district court and both parties are expected to dismiss their pending appeals.¹² These actions also seem to align with the current administration's intent to pivot away from policy development by enforcement.

¹ The SEC's press release announcing the new Crypto Task Force is available [here](#).

² *Id.*

³ The SEC's press release announcing the members of the Crypto Task Force staff is available [here](#).

⁴ Willkie's client alert is available [here](#).

⁵ The SEC's press release announcing and describing the CETU is available [here](#).

⁶ *Id.*

⁷ *Id.*

⁸ The SEC's press release is available [here](#).

⁹ This intermediary's press release is available [here](#).

¹⁰ The SEC's litigation release announcing the joint stipulation is available [here](#).

¹¹ The SEC's litigation release announcing the Ripple agreement is available [here](#). The joint request to modify the final judgement to reduce the penalty amount and dissolve the injunction was ultimately denied by the court. See Order Denying 983 Letter Motion to Reopen, SEC v. Ripple Labs, Inc. et al., No. 1:20-cv-10832 (S.D.N.Y. May 15, 2025), ECF No. 984.

¹² Order Denying 987 Letter Motion to Reopen Case, SEC v. Ripple Labs, Inc. et al., No. 1:20-cv-10832 (S.D.N.Y. June 26, 2025), ECF No. 989.

SEC Enforcement – New Administration Update – First Half of 2025

In parallel with these enforcement action dismissals, the SEC's Division of Corporation Finance has issued a number of statements to provide clarity about what types of assets invoke the federal securities laws. They have issued statements addressing stablecoins,¹³ meme coins,¹⁴ proof-of-work,¹⁵ and staking.¹⁶

The SEC has continued to bring crypto enforcement actions that involve fraud and investor harm. On April 22, 2025, the SEC charged Ramil Palafox, founder of PGI Global, with violating the anti-fraud and registration provisions of the federal securities laws.¹⁷ Palafox allegedly guaranteed investors high returns from PGI Global's crypto and foreign exchange trading business lines, but instead allegedly misappropriated more than \$57 million and used the remaining funds to pay other investors their supposed returns in a "Ponzi-like" scheme.¹⁸ On May 20, 2025, the SEC charged Unicoi and three of its top executives with violating the anti-fraud provisions of the federal securities laws, as well as violating the registration provisions of the Securities Act of 1933.¹⁹ Unicoi and its executives allegedly made false and misleading statements that its crypto tokens were backed by billions of dollars of real estate and equity interests in pre-IPO companies, when Unicoi's assets were only worth a small fraction of that amount.²⁰ These statements allowed Unicoi to allegedly raise more than \$100 million from thousands of investors.²¹

The SEC has taken several other steps this year to continue "clearing the way for innovation." On January 30, 2025, the SEC issued Staff Accounting Bulletin ("SAB") No. 122, rescinding the guidance contained in SAB No. 121.²² SAB No. 121 had the effect of making it commercially unattractive for issuers to maintain crypto assets on their balance sheets. No replacement guidance as to how to treat crypto assets has been issued as of yet.²³

2. Environmental Social Governance–Related Enforcement Likely Halted

The SEC's enforcement efforts in the Environmental Social Governance ("ESG") space, and its efforts to mandate environmental and climate-related disclosures for issuers, are being meaningfully dialed back.

On March 27, 2025, the Commission voted to end its ongoing defense of final agency action Release Nos. 33-11275 and 34-99678,²⁴ titled "The Enhancement and Standardization of Climate-Related Disclosures for Investors" (the "Climate Disclosure Rule").²⁵ These rules, which went into effect on May 28, 2024, require companies registered with the SEC to provide additional disclosures related to material climate-related risks, such as steps taken to mitigate climate risk and losses incurred as a result of severe weather events, among others.

¹³ The SEC Division of Corporation Finance's statement on stablecoins is available [here](#).

¹⁴ The SEC Division of Corporation Finance's statement on meme coins is available [here](#).

¹⁵ The SEC Division of Corporation Finance's statement on proof-of-work is available [here](#).

¹⁶ The SEC Division of Corporation Finance's statement on staking is available [here](#).

¹⁷ The SEC's press release announcing the proceeding against Palafox is available [here](#).

¹⁸ *Id.*

¹⁹ The SEC's press release announcing the proceeding against Unicoi is available [here](#).

²⁰ *Id.*

²¹ *Id.*

²² Staff Accounting Bulletins Nos. 121 and 122 are available [here](#) and [here](#), respectively.

²³ Staff Accounting Bulletin No. 122, rescinding SAB No. 121, is available [here](#).

²⁴ The SEC's final rule is available [here](#), and the Federal Register version is available [here](#).

²⁵ The SEC's press release is available [here](#).

SEC Enforcement – New Administration Update – First Half of 2025

Commissioners Uyeda²⁶ and Peirce²⁷ issued dissents questioning the utility of the rules, noting the increased costs borne by issuers to comply with them.

The Climate Disclosure Rule is being actively challenged in the Eighth Circuit by the State Attorneys General of Iowa, Arkansas, Idaho, Missouri, Montana, Nebraska, North Dakota, South Dakota, and Utah.²⁸ The Commission's action follows a February 11, 2025 statement from then-Acting Chairman Uyeda, where he signaled that he may not continue to defend the rules in the Eighth Circuit.²⁹ In the statement, then-Acting Chairman Uyeda explained that the Commission's briefs submitted to the Eighth Circuit "do not reflect [his] views" and that he "continue[s] to question the statutory authority of the Commission to adopt the Rule, the need for the Rule, and. . . whether the agency followed the proper procedures under the Administrative Procedure Act to adopt the Rule."³⁰

3. Enforcement of Rules-Based Violations Without Investor Harm Likely Diminished

The Commission has repeatedly emphasized that it wishes to refocus enforcement resources towards bread-and-butter fraud-based enforcement, and away from rules-based violations without accompanying investor—and in particular, retail investor—harm.

Under former Chair Gensler, the SEC brought a number of recordkeeping enforcement actions, often referred to as "off-channel communications" actions, against firms for failing to preserve and maintain electronic records as required by the Securities Exchange Act of 1934 Rule 17a-4³¹ and the Investment Advisers Act of 1940 Rule 204-2.³² These actions involved penalties for communications made using unapproved methods outside of the reach of the firms' compliance personnel or the Commission, such as personal texting applications including WhatsApp or WeChat.³³ Enforcement of the recordkeeping provisions often took the form of sweeps, characterized by the simultaneous investigation and coordinated, same-day publication of settled actions. Commissioners Uyeda and Peirce both objected to a recent off-channel communications action brought in September 2024, and have issued dissents to other off-channel communications sweeps previously.³⁴ The Commissioners' joint dissent emphasized that the respondent issuer had no "achievable path to compliance" and that the "prevalent" use of off-channel communications is something that the SEC "will not solve through enforcement."³⁵

The SEC has not brought any off-channel communications actions since the administration change, likely marking an end to this sweep.

The SEC may similarly change how it proceeds against victims of cyberattacks. Commissioners Uyeda and Peirce previously voted against the SEC actions taken against companies affected by the SolarWinds cyberattacks, as

²⁶ Commissioner Uyeda's statement regarding the rules, dated March 6, 2024, is available [here](#).

²⁷ Commissioner Peirce's statement regarding the rules, dated March 6, 2024, is available [here](#).

²⁸ See *State of Iowa, et al. v. SEC*, Docket No. 24-01522 (8th Cir. Mar 12, 2024) ECF No. BL-2.

²⁹ The Acting Director's statement is available [here](#).

³⁰ *Id.*

³¹ 17 CFR § 240.17a-4.

³² 17 CFR § 275.204-2.

³³ A recent off-channel communications action is available [here](#).

³⁴ The statement by Commissioners Uyeda and Peirce is available [here](#).

³⁵ *Id.*

SEC Enforcement – New Administration Update – First Half of 2025

well as the R.R. Donnelley & Sons Co. cybersecurity incident.³⁶ The Commissioners noted that such actions rendered the SEC playing “Monday morning quarterback,” engaging in a hindsight review to second-guess the company’s initial disclosures.

The SEC also appears less willing to pursue novel legal theories when those theories relate to non-fraud based harm. For example, the SEC recently voluntarily dismissed three lawsuits involving a hedge fund and two penny-stock traders allegedly operating as unregistered securities dealers.³⁷ The SEC declared these dismissals were “appropriate as a policy matter.”³⁸ Notably, the SEC did not allege that any of these three firms had committed fraud.³⁹

4. What to Expect to Continue Under the New SEC

As referenced above, enforcement resources will likely be allocated away from ESG and rules-based enforcement, and instead focus on combating fraud-based activity, particularly that which results in retail investor harm or elder abuse.⁴⁰ In one of its first actions since Inauguration Day, the SEC announced settled charges against One Oak Capital Management LLC and Michael DeRosa for misconduct related to 180 brokerage accounts, most of which were owned by elderly customers of DeRosa.⁴¹ In a recent speech, then-Acting Chairman Uyeda cited numerous recent enforcement actions alleging fraud and wrongdoing involving elder investors, and declared that “the Commission will continue to vigorously pursue bad actors who target senior citizens.”⁴²

Additionally, enforcement actions against companies engaged in so-called “AI-washing”—making false statements or exaggerations about artificial intelligence integration or capability—will likely continue under the new regime. In his recent speech discussed above, then-Acting Chairman Uyeda noted that bad actors repeatedly leverage technological innovation to defraud others, citing a litany of recent enforcement actions against firms engaging in AI-washing.⁴³

Notably, the SEC also dismissed an action against an investment adviser that alleged only policies and procedure violations relating to internal policies designed to prevent the misuse of material nonpublic information.⁴⁴ The original complaint contained no allegations of insider trading and did not seek any disgorgement of ill-gotten gains.⁴⁵

Chairman Atkins appears ready to continue this trend. In his recent testimony before the United States House Appropriations Subcommittee on Financial Services and General Government, Chairman Atkins stated that “Policymaking will be done through notice and comment rulemaking not through regulation-by-enforcement” and

³⁶ The statement by Commissioners Uyeda and Peirce regarding the SolarWinds action is available [here](#) and their statement regarding the R.R. Donnelley matter is available [here](#).

³⁷ Additional information regarding these dismissals is available [here](#).

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ The SEC’s CETU press release is available [here](#).

⁴¹ The SEC’s press release is available [here](#).

⁴² Then-Acting Chairman Uyeda’s speech is available [here](#).

⁴³ *Id.*

⁴⁴ The SEC’s litigation release announcing the dismissal is available [here](#).

⁴⁵ See The SEC’s press release announcing charges is available [here](#).

SEC Enforcement – New Administration Update – First Half of 2025

emphasized that the SEC will establish standards for market participants and enforce violations of those standards, with a particular focus on “fraud and manipulation.”⁴⁶ The SEC has continued its long history of pursuing Ponzi schemes since Chairman Atkins was sworn in.⁴⁷

If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

A. Kristina Littman

202 303 1209

aklittman@willkie.com

Erik Holmvik

202 303 1048

eholmvik@willkie.com

Kevin Burns

212 728 3665

kburns2@willkie.com

WILLKIE

BRUSSELS CHICAGO DALLAS FRANKFURT HAMBURG HOUSTON LONDON LOS ANGELES
MILAN MUNICH NEW YORK PALO ALTO PARIS ROME SAN FRANCISCO WASHINGTON

Copyright © 2025 Willkie Farr & Gallagher LLP. All rights reserved.

This alert is provided for educational and informational purposes only and is not intended and should not be construed as legal advice, and it does not establish an attorney-client relationship in any form. This alert may be considered advertising under applicable state laws. Our website is: www.willkie.com.

⁴⁶ Chairman Atkins's testimony is available [here](#).

⁴⁷ The SEC's press release announcing charges against Kenneth Mattson for operating a multimillion dollar “Ponzi-like” scheme is available [here](#). The SEC's press release announcing charges against Kenneth Alexander II, Robert Welsh, and Caedrynn Conner for operating a \$91 million Ponzi scheme is available [here](#).