

# SEC Enforcement | Enforcement Manual Update

March 25, 2026

## AUTHORS

Juliet Gunev | Jason Linder | A. Kristina Littman | Sonali D. Patel  
Michael S. Schachter | William J. Stellmach | Glenn K. Vanzura | John D. Mitchell  
Erik Holmvik | Kevin Burns | GennaEve Feirson | Benjamin Halom  
Isabella Sabri

---

Recent months have seen a number of notable developments in the securities enforcement space. For the first time since 2017, the U.S. Securities and Exchange Commission (“SEC” or “Commission”) updated its enforcement manual (“Manual”), providing welcome insights into the SEC’s zeitgeist. The Manual has been updated throughout, with perhaps the most notable changes addressing the Wells process, cooperation credit, and the SEC’s emphasis on engagement and transparency between the Commission and the investing public. Also included below is a brief retrospective on the direction of the SEC’s Division of Enforcement following Chairman Atkins’s October 2025 speech outlining the Commission’s priorities. Finally, we cover two recent fraud actions and discuss insights they may offer relating to the current priorities.

## **Changes to the SEC Enforcement Manual**

The Manual's changes include updates to the Wells notice process, the framework for considering cooperation credit, investigative priorities, and more.<sup>1</sup>

*Wells Process Updates:* It is longstanding SEC policy that, in most circumstances, a respondent to an investigation be issued a "Wells notice" prior to the Commission formally recommending charges against them. A Wells notice identifies the alleged securities law violations and gives the respondent an opportunity to make a voluntary "Wells submission" to the SEC, "setting forth their interests and positions in regard to the subject matter of the investigation."<sup>2</sup>

The Manual's updates regarding the Wells process are extensive. Certain of the notable changes include updates to the approval procedure, a policy shift regarding the staff sharing the contents of the investigative file, guidance regarding the content of written Wells submissions, and more.

The Manual updates the Wells approval procedure to provide that issuance of a Wells notice requires Director-level approval, rather than Associate Director- or Unit Chief-level approval. While the prior iteration of the Manual did not specify deadlines for Wells submissions and post-Wells notice meetings, the updated Manual requires Respondents to make their Wells submission within four weeks of the notice, absent an extension granted by the appropriate Assistant Director. In addition, Post-Wells notice meetings should now "typically [be] granted" and attended by at least one Associate Director or above "no later than four weeks after receipt of the Wells submission."<sup>3</sup> Respondents are still generally only afforded one post-Wells notice meeting.

In a step towards increased transparency, the Manual guides that staff should provide Respondents with the "salient, probative evidence that the staff has gathered or received," provided the evidence is something the "staff may have or should have reason to believe may not be known to the recipient."<sup>4</sup> The Manual also encourages the staff to "make reasonable efforts to allow the recipient of the Wells notice to review relevant portions of the investigative file that are not privileged, do not implicate Whistleblower information, do not contain BSA information, and are not subject to other confidentiality restrictions or statutes."<sup>5</sup> While these policies may not have occasion to arise in every investigative matter, these are welcome changes that encourage information parity among the parties.

The Manual now contains guidance as to the factors that the Commission deem will make a Wells submission "most helpful."<sup>6</sup> Helpful submissions should "focus on disputed factual or legal issues, or raise significant legal risks or

---

<sup>1</sup> SEC Division of Enforcement, Enforcement Manual, Feb. 24, 2026 (available [here](#)).

<sup>2</sup> Rule 5(c) of the SEC's Rules on Informal and Other Procedures also addresses the Wells process. 17 CFR § 202.5(c). See also Manual at 2-20.

<sup>3</sup> Manual at 2-25.

<sup>4</sup> *Id.* at 2-23.

<sup>5</sup> *Id.* at 2-24 to 2-25.

<sup>6</sup> *Id.* at 2-24.

policy or programmatic concerns.”<sup>7</sup> Such submissions should also be accurate, “acknowledge and address evidence and precedent in support of the staff’s position,” and leverage expert support where necessary.<sup>8</sup>

*Cooperation with the SEC:* There are a number of updates to the SEC’s framework for evaluating cooperation by companies, as well as how cooperation is tracked and considered by the Commission. The four factors that comprise the evaluation framework—self-policing, self-reporting, remediation, and cooperation—remain unchanged.

The Manual introduces a handful of changes to the weight the SEC will give to each factor, and introduces a list of examples for effective remediation and cooperation. With respect to remediation, the Manual’s examples are generally familiar, including taking corrective action with respect to employees involved in misconduct, making prompt corrective disclosures, and clawing back compensation from responsible executives. With respect to cooperation, the Manual provides broader examples, which include summarizing factual findings from internal investigations and summarizing interviews of witnesses located abroad.

Newly featured in the Manual is the Cooperation Committee, which oversees cooperation decisions and promotes consistency between decisions.<sup>9</sup> Cooperation Committee approval is now required for all cooperation agreements, deferred prosecution agreements, non-prosecution agreements, and immunity requests.<sup>10</sup> In addition to these cooperation tools, the Manual now acknowledges the staff may recommend the Commission forego seeking civil penalties, or seek reduced civil penalties, in light of a respondent’s cooperation.

To provide guidance for other parties considering cooperation credit, the Manual instructs the staff to include details of successful cooperation and remediation in the order or charging documents.<sup>11</sup>

*Investigative Priorities:* The Manual now requires Associate Directors and Unit Chiefs to rank their top five priority matters quarterly.<sup>12</sup> The ranking factors are largely unchanged from the prior, more discretionary, national priority system, though the factors are reordered. Harm to investors is first (replacing deterrence) and the factors are reframed to focus on “harmed investors” rather than “victims.”<sup>13</sup>

*Engagement with Investors:* “Engagement” has been added to the SEC’s mission statement values of integrity, fairness, commitment, and teamwork, and is a theme that appears throughout the updated Manual.<sup>14</sup>

---

<sup>7</sup> Manual at 2-24.

<sup>8</sup> *Id.* at 2-24.

<sup>9</sup> *Id.* at 6-98.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 6-107.

<sup>12</sup> *Id.* at 2-17.

<sup>13</sup> *Id.* at 2-17.

<sup>14</sup> *Id.* at 1-2.

The Manual provides that, “as appropriate, the staff will educate investors about the SEC’s role and what investors can and cannot expect as part of an investigation or action.”<sup>15</sup> Associate Directors are also now encouraged to discuss engagement with potentially harmed investors as part of quarterly investigative reviews.

*Other Changes:* The Manual now provides that respondents may request that the Commission simultaneously consider settlement offers and disqualification waivers. This practice was introduced in 2019 under Chairman Clayton, but was never incorporated into Commission guidance.<sup>16</sup>

The Manual expands the recipients of termination letters to include any party who made a significant production of documents or evidence in an investigation.<sup>17</sup>

Finally, the Manual now states that it will be updated on a regular, annual basis.<sup>18</sup>

### **SEC Enforcement Trends Reflect Chairman Atkins’s Stated Principles**

The changes to the Manual comport with Chairman Atkins’s stated priorities for the Division of Enforcement. In an October 2025 speech, the Chairman emphasized the importance of fairness and transparency in enforcement proceedings and called for adjustments to the Wells and settlement processes that are now reflected in the updated Manual.<sup>19</sup> He called for a back-to-basics approach that prioritizes quality over quantity in enforcement actions, and encouraged the staff to deploy resources judiciously. Chairman Atkins encouraged the staff to “follow the evidence and the law wherever it leads” rather than seek opportunities to present novel theories and “stretch the boundaries of existing law.”<sup>20</sup>

Chairman Atkins reinforced these themes in his Congressional testimony on February 12, 2026, describing the Division’s refocused mission as grounded in “first principles of rooting out fraud and remedying investor harm.”<sup>21</sup> Following the typical downtick in enforcement activity that accompanies a change in administration and leadership transitions within the Division of Enforcement, the pace of enforcement has begun to increase in 2026 with an emphasis on policing fraud and protecting retail investors. For example, in a recently filed complaint in the Northern District of California, the SEC brought litigated charges against defendants alleged to have orchestrated a Ponzi-like affinity fraud<sup>22</sup> scheme in the San Francisco Bay Area, soliciting investors through a Hindu temple a defendant

---

<sup>15</sup> Manual at 3-63.

<sup>16</sup> *Id.* at 2-27.

<sup>17</sup> *Id.* at 2-32.

<sup>18</sup> *Id.* at 1-1.

<sup>19</sup> Chairman Atkins was confirmed as SEC Chair on April 9, 2025. His biography is available [here](#), and his speech is available [here](#).

<sup>20</sup> *Id.* Chairman Atkins’ priorities were echoed by then-Director of Enforcement Judge Margaret A. Ryan in a February 11, 2026 speech, available [here](#). Judge Ryan was appointed as SEC director of Enforcement in September of 2025, and resigned from the role on March 16, 2026. Principal Deputy Director Sam Waldon has been named Acting Director of the Division until a successor is appointed. The SEC Press Release is available [here](#).

<sup>21</sup> Chairman Atkins’s Congressional testimony is available [here](#).

<sup>22</sup> Affinity fraud is a type of investment scam where perpetrators target identifiable groups, often along religious, ethnic, or professional lines, exploiting the membership’s trust and common bonds to gain credibility and avoid detection.

attended.<sup>23</sup> This action and others like it epitomize Chairman Atkins's focus on allegations of fraud and theft perpetrated against retail investors. By contrast, enforcement actions targeting non-fraudulent compliance failures have declined.

These shifts are already evident in the SEC's settled action orders. The action brought against two former officers of Spero Therapeutics (discussed below) omits corporate charges in favor of individual accountability, reflecting Chairman Atkins's stated focus on imposing penalties "appropriately tailored to the misconduct at issue" and "without adding further to shareholder injury."<sup>24</sup> Future settlement orders should provide further insights into how Chairman Atkins's guidance is being implemented by the Division. We continue to monitor enforcement activity closely, including any shift in trends that may arise under the next Director of Enforcement.

### **Recent Fraud Actions**

While the Commission has been busy with personnel and policy changes, certain enforcement activity has continued apace. Two recent fraud actions provide early insights into the manner in which the Commission might implement its investor-focused, pragmatic approach. While these early actions do not present significant deviations from historical norms, they do signal a focus on pursuing individual executives for misconduct, and leave some unanswered questions regarding the awarding of cooperation credit.

#### *Archer-Daniels Midland*

On January 27, 2026, the SEC filed settled charges against Archer-Daniels Midland Company ("ADM") and two of its former executives, Young and Macciocchi, as well as a litigated action against one former executive, Luthar, for their roles in an alleged accounting fraud.<sup>25</sup> Specifically, the SEC alleged that between 2019 and 2022, the executives orchestrated a series of *post hoc* adjustments to sales between ADM's business segments to inflate the operating profits of ADM's Nutrition business segment in order to meet annual performance goals ADM touted to the investing public. The action resulted in a sizeable \$40,000,000 penalty for ADM, and six-digit penalties and disgorgement for the settling individuals. Additionally, the ADM action is the first enforcement action in 2026 to receive a SEC press release.<sup>26</sup>

The SEC alleged that ADM, the individual defendants, and investment analysts viewed Nutrition as key to ADM's growth strategy, and that ADM's executive performance incentive plan tied compensation to the growth of Nutrition. During fiscal years 2021 and 2022, ADM and the executives allegedly engaged in a series of internal transactions that inflated Nutrition's operating profit at the expense of other business segments in order to allow Nutrition to meet its profit goals. The transactions led to false and misleading statements regarding Nutrition's financial condition in

---

<sup>23</sup> *Securities and Exchange Commission v. Satish Appalakutty, et al.*, No. 3:26-cv-00917 (N.D. Cal. filed Jan. 29, 2026). The SEC Press Release is available [here](#).

<sup>24</sup> See Chairman Atkins's October, 2025 Speech available [here](#).

<sup>25</sup> The SEC's announcement is available [here](#). Charges against ADM, Macciocchi, and Young are included in a SEC Order ("ADM Order") and charges against Luthar are included in a litigated complaint ("Luthar Complaint").

<sup>26</sup> The SEC still regularly publishes litigation releases for various actions, available [here](#), but appears to have recently curbed the number of enforcement action-related press releases it publishes.

ADM's periodic filings, and ADM and the individual defendants obtained money by selling ADM shares during the time period in which these allegedly false and misleading statements were included in periodic filings.<sup>27</sup>

For example, the SEC alleged that in 2021, ADM's Ag Services and Oilseeds segment provided a \$20.7 million, non-market rebate to Nutrition in order to bolster Nutrition's operating profit and ensure that Nutrition met year-over-year growth targets.<sup>28</sup> The SEC Order states that, without these adjustments, Nutrition would have missed its forecasted growth in the 2021 fiscal year.<sup>29</sup> Similar accounting adjustments favorable to Nutrition were also made in the 2019 and 2022 fiscal years. Per the SEC Order, ADM's stock price fell 24% following its disclosure of an internal investigation into the accounting practices.<sup>30</sup>

The penalties involved are substantial. ADM agreed to pay \$40,000,000 in civil penalties, roughly equivalent to the value of *post hoc* adjustments made to the Nutrition business segment. Macciocchi paid \$125,000 in civil penalties, \$330,000 in disgorgement, and \$74,343 in prejudgment interest. Young paid \$75,000 in civil penalties, \$450,000 in disgorgement, and \$125,610 in prejudgment interest. Both individuals are alleged to have obtained money from sales of ADM stock. Macciocchi also agreed to a three-year officer and director bar.<sup>31</sup>

Consistent with the Manual's updated guidance regarding cooperation credit, the ADM Order notes that cooperation by ADM influenced the Commission's decision to accept ADM's settlement offer. The SEC Order notes ADM provided a voluntary report on the findings of an internal investigation led by the company's Audit Committee and outside counsel, detailed explanations and summaries of factual issues, detailed factual analyses from an outside accounting expert, and adopted significant remedial measures and training surrounding intersegment transaction pricing. Despite these meaningful cooperative efforts, ADM's civil penalty is the largest yet levied by the current administration.

### *Spero Therapeutics*

On January 16, 2026, the SEC filed settled charges against two former executives of Spero Therapeutics Inc. ("Spero"), a Cambridge, Massachusetts biopharmaceutical company, for their roles in providing misleading disclosures concerning the company's lead drug candidate, tebipenem.<sup>32</sup> Specifically, the SEC alleged that Dr. Ankit Mahadevia, Spero's former CEO, and Satyavrat Shukla, Spero's former CFO, failed to disclose material negative feedback from the U.S. Food and Drug Administration ("FDA") regarding the efficacy of tebipenem and instead represented to investors that the drug's Phase 3 clinical trial had successfully met its goals and proven the drug's efficacy. The action resulted in civil penalties of \$112,500 and \$75,000 for Mahadevia and Shukla, respectively. Notably, no penalties or charges were brought against Spero, which is unusual for an enforcement action concerning the conduct of senior company officers.

---

<sup>27</sup> ADM Order at 3-5; Luthar Complaint at 31-32.

<sup>28</sup> ADM Order at 6-7.

<sup>29</sup> *Id.* at 5.

<sup>30</sup> *Id.* at 2.

<sup>31</sup> *Id.* at 11-12.

<sup>32</sup> The SEC's Order is available [here](#). ("Spero Order").

Per the SEC, tebipenem was Spero's marquee product and the company's success—and continued employment of approximately 75% of its personnel—was dependent upon the drug obtaining FDA approval.<sup>33</sup> In October 2021, Spero announced that Phase 3 of tebipenem's clinical trials had been successful. It was widely anticipated by members of the public, as well as Spero insiders, that the drug would be approved by the FDA. However, through February and March of 2022, the FDA raised serious concerns to Spero regarding the efficacy of tebipenem and the soundness of the protocols of the Phase 3 trial. On March 25, the FDA informed Spero that it “remained in a deliberative posture” and that the Phase 3 trial protocols would be subject to further evaluation. Despite these developments, Spero's March 31, 2022 Form 10-K described the Phase 3 trial as having “achieved its primary objective *as specified in the protocol*,” only making the general disclosure regarding the risk that the FDA would disagree with the “design or implementation of [Spero's] clinical trials,” notably failing to disclose that the FDA had already disagreed with the Phase 3 trial protocols.<sup>34</sup> During a March 31 earnings call, Mahadevia stated that Spero was continuing with preparations for tebipenem's commercialization, but failed to disclose that Spero was also planning internally for the FDA rejecting the drug.<sup>35</sup>

In April of 2022 the FDA informed Spero that the previous Phase 3 trial was insufficient and a second, successful Phase 3 trial would be required to obtain approval for the drug. Shortly thereafter, Spero disclosed the FDA's finding that the Phase 3 trial had not been successful, that efforts to commercialize tebipenem would be suspended, that its workforce would be reduced by 75%, and that Spero would refocus on other drugs. Spero's stock price fell 64% following the disclosure, which equity research analysts characterized as shocking and unexpected.<sup>36</sup> The Respondents were charged with violating Section 17(a)(2) of the Securities Act of 1933.

The Spero action is notable for the Commission pressing negligence-based charges and civil penalties against individual Spero executives, but not the company itself, despite the inclusion of executives' misrepresentations in Spero's official public disclosures. The action is consistent with the Commission's current enforcement priorities regarding protecting individual investors from fraud, and seeking to hold culpable individuals accountable. The lack of charges against Spero itself may signal a willingness by the Commission to only hold individuals accountable where the alleged misconduct is the product of those individuals actions, rather than those of the company at large. The Commission's refraining from charging Spero may also be explained, at least in part, by the fact that Spero's setbacks with the FDA had already severely negatively impacted the company's financial well-being.

---

<sup>33</sup> Spero Order at 2.

<sup>34</sup> *Id.* at 4 to 5.

<sup>35</sup> *Id.* at 3 to 5.

<sup>36</sup> *Id.* at 5 to 6.

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

**Juliet Gunev**

310 728 8358  
jgunev@willkie.com

**Jason Linder**

310 728 8329  
jdlinder@willkie.com

**A. Kristina Littman**

202 303 1209  
aklittman@willkie.com

**Sonali D. Patel**

202 303 1097  
sdpatel@willkie.com

**Michael S. Schachter**

212 728 8102  
mschachter@willkie.com

**William J. Stellmach**

202 303 1130  
wstellmach@willkie.com

**Glenn K. Vanzura**

310 728 8319  
gvanzura@willkie.com

**John D. Mitchell**

312 728 9138  
jmitchell2@willkie.com

**Erik Holmvik**

202 303 1048  
eholmvik@willkie.com

**Kevin Burns**

212 728 3665  
kburns2@willkie.com

**GennaEve Feirson**

310 855 3134  
gfeirson@willkie.com

**Benjamin Halom**

312 728 9061  
bhalom@willkie.com

**Isabella Sabri**

312 728 9140  
isabri@willkie.com



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

Copyright © 2026 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](http://www.willkie.com).