

# Memorandum

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## Continued SEC Enforcement Sweep Leads to \$3.8 Million in Penalties for Section 13 and 16 Reporting Failures

### *Announcement Comes Immediately Prior to Effectiveness of New Schedule 13G Filing Deadlines*

September 30, 2024

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On September 25, 2024, the Securities and Exchange Commission (“SEC”) [announced](#) that it had settled charges against 23 entities and individuals relating to failures to file and/or amend on a timely basis Schedules 13D and 13G and Forms 3, 4 and 5, with penalties amounting to more than \$3.8 million in total. These charges represented a continuation of the SEC’s September 2023 enforcement sweep with respect to Section 13 and 16 filings (see SEC September 2023 [press release](#)).

In this recent round of enforcement actions, the respondents fell into three categories: (i) 13 firms (in their capacity as an investor), (ii) 10 individuals and (iii) two public companies. The two public companies were charged with contributing to filing failures of certain directors and officers and failing to report delinquencies pursuant to Item 405 of Regulation S-K. Without admitting or denying the findings, all of the entities and individuals agreed to cease and desist from committing and causing future violations and to pay civil penalties ranging from \$10,000 to \$750,000. The one firm that agreed to pay a penalty of \$750,000 was alleged to have failed to timely file 35 Forms 13F in addition to several late Forms 4.

While many of the respondents were charged with numerous late filings, it is interesting to note that some of the respondents in this sweep were charged with having made just a few late filings; for example, one respondent was charged with filing a single Schedule 13D approximately six weeks late.

### **Takeaways**

This recent enforcement sweep is another reminder that the SEC is prioritizing the enforcement of beneficial ownership disclosures, particularly with respect to the new Schedule 13D and Schedule 13G filing deadlines. As a result, investors and public companies should remain vigilant over their filing obligations and are encouraged to:

- Review compliance and monitoring systems to make sure any filing triggers are identified promptly to permit timely filing and/or to remind or educate necessary employees of potential Section 13 and 16 filing obligations.

- Review the new Schedule 13D and Schedule 13G filing deadlines. The new Schedule 13D filing deadlines became effective in February 2024, while the new Schedule 13G filing deadlines became effective as of September 30, 2024, including new quarterly Schedule 13G amendments for material changes since a person's last Schedule 13G filing. A summary of these new requirements can be found [here](#).
- Be aware that the recent Schedule 13D and 13G rule amendments require that all such filings be made using a machine readable XML-based language specific to such filings commencing on December 18, 2024. This development will likely make it easier for the SEC to monitor filing compliance and identify violations.
- In the case of public companies, be mindful of required Item 405 disclosures for late Section 16 filings, which has been a focus of SEC enforcement in recent years.
- In the case of public companies that agree to make filings on behalf of their insiders, understand that such public companies may be held responsible for failures to make such filings on a timely basis.

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