

INSIDER TRADING AND DISCLOSURE UPDATE

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From the Editors

Welcome to the latest edition of *The Insider Trading & Disclosure Update*, Debevoise's periodical focused on the intersection of legal, compliance and enforcement developments in the areas of insider trading, managing material nonpublic information and disclosure liability.

Since our last edition, the SEC's Division of Enforcement announced its enforcement results for fiscal year 2025, providing the first official snapshot of enforcement activity under Chair Paul Atkins. The results reflect a significant recalibration of the SEC's enforcement program, with fewer overall enforcement actions and an increased emphasis on traditional fraud, investor harm, individual accountability and market abuse. At the same time, the SEC continues its broader efforts to modernize and streamline the public company regulatory framework.

This edition of the ITDU examines recent matters involving the misuse of confidential information in prediction markets, Rule 10b5-1 plans, issuer share repurchases during acquisition discussions and traditional tipping and misappropriation schemes. We also explore the SEC's continued focus on financial reporting and accounting enforcement, highlighted by matters dealing with revenue recognition, related-party disclosures, internal controls and materiality determinations.

We hope you find this issue useful and informative, and we look forward to bringing you further updates and analysis in future editions.

The Editorial Board

Regulatory Updates

SEC Establishes Financial Reporting and Accounting Unit, Broadening Specialized Financial Reporting Enforcement

On August 5, 2026, the U.S. Securities and Exchange Commission (“SEC”) announced the creation of a new specialized Financial Reporting and Accounting Unit (the “Unit”) within the Division of Enforcement (the “Enforcement Division”). The Unit is intended to provide dedicated expertise, focus and capacity to pursue accounting and financial reporting fraud and other misconduct involving accounting and auditing issues. According to the SEC, the Unit will be led by Timothy Zimmerman and staffed by attorneys and accountants with specialized financial reporting, accounting and auditing expertise.¹ The announcement formalizes a financial reporting priority that Enforcement Director David Woodcock identified shortly after returning to the SEC in May 2026.²

The Unit represents the SEC’s latest effort to bring specialized resources to financial reporting and accounting enforcement. In 2013, the Enforcement Division created the Financial Reporting and Audit Task Force (the “FRAud Task Force”), which Woodcock created and chaired while serving as Director of the SEC’s Fort Worth Regional Office. Unlike the FRAud Task Force, which was designed primarily to identify potential accounting fraud and generate cases for investigation by other Enforcement staff, the new Unit is a dedicated Enforcement Division unit staffed by attorneys and accountants to develop and pursue financial reporting, accounting and auditing matters.

The announcement also follows the Enforcement Division’s efforts earlier this year to organize a Sarbanes-Oxley Act (“SOX”) Group focused on

potential violations of auditing and related professional standards, SOX and other federal securities laws. The SEC has not indicated whether the contemplated SOX Group has been incorporated into the new Unit. The substantial overlap between their mandates, however, suggests that the Unit may encompass at least some of the auditor-focused work contemplated for the SOX Group, while also addressing issuer financial reporting and accounting fraud.

For public companies, executives and audit committees, the creation of this dedicated Unit reinforces the importance of contemporaneously documenting significant accounting judgments, materiality analyses and internal-control assessments, as well as appropriately addressing identified control deficiencies, internal complaints and other red flags. Executives should also ensure that disclosure controls, management representations and escalation processes involving auditors and audit committees are appropriately designed and are operating effectively. For audit firms and professionals, accounting and auditing misconduct falls squarely within the Unit’s mandate, reinforcing the importance of auditor independence, audit documentation, engagement-quality processes and appropriate audit responses to identified risks.

House Passes the Stop Insider Trading Act

On July 22, 2026, the U.S. House of Representatives passed the Stop Insider Trading Act (the “Act”).³ If enacted, the legislation would impose new restrictions on trading in individual public company securities by “Members of Congress” and their spouses and “dependent children” (together, “covered individuals”).⁴ The Act was subsequently received by the Senate and, on August 6, placed on the Senate Legislative Calendar.⁵ While prior Congresses have proposed and failed to pass similar legislation (e.g., the Bipartisan Ban on Congressional Stock Ownership

Act of 2023), the Act is the latest legislative effort to impose restrictions on securities trading by Members of Congress.

The Act would prohibit a covered individual from purchasing a “covered investment” while the relevant Member of Congress is in office.⁶ “Covered investments” generally include securities issued by publicly traded companies, as well as comparable economic interests, such as options.⁷ The prohibition would not apply to certain diversified or otherwise excepted investment funds, including certain mutual funds and ETFs.⁸

Covered individuals generally could sell a covered investment only after the applicable Member of Congress publicly discloses a notice of intent to sell at least seven, but no more than 14, calendar days before the sale.⁹ The notice would identify the anticipated sale date, describe the transaction, and state the number of shares to be sold.¹⁰

The Act contains several exceptions. Spouses and dependent children may trade in certain circumstances relating to their employment, compensation or fiduciary or occupational obligations.¹¹ The prohibition on purchases would also not apply to automatic or immediate reinvestments of dividends in the same covered investment.¹²

Violations of the Act would be subject to financial penalties. A covered individual who violates the Act would be subject to a fine equal to the greater of \$2,000 or 10% of the value of the violating transaction plus any net gain realized on the covered investment during the applicable period.¹³ A covered investment purchased in violation of the Act also would be required to be sold.¹⁴ Members of Congress would be prohibited from satisfying these fines using official office funds or campaign contributions.¹⁵

The legislation would not require Members of Congress to divest preexisting holdings, a feature that

has drawn criticism from proponents of more comprehensive congressional stock trading restrictions.¹⁶

SEC Publishes Updated Regulatory Flexibility Agenda

On July 3, 2026, the Office of Information and Regulatory Affairs released its 2026 Regulatory Plan, including the SEC’s updated Regulatory Flexibility Agenda and Statement of Regulatory Priorities, which identify crypto assets, capital formation and retail access to private markets as key priorities.

Consistent with the themes of the SEC’s rulemaking agenda released in September 2025, the updated agenda reflects Chair Paul Atkins’s focus on reducing regulatory and compliance burdens and modernizing the federal securities laws. Rather than introducing new disclosure obligations, the agenda prioritizes revisiting existing rules that the SEC views as imposing unnecessary costs or impeding access to capital.

Among the most notable initiatives are proposals to streamline the registered offering process, revisit the accelerated filer framework and replace mandatory quarterly reporting with an elective semiannual reporting regime. The agenda also contemplates continued work on developing a regulatory framework for crypto assets, modernizing the proxy solicitation process and rescinding the climate-related disclosure rules.

The agenda provides issuers, investment advisers and other market participants with a useful roadmap of the SEC’s identified areas of focus through Fall 2026 and beyond. Implementation timing, however, remains uncertain both due to the typically lengthy rulemaking process that accompanies rules of these types and to the extent that the timing of the SEC’s rulemaking agenda is affected by President Trump’s 2025 executive order requiring all executive departments

and agencies, including the SEC, to submit for review all proposed and final significant regulatory actions to the Office of Information and Regulatory Affairs before publication, potentially delaying the rulemaking process.¹⁷

For further information, see Chair Atkins's [statement](#) on the 2026 Regulatory Agenda, the SEC [Statement of Regulatory Priorities](#) and the [2026 Agenda](#).

Insider Trading Enforcement and Litigation

Insider Trading Charges Illustrate DOJ and CFTC Prediction Markets Enforcement Strategy

As discussed in the Spring 2026 edition of the ITDU, the Commodity Futures Trading Commission (“CFTC”) identified insider trading in prediction markets as a top enforcement priority, highlighting the agency’s increasing focus on these markets and the potential misuse of material nonpublic information (“MNPI”) in connection with event contract trading.

On April 23, 2026, the U.S. Attorney’s Office for the Southern District of New York (the “SDNY”) charged a U.S. Army soldier with commodities fraud and wire fraud in connection with trading on Polymarket using allegedly classified information relating to a sensitive military operation.¹⁸ The CFTC simultaneously filed a civil enforcement action based on substantially the same alleged conduct.¹⁹ The SDNY stated that the case represented “clear insider trading” and warned that using “confidential government information” to profit on prediction markets is “illegal under federal law.”²⁰

According to the indictment, the defendant used nonpublic information obtained through his role as an active-duty soldier in the U.S. Army regarding anticipated U.S. military operations in Venezuela before that information became public.²¹ The government alleges that the defendant used that information to place trades on Polymarket event contracts tied to whether military action would occur and generated substantial profits following public reporting of such operations.²²

On May 27, 2026, the Department of Justice (the “DOJ”) and the CFTC brought the first prediction markets insider trading case against a public company employee, alleging that a Google software engineer profited more than \$1.2 million by trading Polymarket contracts using confidential Google search-trend data.²³

Notably, the government’s enforcement theories in this area do not turn on whether an event contract is a security.²⁴ The CFTC has relied on the Commodity Exchange Act’s antifraud provisions in cases involving event contracts alleged to be swaps, while the DOJ has brought wire fraud charges, which do not require the instrument at issue to be a security or commodity. These cases suggest that the government may apply these theories broadly where a person misappropriates confidential or proprietary information to trade on event contracts. In particular, the DOJ and the CFTC have signaled that individuals who trade in prediction markets on the basis of information they have a duty to keep confidential may face enforcement action.²⁵

The cases also illustrate how the DOJ and CFTC may apply traditional insider trading concepts in the context of prediction markets and event contracts, focusing on whether a trader possessed MNPI, whether the information was obtained or used in breach of a duty of trust or confidence, whether the information was used to trade in a federally regulated

market instrument and whether the trader took steps evincing a consciousness of wrongdoing.

Additionally, the case against the Google software engineer reflects the federal government’s view that its charging authority in such matters is transnational—the defendant is an Italian citizen who resides in Switzerland, and the complaint contains limited allegations tying him to the United States.²⁶ The case sends a clear message that the DOJ and the CFTC view insider trading in the prediction markets that occurs globally as squarely within the reach of U.S. criminal and civil law enforcement.²⁷

The charges once again highlight the need for companies to assess whether their insider trading, confidentiality and personal-trading policies adequately address prediction markets and event contracts, including the use of nonpublic business information in those markets.

Robinhood Engineers Charged with Insider Trading in Crypto Perpetual Futures

On September 15, 2026, the SDNY charged two former Robinhood Markets, Inc. (“Robinhood”) engineers, Hefu Chai and Huaisong “Jerry” Xiang, with commodities fraud and wire fraud for allegedly using confidential information concerning upcoming cryptocurrency listings on Robinhood to trade cryptocurrency perpetual futures on Hyperliquid, a decentralized derivatives exchange. According to the SDNY, each defendant earned more than \$50,000 from the alleged trading.

According to the complaints, Chai and Xiang had access through their roles at Robinhood to MNPI regarding whether and when particular cryptocurrency tokens would become available for trading on Robinhood Crypto. Chai, for example, served as a technical lead responsible for listing new digital assets and was among a limited group of employees

designated as “Coin Aware Individuals” with access to a private Slack channel containing confidential information regarding upcoming listings.

The government alleges that, between 2025 and January 2026, Chai and Xiang repeatedly used that information to establish long positions in cryptocurrency perpetual futures on Hyperliquid before Robinhood publicly announced that the underlying tokens would be available for trading on its platform. The complaints allege that the defendants then closed the positions following—or, in certain instances, shortly before—Robinhood’s public listing announcements, generating more than \$50,000 in profits each.

The charges rely on a traditional misappropriation theory of insider trading, notwithstanding that the defendants allegedly traded cryptocurrency derivatives rather than securities. The government alleges that the listing information was commercially valuable and confidential, that the defendants owed Robinhood a duty to maintain its confidentiality and that they breached that duty by using the information for personal trading. Chai was also subject to Robinhood’s Confidential Information and Insider Trading Policy, which prohibited employees from trading securities, crypto-assets, event contracts or other financial instruments while in possession of MNPI obtained through their employment and specifically prohibited certain employees with access to listing information from trading around new cryptocurrency listings.

The charges provide another example of federal prosecutors applying traditional insider trading principles outside the securities markets. In announcing the charges, the SDNY emphasized that, in its view, corporate insiders cannot avoid insider trading liability by using misappropriated information to trade derivatives such as perpetual futures rather than the underlying assets. The cases also underscore the importance of insider trading and confidentiality

policies that extend beyond securities to crypto-assets, derivatives, event contracts and other financial instruments through which employees may seek to monetize confidential business information.

Former Funko Executive Settles Insider Trading Charges

On September 14, 2026, the SEC filed a settled insider trading action against Jon Kipp, a former Executive Vice President of Operations at Funko Inc. (“Funko”).²⁸ The SEC alleged that Kipp sold Funko shares shortly after learning from the company’s then-CEO, Brian Mariotti, that Mariotti planned to leave the company, in violation of Section 10(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Rule 10b-5 thereunder.²⁹ Kipp agreed to pay approximately \$483,000 in disgorgement, \$105,000 in prejudgment interest and a \$483,000 civil penalty, totaling approximately \$1.1 million.³⁰

According to the SEC’s complaint, Kipp and Mariotti had a close personal relationship dating back decades.³¹ On July 11, 2023, after Funko’s board instructed Mariotti to step down and take a mandatory six-month leave of absence, Mariotti allegedly told Kipp that he planned to leave Funko permanently.³² Two days later, on July 13, Kipp allegedly instructed his investment adviser to sell all 247,335 of his Funko shares, generating nearly \$2.5 million in net proceeds.³³

After Funko publicly disclosed Mariotti’s departure on July 13, 2023, the company’s stock price fell 19% the following trading day.³⁴ The SEC alleged that Kipp avoided approximately \$483,000 in losses by selling his shares before the announcement.³⁵

The SEC alleged that Kipp traded on the basis of MNPI concerning Mariotti’s departure, which information Kipp had misappropriated in breach of a duty of trust and confidence owed to Mariotti.³⁶

According to the complaint, Kipp knew, or was reckless in not knowing, that Mariotti had shared the information in confidence.³⁷ In support of that allegation, the SEC cited Kipp and Mariotti’s decades-long relationship and their history, pattern and practice of sharing personal and business confidences with the expectation that such information would remain confidential.³⁸

The complaint also cited Funko’s insider trading policy, which applied to Kipp while he was employed by the company.³⁹ Among other things, the policy identified categories of potentially material information and prohibited officers, directors and employees from trading in Funko securities while in possession of MNPI relating to Funko or its securities.⁴⁰

The case highlights the potential application of the misappropriation theory of insider trading to information shared in the context of a longstanding personal relationship, as well as the role that an issuer’s insider trading policy may play in an SEC insider trading action. It also serves as a reminder that significant changes in senior management may constitute MNPI.

SEC Dismisses Novel Insider Trading Case Involving Rule 10b5-1 Plans

On August 7, 2026, the SEC voluntarily dismissed its civil insider trading action against Terren Peizer, the founder and former Executive Chairman of Ontrak, Inc. (“Ontrak”) and Acuitas Group Holdings, LLC (“Acuitas”), his personal investment vehicle.⁴¹ The SEC stated that the dismissal was “in the exercise of its discretion” and “does not necessarily reflect the Commission’s position on any other case.”⁴² The action was notable because the parallel DOJ criminal prosecution was the first insider trading case based exclusively on a corporate insider’s use of Rule 10b5-1 trading plans.⁴³ That criminal prosecution resulted in

a conviction for securities fraud and insider trading and a sentence of 42 months in prison for Peizer. President Trump subsequently granted Peizer a full and unconditional pardon, except as to fines or restitution already paid, in January 2026.⁴⁴

The SEC charged Peizer and Acuitas in March 2023, alleging that Peizer adopted two Rule 10b5-1 trading plans while in possession of MNPI concerning the likely termination of Ontrak's contract with its largest customer.⁴⁵ The SEC alleged that Peizer sold more than \$20 million of Ontrak stock pursuant to those plans and avoided approximately \$12.7 million in losses before Ontrak disclosed the customer's termination, after which its stock price fell more than 44%.⁴⁶

The SEC had alleged that Peizer could not rely on the Rule 10b5-1 affirmative defense because he possessed MNPI when he adopted the plans and did not adopt them in good faith.⁴⁷

Although the SEC dismissed its action against Peizer, the case is a reminder that Rule 10b5-1 plans do not provide protection where a plan is adopted while an insider is in possession of MNPI or otherwise fails to satisfy the conditions of the rule's affirmative defense. The dismissal therefore does not alter the importance of ensuring that Rule 10b5-1 plans are adopted and administered in compliance with the conditions of the rule.

Smartsheet Sued Over Share Repurchases During Acquisition Talks

On August 5, 2026, the Galveston Firefighters' Pension Fund filed a proposed securities class action in the U.S. District Court for the Southern District of New York against Smartsheet Inc. ("Smartsheet"), former CEO Mark Mader and former CFO Pete Godbole, alleging that the company repurchased approximately \$50 million of its common stock while

in possession of MNPI concerning acquisition proposals from Blackstone Inc. ("Blackstone") and Vista Equity Partners Management, LLC ("Vista"), thereby acquiring those shares at artificially deflated prices.⁴⁸ The complaint asserts claims under Section 10(b) and Section 20(a) of the Exchange Act and Rule 10b-5 on behalf of investors who sold Smartsheet shares between June 1 and September 23, 2024.⁴⁹

According to the complaint, Blackstone and Vista first offered to acquire Smartsheet for \$56.25 per share on January 24, 2024.⁵⁰ Although the board rejected that proposal, Blackstone communicated to Mader that it remained interested, and Vista notified Smartsheet in March that it had begun acquiring shares and planned to make an antitrust filing.⁵¹ In April 2024, Smartsheet's board authorized a \$150 million share repurchase program (the "2024 Program"), and Smartsheet began repurchasing shares under the 2024 Program on June 1, 2024.⁵² By late June 2024, Smartsheet had retained financial advisors and formed a transaction committee to consider strategic alternatives.⁵³ Blackstone and Vista submitted a revised proposal of \$56.50 per share on July 8, 2024, a 29% premium over Smartsheet's closing price.⁵⁴ Smartsheet thereafter engaged with the consortium and other potential acquirers and provided certain parties access to nonpublic information as part of the sale process.⁵⁵ On August 23, 2024, the complaint alleges, Smartsheet's transaction committee decided to enter into confirmatory due diligence and negotiate a definitive agreement with the consortium.⁵⁶

The complaint alleges that the company repurchased approximately 1.1 million shares between June 1, 2024, and August 31, 2024, at an average price of \$44.34 per share for approximately \$50 million.⁵⁷ At the \$56.50-per-share acquisition price, the shares Smartsheet repurchased would have been worth approximately \$63.7 million, approximately \$13.7 million more than Smartsheet paid.⁵⁸

The plaintiff alleges that Smartsheet purchased shares under the 2024 Program despite knowing that the consortium was interested in an acquisition of Smartsheet at a price significantly above the price at which Smartsheet's shares were trading.⁵⁹ Furthermore, the plaintiff alleges that Smartsheet was required either to disclose the consortium's acquisition proposals or to abstain from repurchasing its shares while the information remained nonpublic.⁶⁰ The plaintiff further alleges that Smartsheet's statements regarding its repurchase program were misleading because the company disclosed the buybacks and stated that repurchases would be made in compliance with applicable securities laws, without disclosing the acquisition proposals.⁶¹

The case highlights the need for companies conducting repurchase programs to maintain appropriate controls to monitor for material developments and, in particular, to consider whether developments in strategic or acquisition discussions may constitute MNPI. Where repurchases are made pursuant to a Rule 10b5-1 plan, companies should also maintain appropriate controls to ensure compliance with Rule 10b5-1 in connection with the entry into a Rule 10b5-1 plan, including by considering whether the plan was adopted at a time when the company possessed MNPI and otherwise satisfied the requirements of the rule.

CFTC Orders Federal Employee to Pay for Insider Trading in Mention Market Event Contracts

On August 28, 2026, the CFTC issued an order filing and settling charges against Gabriel Perez for misappropriating MNPI obtained through his federal government employment to trade presidential mention market event contracts for his personal benefit. The CFTC characterized the event contracts as swaps subject to its jurisdiction under the Commodity Exchange Act.

While working as a White House teleprompter operator, Perez had access to presidential speeches before they were delivered. The order found that Perez used the contents of those speeches to take "Yes" or "No" positions on whether particular words or phrases would be used. Perez traded in 14 presidential mention markets, traded profitably in 39 of 43 contracts and generated \$107,539.02 in profits.

The CFTC found that Perez used confidential government information, in breach of duties of trust and confidentiality, to trade swaps for personal gain. The CFTC found that his conduct violated Sections 4c(a)(3), 4c(a)(4)(C) and 6(c)(1) of the Commodity Exchange Act and Commission Regulations 180.1(a)(1) and (3).

The order requires Perez to disgorge all trading profits, pay a \$65,000 civil monetary penalty and cease and desist from further violations. It also prohibits him from trading on or being subject to the rules of any CFTC-registered entity for three years. The CFTC stated that Perez received a substantial reduction in the civil monetary penalty under the Division of Enforcement's new cooperation policy because of his extraordinary cooperation, including promptly participating in an interview, voluntarily providing documents and accepting responsibility for his conduct.

SEC Charges 21 Individuals in Alleged Decade-Long Insider Trading Scheme

On May 6, 2026, the SEC charged 21 individuals for their alleged involvement in a decade-long insider trading scheme that used information misappropriated from multiple global law firms.⁶²

According to the SEC's complaint, between 2018 and 2024, Nicolo Nourafchan, a mergers and acquisitions attorney, orchestrated a global scheme with Robert Yadgarov.⁶³ The complaint alleges that Nourafchan

misappropriated MNPI from his firm's clients relating to more than a dozen pending corporate transactions, and that he or Yadgarov tipped that information to other participants who agreed to kick back a portion of their trading profits or who, in turn, tipped others who traded.⁶⁴ The complaint further alleges that Nourafchan and Yadgarov recruited Gabriel Gershowitz, a corporate lawyer who also misappropriated MNPI about additional deals and tipped it to them beginning around April 2019.⁶⁵

The complaint alleges that Nourafchan described to Gershowitz how he located deal information in his firm's document-management system by searching keywords and viewing documents in preview or read-only mode to minimize the electronic trail of his access.⁶⁶ The complaint also alleges that participants used coded language to disguise the scheme, referring to tips as "learning" or airline "flights" and to the timing of a pending transaction as the date a "rabbi" was scheduled for "surgery."⁶⁷ The alleged tipping chains extended beyond the legal profession, reaching Nourafchan's brother, that brother's hair stylist and the stylist's friend, each of whom is alleged to have traded or passed the information along for a share of the profits.⁶⁸

The complaint charges the defendants with violations of the antifraud provisions of the federal securities laws and seeks injunctive relief, disgorgement with prejudgment interest and civil penalties.⁶⁹ It also charges Nourafchan and others with violating Section 14(e) of the Exchange Act and Rule 14e-3 thereunder.⁷⁰

The action reflects the SEC's continued emphasis on traditional insider trading theories and on charging participants at multiple levels of a tipping chain, including remote tippees. The alleged misappropriation of client deal information by transactional lawyers also underscores the importance of controls designed to restrict deal-related MNPI on a

need-to-know basis and to identify potentially anomalous access to confidential matter information.

SEC Settles Insider Trading Charges Following Trader's Voluntary Self-Report

On May 22, 2026, the SEC announced settled charges against Nipun Kumar Jami for insider trading in advance of the November 19, 2025, public announcement that Adobe Inc. ("Adobe") had agreed to acquire Semrush Holdings, Inc. ("Semrush").⁷¹

According to the SEC's order, Jami learned of Adobe's imminent acquisition of Semrush on November 7, 2025, from his spouse, an Adobe employee whose work related to mergers and acquisitions.⁷² Between November 8 and November 18, 2025, Jami made a series of bullish trades in Semrush securities, including purchasing more than \$170,000 in call option contracts between November 14 and 18 and approximately \$344,000 in Semrush shares on November 18, the day before the public announcement.⁷³

On November 19, Jami sold the call option contracts and shares and realized profits of approximately \$1.3 million.⁷⁴ On December 17, 2025, less than one month later, Jami voluntarily reported his Semrush securities trading to the SEC staff through counsel and thereafter provided additional information requested by the staff.⁷⁵

The SEC's order finds that Jami violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. Without admitting or denying the findings, Jami consented to a cease-and-desist order and agreed to pay approximately \$1.3 million in disgorgement and a \$658,617 civil money penalty.⁷⁶ The order states that the SEC did not impose a penalty in excess of \$658,617 based, among other things, on Jami's cooperation in the investigation and related enforcement action.⁷⁷ The matter illustrates that

prompt self-reporting and cooperation may materially affect the SEC's assessment of remedies once misconduct is identified.

Citron Research Founder Convicted of Securities Fraud

On June 1, 2026, a federal jury in the U.S. District Court for the Central District of California found Citron Research ("Citron") founder Andrew Left guilty of one count of engaging in a securities fraud scheme and 12 counts of securities fraud following a 15-day trial.⁷⁸ The jury acquitted Left on four additional securities fraud counts.⁷⁹

According to the DOJ, Left used Citron's website, social media accounts and television appearances to influence the prices of publicly traded stocks while trading in advance of, and at times contrary to, the positions he presented to the public.⁸⁰ Left had a significant online following and was a frequent guest commentator on CNBC, Fox Business and Bloomberg Television.⁸¹ Prosecutors alleged that Left selected companies about which to publish commentary, established long or short positions before publication and then sought to profit from the short-term price movements caused by his commentary.⁸² Prosecutors further alleged that, while Left's recommendations included a "target price" that he represented as a security's true future value, he concealed his intention to exit most or all of his position well before that price was reached.⁸³ The DOJ stated that Left earned at least \$21 million from the scheme between March 2018 and October 2023.⁸⁴

Sentencing is scheduled for December 1, 2026, at which time Left faces a statutory maximum sentence of 25 years in federal prison for the securities fraud scheme count and up to 20 years in federal prison for each count of securities fraud.⁸⁵

The case highlights the risk that market commentary may give rise to securities fraud liability where a

speaker's public statements about a security diverge materially from undisclosed trading intentions or positions.

SEC Settles Insider Trading Charges Against Former Investment Advisory Firm Employee

On April 20, 2026, the SEC filed a settled action against Rakesh Ahuja, a former senior associate at an investment advisory firm, alleging that he traded on MNPI obtained through his employment.⁸⁶ According to the SEC's complaint, Ahuja was responsible for identifying and researching potential investments in biopharmaceutical and biotechnology companies and, as part of that work, received confidential information concerning companies under consideration for investment, including clinical trial data and information regarding potential financings.⁸⁷

The SEC alleges that, in breach of duties he owed to his employer, Ahuja caused a brokerage account held in the name of a close relative to trade in the securities of X4 Pharmaceuticals, Inc. ("X4 Pharma"), UroGen Pharma Ltd. ("UroGen") and Black Diamond Therapeutics, Inc. ("Black Diamond") while in possession of MNPI concerning those companies.⁸⁸ The alleged trading occurred on four occasions between June 2022 and July 2023 and generated approximately \$65,000 in profits.⁸⁹ Among other things, the complaint alleges that Ahuja caused the account to purchase securities ahead of announcements concerning X4 Pharma's financing and clinical trial results, UroGen's clinical trial results and private securities offering, and Black Diamond's clinical trial results.⁹⁰ The most significant trading activity involved Black Diamond. Following the company's announcement of positive clinical trial data, its stock price increased approximately 236%, and the relative's account allegedly realized approximately \$17,645 in profits from the Black Diamond trades.⁹¹

The complaint further alleges that FINRA subsequently provided Ahuja's employer with trader identification lists relating to trading in Black Diamond and UroGen securities.⁹² On two occasions, Ahuja allegedly represented that he did not recognize any individuals identified on the lists even though his relative appeared on each list.⁹³ Ahuja resigned from the investment advisory firm three days after making the second representation.⁹⁴

The SEC charged Ahuja with violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.⁹⁵ Without admitting or denying the allegations, Ahuja consented to the entry of a final judgment, subject to court approval, permanently enjoining him from violating those provisions and barring him for two years from acting as or being associated with an investment adviser, broker or dealer.⁹⁶ Ahuja also agreed to pay \$65,404.25 in disgorgement, \$12,289.01 in prejudgment interest and a \$65,404.25 civil penalty.⁹⁷

SEC Charges Former Public Company Executive and Friend with Insider Trading Ahead of Acquisition Announcement

On March 31, 2026, the SEC filed charges in the U.S. District Court for the District of Idaho against Michael A. Smith, the former President and Chief Operating Officer of PetIQ, Inc. ("PetIQ"), and his friend Douglas Joshua Dalton for insider trading ahead of the August 7, 2024, announcement that private equity firm Bansk Group LP would acquire PetIQ.⁹⁸

According to the SEC's complaint, Smith signed a confidentiality agreement in connection with the acquisition in June 2024 and was separately subject to PetIQ's insider trading policy and code of business ethics.⁹⁹ The complaint alleges that, on July 26, 2024, Smith purchased 17,255 PetIQ shares for

approximately \$379,125 in his ex-wife's brokerage accounts, funding the purchases in part by selling exchange-traded funds at a loss.¹⁰⁰ Roughly an hour later, Smith allegedly spoke with Dalton; after that call, Dalton transferred \$25,000 into his brokerage account and began attempting to buy PetIQ call options.¹⁰¹ When the acquisition was announced, PetIQ's common stock price rose 48 percent, and the complaint alleges that Smith and Dalton collectively realized more than \$200,000 in illicit profits.¹⁰²

The complaint also alleges that Dalton passed the information further, texting another individual to "Pull your available cash together and buy PETQ," stating that PetIQ was "getting bought out in the next couple of days at 31 dollars a piece" and referring to a best friend who was a company executive as the source of the information.¹⁰³

The SEC charged Smith and Dalton with violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and seeks permanent injunctions, disgorgement with prejudgment interest, civil penalties and an officer-and-director bar against Smith.¹⁰⁴ In parallel criminal proceedings, Smith pleaded guilty to securities fraud in November 2025, and Dalton pleaded guilty to securities fraud on March 31, 2026.¹⁰⁵

These cases are a reminder for companies to reinforce confidentiality obligations with deal-team members, including reminders that those obligations extend to disclosures to friends and family members and that trading through accounts held in another person's name remains subject to insider trading laws and company policies.

Disclosure Enforcement and Litigation

SEC Settles with Battle Motors Over Misleading Vehicle-Order and Dealer-Network Disclosures

On July 10, 2026, the SEC filed a settled action alleging that Battle Motors, Inc. (“Battle”), an Ohio-based vehicle manufacturer, and its CEO and chairman, Michael W. Patterson, made misleading statements overstating the company’s performance in connection with a September 2021 convertible-debt offering that raised \$112.5 million from two outside investors.¹⁰⁶

In connection with the offering, Battle created an informational slide deck disseminated to prospective investors by email, through an invite-only data room and during investor video calls.¹⁰⁷ The slide deck allegedly stated that Battle had received 115 electric-vehicle purchase orders totaling \$30 million in just three months, when Battle had received only eight purchase orders at the time and had not obtained California Air Resources Board incentive vouchers necessary to finalize most of the purported orders.¹⁰⁸ The complaint further alleges that the presentation stated that Battle’s dealer network comprised 180 dealers with 320 locations covering “100% of the North American Market,” when its actual dealer network consisted of only 47 dealers across 156 locations.¹⁰⁹

The complaint also alleges that Patterson provided an investment banker with an electric-vehicle production schedule listing 101 orders corresponding to nearly \$30 million in revenue for dissemination to investors. When a potential investor asked whether the figures

reflected firm orders rather than letters of intent, Patterson allegedly responded that the entries were “firmly PO’d,” except for 85 units awaiting voucher approval that were “being paired with [purchase orders] at the moment.”¹¹⁰ In reality, the complaint alleges, no vehicles had received voucher approval, and Battle had purchase orders for only eight vehicles, amounting to approximately \$2 million.¹¹¹

The complaint alleges that Battle and Patterson negligently violated Sections 17(a)(2) and (3) of the Securities Act of 1933, as amended (the “Securities Act”).¹¹² Without admitting the allegations, Battle and Patterson each consented to entry of a final judgment that would permanently enjoin future violations, require Battle to pay a \$591,127 civil penalty and Patterson to pay a \$118,225 civil penalty, and impose a two-year officer-and-director bar on Patterson.¹¹³

The action is a reminder that investor presentations, data-room materials and other communications used in private capital raising can create securities law exposure. Companies and executives should ensure that order books, pipeline metrics, dealer or customer counts and similar performance indicators are supportable and clearly distinguish firm commitments from conditional orders, expressions of interest or other preliminary indications.

Accounting Enforcement and Litigation

SEC Alleges Netcapital Overstated Revenue by 345% Through Fictitious Consulting Agreements

On August 10, 2026, the SEC filed a complaint in the U.S. District Court for the District of Massachusetts

against Netcapital Inc. (“Netcapital”) and five affiliated individuals, including current and former officers and directors, alleging a fraudulent revenue-recognition scheme while the company raised more than \$25.6 million from investors.¹¹⁴

The complaint alleges that, from approximately October 2021 through January 2024, Netcapital improperly recognized nearly \$14 million in revenue from consulting agreements with purported customers controlled by John Fanning, who allegedly acted as a Netcapital officer despite lacking a formal officer designation.¹¹⁵ Some of the agreements were allegedly forged and, according to the SEC, produced no real revenue for Netcapital, with the nearly \$14 million in claimed consulting revenue inflating Netcapital’s revenue during that period by approximately 345%.¹¹⁶ The inflated revenue was included in Netcapital’s periodic SEC filings and securities offering materials during a period in which investors invested more than \$25.6 million in Netcapital’s public and private offerings.¹¹⁷

The complaint centers on Netcapital Advisors, a Netcapital subsidiary that provides consulting services to startups planning to raise capital through Regulation Crowdfunding offerings on Netcapital’s SEC-registered funding portal. According to the SEC, Netcapital Advisors entered into sham consulting agreements with at least 11 purported startup companies (“Portfolio Companies”) controlled by Fanning, with purported compensation of between \$1 million and \$2 million per agreement, typically entirely in equity.¹¹⁸ By contrast, the SEC alleges that unrelated startups paid Netcapital Advisors an average of approximately \$50,000 in cash or a mix of cash and equity for similar services.¹¹⁹ At least four of the consulting agreements were allegedly forged,¹²⁰ with electronic signatures applied from a single New Hampshire location even though the purported signatories were located elsewhere, including Florida and Colombia.¹²¹

The complaint also alleges that all of the consulting agreements at issue were backdated and that approximately \$5.1 million of the revenue was booked in fiscal quarters before the underlying agreements had been executed.¹²² In total, the SEC alleges that Netcapital improperly recognized approximately \$14 million in revenue from the Portfolio Companies over 10 consecutive fiscal quarters, corresponding to a 345% revenue overstatement.¹²³ The complaint further alleges that Netcapital did not disclose the transactions with the Portfolio Companies as related-party transactions despite Fanning’s simultaneous alleged role as a Netcapital officer and his control of the counterparties.¹²⁴

The SEC charged Netcapital and certain individual defendants with violations of Section 17(a) of the Securities Act and Sections 10(b) and 13(a) of the Exchange Act, among other provisions.¹²⁵ In the complaint, the SEC seeks permanent injunctions and civil monetary penalties against the defendants, as well as disgorgement and officer and director bars against certain defendants.¹²⁶

The case highlights potential risks associated with inadequate controls around revenue recognition, contract execution and cut-off, and the identification and disclosure of related-party relationships. Public companies should ensure that accounting, legal and financial reporting personnel have sufficient visibility into counterparty relationships and that revenue recognition judgments are supported by contemporaneous evidence of contract terms, timing and economic substance.

SEC Settles Books-and-Records and Internal-Controls Charges Against Key Tronic and Two Executives

On April 20, 2026, the SEC announced settled charges against contract manufacturer Key Tronic Corporation (“Key Tronic”), its then-CFO (now CEO) Brett Larsen and its Senior Vice President of U.S.

Operations, Nicholas Fasciana, for books-and-records and internal-controls violations. The charges arose from improper expense management at a Key Tronic facility in Oakdale, Minnesota and the company's response to an internal complaint concerning that facility.¹²⁷

According to the SEC's order, in the summer of 2020, Key Tronic's Oakdale facility was experiencing uncertainty due to a significant decrease in orders.¹²⁸ To address those concerns, Oakdale employees began changing materials classifications from "raw" to "work-in-progress" ("WIP") in the facility's inventory system even when they did not intend to begin production of those materials.¹²⁹ The false entries increased Key Tronic's absorption and income even though no work was performed.¹³⁰ The employees then reversed the entries after the end of the period.¹³¹ One employee raised concerns about the practices with the Oakdale controller, who responded that the amount of inventory issued to WIP that month enabled the site to meet its internal target and thanked personnel for "coming together to make this happen."¹³²

On the morning of its quarterly earnings release in January 2021, Key Tronic received an internal complaint about the Oakdale misconduct.¹³³ According to the order, within hours, Key Tronic confirmed the complaint's core allegations, reopened its books, and reversed nearly \$1 million of improper income.¹³⁴ At the same time, the company recorded approximately \$764,000 in pre-tax adjustments to correct other recently identified accounting errors, which had the effect of offsetting most of the reversal.¹³⁵ A portion of those adjustments was

booked out of period; had the errors been recorded in the periods in which they occurred, Key Tronic's reported quarterly net income of \$1.58 million would have been reduced by 44%.¹³⁶

The SEC found that, although Key Tronic concluded that the adjustments fell below its materiality threshold, the company did not conduct a sufficient materiality analysis in light of the surrounding circumstances and released earnings as scheduled notwithstanding its auditor's advice to consider delaying the release.¹³⁷

The SEC found that Key Tronic violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, which require issuers, among other things, to make and keep accurate books and records and to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP.¹³⁸ The SEC found that Larsen and Fasciana caused those violations; it also found that Fasciana violated Section 13(b)(5) and Rule 13b2-1. Larsen and Fasciana agreed to pay civil penalties of \$20,000 and \$15,000, respectively.¹³⁹

The action illustrates that the sufficiency of a company's materiality analysis may be scrutinized when accounting errors are identified, particularly in close proximity to an earnings release. It also highlights that qualitative materiality factors are pertinent to internal complaints about accounting misconduct, and that registrants should give appropriate weight to auditor input on such accounting allegations.

Notes

- ¹ See SEC Press Release No. 2026-72, *SEC Establishes Financial Reporting and Accounting Unit in Enforcement Division* (Aug. 5, 2026), <https://www.sec.gov/newsroom/press-releases/2026-72-sec-establishes-financial-reporting-accounting-unit-enforcement-division>.
- ² See David Woodcock, Director, Division of Enforcement, *Remarks at the MFA Legal & Compliance 2026 Conference* (May 13, 2026), <https://www.sec.gov/newsroom/speeches-statements/woodcock-remarks-mfa-legal-compliance-2026-conference-051326>.
- ³ See Caitlin Yilek, *House passes bill to limit stock purchases by members of Congress*, CBS News (July 22, 2026), <https://www.cbsnews.com/news/congress-stock-trading-limits-house-vote/>.
- ⁴ *Id.*
- ⁵ Congress.gov, *H.R. 7008 - Stop Insider Trading Act*, <https://www.congress.gov/bill/119th-congress/house-bill/7008/all-actions>.
- ⁶ Stop Insider Trading Act, H.R. 7008, 119th Cong. § 2 (2026).
- ⁷ *Id.*
- ⁸ See *id.*
- ⁹ *Id.*
- ¹⁰ See *id.*
- ¹¹ *Id.*
- ¹² *Id.*
- ¹³ *Id.*
- ¹⁴ *Id.*
- ¹⁵ See *id.*
- ¹⁶ See Caitlin Yilek, *House passes bill to limit stock purchases by members of Congress*, CBS News (July 22, 2026), <https://www.cbsnews.com/news/congress-stock-trading-limits-house-vote/>.
- ¹⁷ See Executive Order 14215, *Ensuring Accountability for All Agencies*, § 1 (Feb. 18, 2025), <https://www.whitehouse.gov/presidential-actions/2025/02/ensuring-accountability-for-all-agencies>.
- ¹⁸ See DOJ Press Release No. 26-397, *U.S. Soldier Charged With Using Classified Information To Profit From Prediction Market Bets* (Apr. 23, 2026), <https://www.justice.gov/opa/pr/us-soldier-charged-using-classified-information-profit-prediction-market-bets> [hereinafter “DOJ Release No. 26-397”].
- ¹⁹ See CFTC Release No. 9217-26, *CFTC Charges U.S. Service Member with Insider Trading in Nicolás Maduro-Related Event Contracts* (Apr. 23, 2026), <https://www.cftc.gov/PressRoom/PressReleases/9217-26>; Complaint, *CFTC v. Gannon Ken Van Dyke*, No. 26-cv-3369 (S.D.N.Y. Apr. 23, 2026), <https://www.cftc.gov/media/13761/EnfGannonKenVanDykeComplaint042326/download>.
- ²⁰ DOJ Release No. 26-397.
- ²¹ See Indictment, *U.S.A. v. Gannon Ken Van Dyke*, No. 1:26-cr-00156, para. 1 (S.D.N.Y. April 23, 2026), <https://www.justice.gov/usao-sdny/media/1437781/dl>.
- ²² See *id.* paras. 1, 10–15.
- ²³ See Complaint, *U.S.A. v. Michele Spagnuolo*, No. 1:26-cr-00278 (S.D.N.Y. May 26, 2026), <https://www.justice.gov/usao-sdny/media/1442621/dl>; Complaint, *CFTC v. Michele Spagnuolo*, No. 26-cv-4419 (S.D.N.Y. May 27, 2026), <https://www.cftc.gov/media/14046/ENFSpagnuoloComplaint052726/download>.
- ²⁴ See *id.*
- ²⁵ See also *id.*
- ²⁶ See U.S. Attorney’s Office S.D.N.Y. Press Release No. 26-141, *Google Employee Charged With Insider Trading* (May 27, 2026), <https://www.justice.gov/usao-sdny/pr/google-employee-charged-insider-trading>.
- ²⁷ See *id.*
- ²⁸ See Complaint, *SEC v. Jon P. Kipp*, No. 2:26-cv-03289 (W.D. Wash. Sept. 14, 2026), <https://www.sec.gov/files/litigation/complaints/2026/comp26640.pdf>.
- ²⁹ *Id.* paras. 1–3.
- ³⁰ See SEC Litigation Release No. 26640, *Jon P. Kipp* (Sept. 15, 2026), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26640>.
- ³¹ *Id.*
- ³² See Complaint, *SEC v. Jon P. Kipp*, No. 2:26-cv-03289, para. 19 (W.D. Wash. Sept. 14, 2026), <https://www.sec.gov/files/litigation/complaints/2026/comp26640.pdf>.
- ³³ *Id.* paras. 23–24.
- ³⁴ *Id.* paras. 26–27.
- ³⁵ *Id.* para. 28.
- ³⁶ *Id.* para. 30.
- ³⁷ *Id.*
- ³⁸ *Id.* para. 2.

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- ³⁹ *Id.* paras. 12–13.
- ⁴⁰ *Id.*
- ⁴¹ See SEC Litigation Release No. 26603, *Terren S. Peizer and Acuitas Group Holdings, LLC* (Aug. 7, 2026), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26603>.
- ⁴² *Id.*
- ⁴³ DOJ Press Release No. 23-228, *CEO of Publicly Traded Health Care Company Charged for Insider Trading Scheme* (Mar. 1, 2023), <https://www.justice.gov/archives/opa/pr/ceo-publicly-traded-health-care-company-charged-insider-trading-scheme>.
- ⁴⁴ *United States v. Terren S. Peizer*, U.S. Department of Justice Criminal Division (Jan 22, 2026), <https://www.justice.gov/criminal-vns/case/united-states-v-terren-s-peizer>.
- ⁴⁵ See Complaint, *SEC v. Terren S. Peizer and Acuitas Group Holdings, LLC*, No. 2:23-cv-01511, paras. 4–6 (C.D. Cal. Mar. 1, 2023), <https://www.sec.gov/files/litigation/complaints/2026/comp26603.pdf>.
- ⁴⁶ *Id.* paras. 8–9.
- ⁴⁷ *Id.* paras. 10, 66.
- ⁴⁸ See Complaint, *Galveston Firefighters’ Pension Fund v. Smartsheet Inc., Mark P. Mader, and Pete Godbole*, No. 1:26-cv-06679 (S.D.N.Y. Aug. 5, 2026), https://www.wolfpopper.com/siteFiles/Cases/Smartsheet_Complaint.pdf.
- ⁴⁹ *Id.* para. 1.
- ⁵⁰ *Id.* para. 3.
- ⁵¹ *Id.*
- ⁵² *Id.* paras. 4, 64.
- ⁵³ *Id.* para. 6.
- ⁵⁴ See *id.* para. 7.
- ⁵⁵ See *id.* para. 8.
- ⁵⁶ *Id.* para. 64.
- ⁵⁷ *Id.* paras. 12, 15.
- ⁵⁸ See *id.* paras. 12, 15, 90.
- ⁵⁹ See *id.* paras. 36, 72.
- ⁶⁰ See *id.* paras. 14, 36.
- ⁶¹ *Id.* paras. 43–44, 73–74.
- ⁶² See Complaint, *SEC v. Nicolo Nourafchan, et al.*, No. 1:26-cv-12068, paras. 1–2, 18–38 (D. Mass. May 6, 2026), <https://www.sec.gov/files/litigation/complaints/2026/comp-pr2026-44.pdf>.
- ⁶³ *Id.* para. 1.
- ⁶⁴ *Id.* paras. 2, 4, 7.
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- ⁶⁶ *Id.* para. 51.
- ⁶⁷ *Id.* para. 56.
- ⁶⁸ *Id.* paras. 138–141.
- ⁶⁹ *Id.* paras. 13, 15.
- ⁷⁰ *Id.* para. 13.
- ⁷¹ See SEC Administrative Proceeding File No. 3-22641, *SEC Institutes Settled Order for Insider Trading Charges Arising out of Semrush Holdings Acquisition* (May 22, 2026), <https://www.sec.gov/enforcement-litigation/administrative-proceedings/34-105550-s>.
- ⁷² In the Matter of Nipun Kumar Jami, Securities Exchange Act Release No. 105550, Admin. Proc. File No. 3-22641, at 3 (May 22, 2026), <https://www.sec.gov/files/litigation/admin/2026/34-105550.pdf>.
- ⁷³ *Id.* at 4.
- ⁷⁴ *Id.* at 5.
- ⁷⁵ *Id.*
- ⁷⁶ *Id.* at 6.
- ⁷⁷ *Id.* at 5.
- ⁷⁸ See DOJ Press Release No. 26-578, *Activist Short Seller Convicted for \$21M Stock Market Manipulation Scheme* (June 2, 2026), <https://www.justice.gov/opa/pr/activist-short-seller-convicted-21m-stock-market-manipulation-scheme>; U.S. Attorney’s Office C.D. Cal. Press Release No. 26-097, *Founder of Citron Research Found Guilty of Scheming to Manipulate Stock Market via Media Campaigns* (June 1, 2026), <https://www.justice.gov/usao-cdca/pr/founder-citron-research-found-guilty-scheming-manipulate-stock-market-media-campaigns>.
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- ⁸⁰ See U.S. Attorney’s Office C.D. Cal. Press Release No. 26-097, *Founder of Citron Research Found Guilty of Scheming to Manipulate Stock Market via Media Campaigns* (June 1, 2026), <https://www.justice.gov/usao-cdca/pr/founder-citron-research-found-guilty-scheming-manipulate-stock-market-media-campaigns>.

- ⁸¹ See U.S. Attorney’s Office C.D. Cal. Press Release No. 24-176, *Analyst Indicted for Alleged Scheme to Manipulate Stock Market via Media Campaigns Then Trading Contrary to His Public Positions* (July 26, 2024), <https://www.justice.gov/usao-cdca/pr/analyst-indicted-alleged-scheme-manipulate-stock-market-media-campaigns-then-trading>.
- ⁸² See U.S. Attorney’s Office C.D. Cal. Press Release No. 26-097, *Founder of Citron Research Found Guilty of Scheming to Manipulate Stock Market via Media Campaigns* (June 1, 2026), <https://www.justice.gov/usao-cdca/pr/founder-citron-research-found-guilty-scheming-manipulate-stock-market-media-campaigns>.
- ⁸³ See *id.*
- ⁸⁴ *Id.*
- ⁸⁵ *Id.*; *United States v. Andrew Left*, U.S. Department of Justice Criminal Division (July 8, 2026), <https://www.justice.gov/criminal/criminal-vns/case/united-states-v-andrew-left>.
- ⁸⁶ See Complaint, *SEC v. Rakesh Ahuja*, No. 26-cv-03213 (S.D.N.Y. Apr. 20, 2026), <https://www.sec.gov/files/litigation/complaints/2026/comp26533.pdf>; SEC Litigation Release No. 26533, *Rakesh Ahuja* (Apr. 21, 2026), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26533>.
- ⁸⁷ Complaint, *SEC v. Rakesh Ahuja*, No. 26-cv-03213, paras. 2, 17 (S.D.N.Y. Apr. 20, 2026).
- ⁸⁸ *Id.* paras. 3, 25–63.
- ⁸⁹ See *id.* para. 3.
- ⁹⁰ *Id.* paras. 3, 25–63.
- ⁹¹ See *id.* paras. 62–63.
- ⁹² *Id.* para. 64.
- ⁹³ See *id.* paras. 66–68.
- ⁹⁴ *Id.* para. 69.
- ⁹⁵ *Id.* para. 5.
- ⁹⁶ See SEC Litigation Release No. 26533, *Rakesh Ahuja* (Apr. 21, 2026), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26533>.
- ⁹⁷ *Id.*
- ⁹⁸ See Complaint, *SEC v. Michael A. Smith and Douglas Joshua Dalton*, No. 1:26-cv-00193-DCN, paras. 1-3 (D. Idaho Mar. 31, 2026), <https://www.sec.gov/files/litigation/complaints/2026/comp26518.pdf>.
- ⁹⁹ *Id.* paras. 15, 22–23.
- ¹⁰⁰ *Id.* para. 25.
- ¹⁰¹ *Id.* paras. 31–32.
- ¹⁰² *Id.* paras. 4–5.
- ¹⁰³ *Id.* para. 32.
- ¹⁰⁴ *Id.* paras. 6–7.
- ¹⁰⁵ See SEC Litigation Release No. 26518, *Michael Smith and Douglas Joshua Dalton* (Apr. 1, 2026), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26518>; U.S. Department of Justice, *Former President and Chief Operating Officer of Public Company Pleads Guilty to Insider Trading* (Nov. 18, 2025), <https://www.justice.gov/opa/pr/former-president-and-chief-operating-officer-public-company-pleads-guilty-insider-trading>; U.S. Department of Justice, *Arkansas Man Pleads Guilty to Insider Trading* (Mar. 31, 2026), <https://www.justice.gov/opa/pr/arkansas-man-pleads-guilty-insider-trading>.
- ¹⁰⁶ See SEC Litigation Release No. 26585, *SEC Files Settled Action as to an Electric Vehicle Company and Its CEO for Allegedly Misleading Investors* (July 13, 2026), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26585>.
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- ¹⁰⁸ *Id.* para. 16.
- ¹⁰⁹ *Id.* para. 17.
- ¹¹⁰ *Id.* paras. 18–19.
- ¹¹¹ *Id.* para. 19.
- ¹¹² *Id.* para. 4.
- ¹¹³ See SEC Litigation Release No. 26585, *SEC Files Settled Action as to an Electric Vehicle Company and Its CEO for Allegedly Misleading Investors* (July 13, 2026), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26585>.
- ¹¹⁴ See SEC Litigation Release No. 26607, *SEC Charges Public Company and Officers in Alleged Fraudulent Scheme to Overstate Revenue* (Aug. 11, 2026), <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26607>.
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- ¹¹⁶ *Id.*
- ¹¹⁷ *Id.*
- ¹¹⁸ *Id.* para. 4.
- ¹¹⁹ *Id.*
- ¹²⁰ *Id.* para. 124.
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- ¹²² *Id.* para. 167.
¹²³ *Id.* para. 158.
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¹³¹ *Id.*
¹³² *Id.* para. 18.
¹³³ *Id.* para. 24.
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¹³⁸ *Id.* paras. 37–38.
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Debevoise & Plimpton LLP

New York

66 Hudson Boulevard
New York, New York 10001
+1 212 909 6000

Washington, D.C.

801 Pennsylvania Avenue N.W.
Washington, D.C. 20004
+1 202 383 8000

San Francisco

+1 415 738 5700

London

+44 20 7786 9000

Paris

+33 1 40 73 12 12

Frankfurt

+49 69 2097 5000

Luxembourg

+352 28 5795 33 00

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+852 2160 9800

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+86 21 5047 1800

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