



SEC Enforcement Actions for Failure to File Timely Reports (under Sections 16(a), 13(d) and 13(g) of the Exchange Act)

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Reading Time : **1 min**

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What is most remarkable about this sweep action is that the SEC staff used analytical data to find the failures to file and formed a subgroup to, among other things, electronically parse Form 4 filings to locate these actions. It is likely that the SEC sweeps will become regular occurrences, particularly as the SEC views strict liability enforcement actions as part of the “broken windows” theory of enforcement, as outlined by Chairman White in a speech last year (available [here](#)).

In order to ensure that additional beneficial owners, executive officers, directors and issuers are not captured by future sweeps, issuers should review the Forms 3, 4 and 5 and Schedules 13D and 13G that are filed on behalf of their companies on at least an annual basis to ensure that they match other filings made by the beneficial owner, officer or director and that no filings are missed. Persons that sub-contract out the management of their accounts and fund managers should consider the structure of their agreements to ensure that they are not responsible for beneficial ownership or reporting obligations.

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