

# Securities Enforcement and Regulation

## Helping Clients Succeed in a Challenging Regulatory Environment



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### In-Depth and Wide-Ranging Experience

King & Spalding's Securities Enforcement, Investigations, and Regulation group advises some of the world's leading financial institutions, public companies, boards of directors, audit committees, audit firms, investment companies and advisers, private equity, hedge and pension funds, credit rating agencies, law firms, directors, officers, and senior executives in all aspects of securities law enforcement.

Our team includes a deep bench of former SEC and DOJ officials, former federal and state prosecutors, and seasoned SEC enforcement practitioners, including a former Director of the SEC's Northeast Regional Office, a former Assistant Director in the SEC's Enforcement Division, a former Assistant Attorney General in charge of the DOJ's Criminal Division, and a former Chief of the Securities and Commodities Fraud Task Force in the Southern District of New York's U.S. Attorney's Office. Our team also boasts talented and experienced counsel and associates who focus on government and internal investigations. Together, we have decades of experience, on both sides of the table, handling domestic and cross-border matters spanning the breadth of the securities laws and regulations.

We routinely and successfully represent clients facing investigations conducted by the SEC, DOJ, CFTC, FINRA, PCAOB, the United Kingdom Financial Conduct Authority ("FCA"), and numerous other enforcement and regulatory entities at federal, state, and international levels. Our representations often remain non-public due to successful resolution without any action against our clients.

### Government Investigations

- We represent clients in investigations involving all areas of the securities and commodities laws, as well as enforcement proceedings brought by civil and criminal authorities and self-regulatory organizations.
- We have the experience to guide you through the investigatory process, the credibility to advocate effectively for you before the enforcement authorities, and the judgment to help you achieve the best possible outcome.
- When a satisfactory resolution cannot be achieved, we have a successful track record of litigating against, and defeating, the government, self-regulatory organizations, and private plaintiffs.

Two-time *Law360*  
White Collar  
Group of the Year  
(2010 and 2016)

2016 *Law360* Law  
Firm of the Year



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"They just have an  
ability to read the  
government and see  
what is important."  
– *Chambers*

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“King & Spalding provides timely advice which is practical rather than theoretical.”

– *Chambers*

*Global Investigations Review* named King & Spalding to its GIR 30 in 2015 and 2016.

“Speak to a King & Spalding investigations partner in the US and almost without exception you’ll find that they’ll have previously worked in government, either at federal prosecutors’ offices renowned for white-collar work, or at the DOJ and the SEC in Washington, DC.”

– *Global Investigations Review*

## Internal Investigations

- We regularly conduct internal investigations for public companies, corporate boards of directors, audit and special committees, financial institutions, and private funds.
- We work with our clients to understand their business and develop appropriately scoped investigative plans. We conduct investigations in a thorough but cost-effective manner.
- We help our clients develop action plans to address and remediate any potential misconduct identified by an investigation. We are counselors, not just legal advisers or litigators, who appreciate the impact internal and government investigations can have on your business or career.

## Compliance Counseling

- We counsel clients on complying with the law and, beyond that, proactively building a culture of compliance that today’s regulatory environment demands.
- Our team frequently advises our clients on governance, “Tone at the Top,” whistleblower programs, collateral consequences of regulatory actions, due diligence, compliance issues, and best practices outside the context of a government or internal investigation.
- Our proactive approach allows us to identify potential issues for our clients before they become problems, enabling us to avoid investigations or minimize the consequences of an investigation.

## Representative Matters

### Corporate Accounting and Disclosure

- The audit committee of a public company in an internal investigation and related government investigations into more than 20 separate allegations of misconduct relating to accounting fraud and whistleblower retaliation.
- The audit committee of a Fortune 250 company in a confidential internal investigation involving revenue recognition issues relating to sales transactions.
- A biotech firm in an SEC investigation and related class and derivatives actions concerning the company’s use of media relations firms and sales of the company’s securities by corporate insiders, as well as disclosure and accounting issues.
- A Fortune 100 energy company in connection with a multi-company SEC investigation concerning asset impairment and related accounting and disclosure implications.
- A special committee of the board of directors of an oil services company in an internal investigation and related communications with the SEC regarding disclosures concerning performance results for a product.

## FCPA

- A major multinational corporation in an FCPA investigation into the company’s operations overseas in multiple jurisdictions, including the response to multiple subpoenas and inquiries from the SEC and DOJ.
- A life sciences company in an industry-wide global FCPA investigation by the SEC and DOJ involving conduct in multiple foreign countries. The SEC and DOJ both closed their investigations without any enforcement action.
- One of the largest global asset managers in an internal investigation of allegations of bribery at a portfolio company and subsequent reporting and response to the United Kingdom Financial Conduct Authority and National Crime Agency.



Named a Top 10 Firm for White Collar Criminal Defense (2016 and 2017)

– *Legal 500*

“Noted for its handling of internal investigations and external enforcement proceedings, drawing on strong international capabilities.”

– *Chambers*

“I couldn’t say enough about their integrity and thoroughness.”

– *Chambers*

“They really have a lot of experience. That’s their real strength. They are very strategic.”

– *Chambers*

## Auditing and Professional Liability

- A Big Four accounting firm in investigations and litigation stemming from anti-corruption investigations by U.S. and foreign authorities of the firm’s audit client.
- A global law firm and several firm partners in an SEC investigation concerning obligations in representing an asset management client.
- A Big Four accounting firm in multiple SEC investigations relating to mortgage-backed securities.
- An accounting firm in investigations by the DOJ and SEC concerning a pharmaceutical company’s financial reporting.
- A Big Four accounting firm in a PCAOB investigation concerning auditor independence.
- A bankruptcy consulting firm in an SEC investigation concerning a public company bankruptcy and related issues.

## Financial Institutions

- A major financial institution in a DOJ investigation of U.S. tax and securities law violations, as well as parallel investigations by the SEC, the Federal Reserve, the U.S. Senate Permanent Subcommittee on Investigations, and the New York State Department of Financial Services.
- One of the world’s largest banks in a DOJ investigation pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act (“FIRREA”) concerning the origination and sale of residential mortgage-backed securities during the years leading up to the financial crisis.
- A global bank in parallel DOJ and SEC investigations concerning Regulation FD, the adequacy of public disclosures made by executives around the time of the 2008 Financial Crisis, and loan loss reserves for the bank’s residential mortgage portfolio.
- A major financial institution in parallel investigations by the DOJ, SEC, IRS, OCC, Federal Reserve, and numerous state attorneys general regarding allegations of bid-rigging in the municipal derivatives industry.

## Investment Advisers and Private Funds

- An investment adviser and its CEO and fund manager in stock manipulation and insider trading investigations by the SEC, DOJ, and Hong Kong Securities and Futures Commission.
- A private equity firm in internal and SEC investigations concerning the valuation of complex securitization transactions.
- A London-based active equity fund manager in an investigation by the United Kingdom Financial Conduct Authority into allegations of insider dealing related to information provided to it by senior managers of certain of its portfolio companies.
- A pension fund in connection with an SEC investigation concerning its investment activities.

## Commodities and Futures

- A foreign currency trading platform in a CFTC investigation and subsequent litigation in the Southern District of New York alleging capitalization and reporting violations arising out of the unprecedented FX market events of January 15, 2015, when the Swiss National Bank announced that it would allow the Swiss franc to trade freely against the euro.
- A major international financial institution in a CFTC investigation concerning credit default swaps.



“Dixie Johnson enjoys a ‘long and excellent reputation’ among market observers.”

– Chambers

“Carmen Lawrence is a respected member of the enforcement Bar, regularly representing clients in high-stakes securities regulatory actions and investigations.”

– Chambers

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**Broker-Dealers**

- A major broker-dealer in inquiries by the SEC and FINRA concerning compliance with customer protection and market access rules.
- A major broker-dealer in a FINRA investigation concerning securities lending and prime brokerage activities.

**Credit Rating Agencies**

- An SEC-registered credit rating agency in connection with industry-wide investigations being conducted by the SEC and the New York attorney general concerning potential ratings shopping.
- Former senior managers of an SEC-registered credit rating agency in parallel investigations by the SEC, New York attorney general, Massachusetts attorney general, and other state securities regulators involving the credit rating agency’s compliance with its rating criteria, internal policies, controls, and the accuracy of its disclosures in connection with its ratings of certain commercial mortgage-backed securities, as well as subsequent litigation brought by certain of those regulators.

**Public Company Executives**

- A former CEO of one of the world’s largest software companies in an SEC enforcement action involving a restatement of revenue and alleged insider trading.
- The former CEO and CFO of a provider of touchscreen sensors in an SEC enforcement action alleging misstatements concerning the company’s manufacturing capabilities and alleged violations of GAAP.
- The controller of Qwest in an acquittal at trial in a highly publicized, nine-week jury trial on accounting fraud charges in Colorado federal court.
- A former CFO of a biotech company in an SEC and SDNY investigation of accounting and public reporting issues.
- A public company general counsel in an SEC disciplinary investigation concerning a state bar licensing issue.
- A former general counsel of a mutual fund complex in an SEC investigation concerning disclosure, fee, and valuation issues.

**Securities Industry Professionals**

- A London-based head of global forex e-trading at an international bank in government investigations of the practice known as “last look.”
- A board member of a private equity adviser in an SEC examination and investigation involving fee and broker-dealer registration issues.
- A senior FINRA official in an SEC investigation concerning the rulemaking process for technology developments.
- A former senior director of operations of a broker-dealer in an SEC investigation concerning protection of customer assets.
- A chief compliance officer of a mutual fund and investment manager in internal and SEC investigations concerning liquidity management, asset segregation, and insider trading surveillance.