

Enforcement Issues – Panel 7

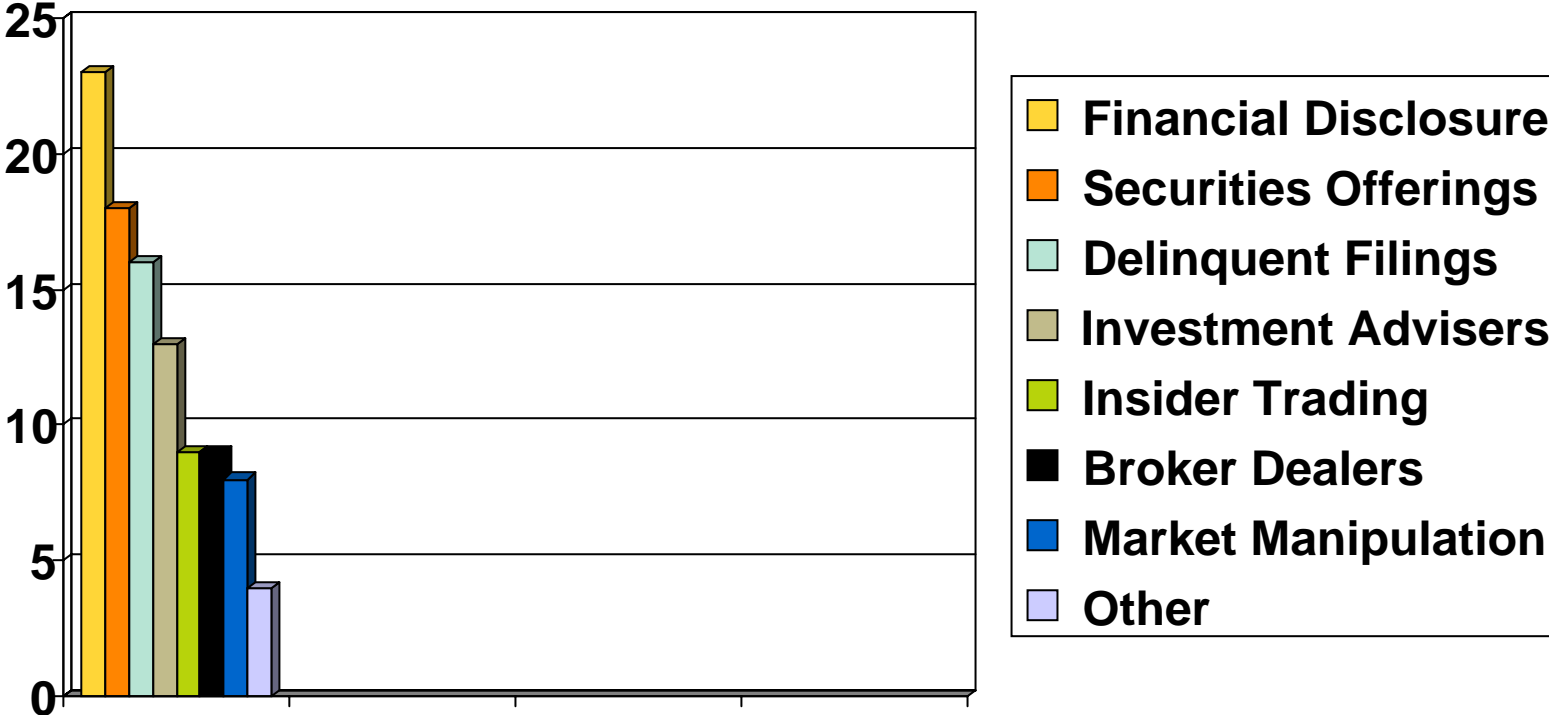
Overview of 2008 Enforcement Activity: Highlights Per the Sec's 2008 Performance and Accountability Report

- Enforcement Division's subprime working group's investigations, including investigations of parties involved in the securitization of mortgage backed securities and collateralized debt obligations
- Enforcement Division's investigations of market manipulation of financial institutions, focusing on broker-dealers and institutional investors (leading to largest settlements in SEC's history)
- 671 enforcement actions relating to insider trading and market manipulation (increases of 25% and 45%, respectively, over 2007)

Overview of Enforcement Activity: The SEC, Too, Reads to Financial Press

- Over 50 pending subprime related investigations (lenders, investment banks, credit rating agencies, insurers, and broker-dealers)
- Highest number of insider trading cases in SEC's history
- 70 Ponzi scheme cases in 2007 and 2008
 - Deputy Director of Enforcement Division (George Curtis): now seeing an “avalanche” of Ponzi cases
- Internet enforcement, microcap fraud, and municipal fraud

Overview of Enforcement Activity: Percentage of Cases by Core Enforcement Area



Overview of 2008 Enforcement Activity: Accounting Issues

- 40 new accounting-related litigation releases (a decrease from 2007)
 - Internal controls – 83%
 - Understatement of liabilities & expenses – 45%
 - Revenue recognition – 40%
 - Overstatement of assets – 28%
 - Estimates – 10%
 - Purchase accounting – 5%
 - Other – 45%

Overview of Enforcement Activity: Foreign Filers

- Record level of actions against foreign filers
 - 2008 – 36 actions
 - 2007 – 27 actions
 - 2006 – 14 actions
 - 2005 – 19 actions
 - 2004 – 30 actions
 - 2003 – 14 actions
 - 2002 – 23 actions
 - 2001 – 16 actions
 - 2000 – 14 actions

Overview of Enforcement Activity: Settlements

- Largest Settlements in SEC's History
 - Total auction rate securities settlements expected to reach \$50 billion (Citigroup and UBS totaled \$29.7 billion)
 - Sizeable FCPA settlements
 - Siemens (\$350 million to SEC, \$450 million to DOJ, and \$850 million to German regulators), Willbros Group (\$32 million), Fiat (\$18 million), and Volvo (\$19 million)
 - Eight figure settlements in eight other cases