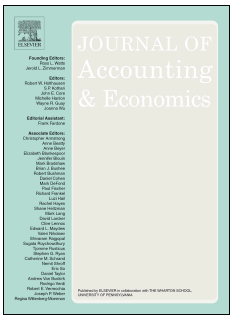

The SEC's September Spike: Regulatory Inconsistency within the Fiscal Year

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PII: S0165-4101(23)00060-5

DOI: https://doi.org/10.1016/j.jacceco.2023.101636

Reference: JAE 101636

To appear in: *Journal of Accounting and Economics*

Received Date: 16 February 2022

Revised Date: 1 August 2023

Accepted Date: 4 August 2023

Please cite this article as: Donelson, D.C., Kubic, M., Toynbee, S., The SEC's September Spike: Regulatory Inconsistency within the Fiscal Year , *Journal of Accounting and Economics*, https://doi.org/10.1016/j.jacceco.2023.101636.

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August 2023

Forthcoming, Journal of Accounting and Economics

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1. Introduction

In the United States, regulatory agencies provide annual performance reports every year as part of the congressional budget appropriations process. We examine whether performance-reporting pressure leads to changes in enforcement behavior at fiscal year-end (i.e., regulatory inconsistency). To test whether performance reporting leads to regulatory inconsistency, researchers need a setting where an agency faces pressure for its reported performance and where they can evaluate enforcement outcomes throughout the year (Heckman et al., 1997; Heese et al., 2021). We study enforcement actions (hereafter "cases") at the U.S. Securities and Exchange Commission (SEC). The high profile of the SEC often leads to congressional and public scrutiny, suggesting that reporting pressure is likely to be salient in this setting. Moreover, we can obtain detailed information on each SEC case, including when it is filed, the nature of the violation, and the penalty.

Whether performance reporting influences enforcement behavior is important to understand due to the significance of enforcement for regulatory effectiveness (Stigler, 1970; Coffee, 2007; Shotts and Wiseman, 2010). Stigler (1970, p. 533) shows that, while an optimal enforcement program will lead a regulator to pursue cases when the benefit exceeds the cost, agency problems can incentivize the regulator to "seek numerous, easy cases to dress up its record" rather than focus on the most severe violations. Even SEC leadership has expressed concern that annual performance reporting of quantitative metrics, such as case filings, may lead to a "misalignment of incentives and objectives" (SEC, 2018, p. 1).

We construct a dataset of over 13,000 cases filed by the SEC's Division of Enforcement (DOE) against firms and individuals for SEC fiscal years 2000 to 2020. The SEC files cases in three main categories: standalone cases, follow-on administrative proceedings, and delinquent

filings cases (see Appendix A). Standalone cases are the most substantive. In contrast, follow-on administrative proceedings and delinquent filings are procedural cases as they do not require the same degree of investigation and negotiation with defendants. SEC staff file standalone cases in either federal court (civil actions) or the SEC's administrative court (administrative proceedings). For standalone cases, we use the details of the case filing to measure violation category, case complexity, case severity, and settlement terms.

We find that the average number of cases (of any category) filed in September is almost double the average in other months, and that the median percentage of total annual cases filed in September is 16%. We refer to higher case volume in September relative to other months as the "September spike" and document variation in the size of this spike across time. Our results are consistent with trends described in the financial press and examined by legal scholars. The *Wall Street Journal*, for example, reported an uptick in case volume in September 2013 (Eaglesham, 2013b), and subsequent legal research has shown similar upticks over longer sample periods (Velikonja, 2017; Choi, 2020). We extend the descriptive and graphical evidence in these articles by showing that the September spike is robust to controlling for various factors that may influence case volume, such as trailing securities class actions, SEC investigations, and other market factors.

We test whether performance-reporting pressure explains the higher case volume in September in two ways. First, we link the size of the spike to reporting incentives. The spike is larger when case totals are behind pace to meet last year's case total, which likely serves as a de facto performance benchmark (e.g., Burghstahler and Dichev, 1999; SEC, 2021). We also show that the September spike is greater when the SEC Chair faces partisan political pressure (Velikonja, 2017; Correia, 2014) and smaller when the Chair is in their first year in office. This

latter finding suggests that the Chair has a period in which they can hire senior staff and implement their strategy *before* experiencing performance-reporting pressure (e.g., Eshbaugh-Soha, 2005; Lewis, 2011). Second, we attempt to rule out alternative explanations. We find that the spike is larger when the SEC's spending exceeds its budget authority and when the DOE has more resources. The former is inconsistent with the staff filing more cases at fiscal year-end to avoid losing unobligated budget resources (Liebman and Mahoney, 2017); the latter is inconsistent with the staff filing more cases at fiscal year-end due to delays associated with resource constraints. Finally, we do not find any spikes in investigation openings, which suggests that a clustering in violations is unlikely to explain the spike in case filings. Collectively, the results are consistent with performance-reporting pressures incentivizing staff to increase case volume at fiscal year-end.

If the spike in case filings in September reflects relatively benign changes in enforcement behavior, then it may not have significant consequences for regulatory consistency. Eaglesham (2013b) and Velikonja (2017) provide examples of SEC staff filing a series of follow-on administrative proceedings in September. While we find that the SEC does file more procedural cases in September than in other months of the year, the percentage increase in standalone cases is larger than the percentage increase in procedural cases. Another possibility is that staff simply accelerate the timing of case filings, as Choi (2020) notes that fewer cases are filed in October relative to non-September months. We show that SEC staff indeed accelerate the timing of standalone cases by filing cases in September that might otherwise have been filed in the first month(s) of the next fiscal year. However, this case acceleration does not fully explain the higher case volume in September. On average, over 30% of the September spike is unexplained by the filing of procedural cases or case acceleration, suggesting that changes in enforcement in

September are not entirely benign.

Next, we examine two consequential forms of regulatory inconsistency: case selection and leniency. Regarding case selection, we create measures of case complexity and find that SEC staff prioritize less complex cases at fiscal year-end. Specifically, the standalone cases filed in September are significantly more likely to reference defendant cooperation and to only name companies as defendants, and are less likely to include a fraud allegation and to reference parallel criminal proceedings. For instance, September cases are approximately 11% less likely to include fraud allegations than cases filed in other months.[1] If staff consistently delay filing less complex cases (O'Donoghue and Rabin, 1999), these differences should exist every year. However, we find they only exist in "high-spike" years—years when the spike exceeds the sample median of 16%—which is consistent with case selection helping explain the September spike.

Turning to the possibility of leniency, two findings suggest that SEC staff prioritize cases they can settle with the defendants in September. First, the SEC files a higher percentage of cases as settled charges in September than in other months; and again, the difference only occurs in high-spike years. Second, in a subsample of 1,000 cases manually matched to their related investigations, we find that cases filed as settled charges are more likely to have resulted from quick investigations if they were filed in September. These results raise the possibility that the SEC is willing to accept lenient settlement terms to increase its September case volume.

We conclude our analysis by testing for leniency in non-financial and financial sanctions. Conditional on case characteristics, the time of year a case is filed should not affect the sanctions

[1] We find similar inferences in a subsample of Accounting and Auditing Enforcement Releases (AAERs) that has been widely examined in prior research (e.g., Dechow et al., 2011). For instance, September AAERs are more likely to be issued against smaller and less profitable firms that likely have fewer resources.

imposed on the defendant. We test for differences in sanctions, controlling for observable aspects of the underlying violation such as case complexity, the number of securities laws violated, and the magnitude of the alleged violation. For non-financial sanctions, we find that defendant undertakings (e.g., the requirement to appoint an independent compliance monitor) and censure are less likely in September, but only in high-spike years. For financial sanctions, we hand-collect data for approximately 2,000 defendants in the post-Dodd-Frank (2010) era. We find that defendants receive lower financial sanctions—both disgorgement and civil penalties—when they settle in September. On average, our results suggest the SEC discounts financial sanctions for cases filed as settled charges in September by approximately $132,000—an economically meaningful discount, given that the average financial sanction is $270,000. We also find an 11% lower likelihood of a large financial sanction in September.

Our evidence suggests that SEC staff compromise in settlement negotiations in order to file cases before the fiscal year-end. This predictable leniency has important practical implications. The revolving door between SEC enforcement and industry likely increases defendants' awareness of the pressure on the SEC at the fiscal year-end (deHaan et al. 2015), and such awareness may incentivize them to delay settlement negotiations to obtain more favorable outcomes. Because financial sanctions are often distributed to harmed parties (Winship, 2008; Velikonja, 2015a; SEC, 2017), greater leniency may further harm the individuals who were hurt by the initial misconduct. These findings are also important because sanctions should reduce recidivism and deter future misconduct (Becker, 1968), both of which are key to the SEC's mission. Moreover, evidence on case selection is important, as the SEC is often criticized for failing to pursue egregious cases of misconduct in a timely fashion (e.g., OIG, 2009; Kotz, 2010).

Overall, we document a robust and pervasive increase in September case filings, link the increase to SEC performance-reporting pressure, and attempt to rule out alternative explanations for it. Importantly, we find that performance-reporting pressure comes at a cost, as SEC staff prioritize less complex cases and agree to more lenient sanctions against defendants in September, relative to other months. Though we do not have exogenous variation in performance reporting pressure, we follow the approach advocated by Heckman and Singer (2017) and rely on a collection of findings to understand whether performance reporting leads to inconsistent SEC enforcement at fiscal year-end.

This study makes several contributions. We contribute to the literature that highlights how regulatory capture, institutional design, and incentives can negatively affect regulatory effectiveness (Stigler, 1971; Peltzman, 1976; Weingast and Moran,1983; Hunter and Nelson, 1995; Dal Bó, 2006; Agarwal et al., 2014; Goncharov et al., 2021). Heese et al. (2021) find that Department of Justice lawyers prioritize whistleblower allegations that are more likely to improve performance measures. We also investigate agency conflicts arising from performance reporting and show that they can lead to inconsistent enforcement, which adds to the literature on the importance of enforcement in regulatory effectiveness (Becker and Stigler, 1974; Mahoney, 2009; Christensen et al., 2013, 2016). Overall, our results suggest that the SEC is subject to similar agency conflicts that generate the misconduct they prosecute.

Our findings also relate to prior research on SEC enforcement. Previous studies examine how institutional factors such as political pressure, career concerns, and regulator initiatives affect SEC enforcement outcomes (e.g., Files, 2012; Correia, 2014; deHaan et al., 2015; Files et al., 2019; Mehta and Zhao, 2020; Leone et al., 2021). For example, Velikonja (2017) discusses political pressure on the SEC and suggests that the Commission's higher case volume in

September relative to other months—what she labels a "September swell"—is an example of the SEC using enforcement statistics to manage political pressure. Choi (2020) studies SEC enforcement against public companies and their subsidiaries to evaluate the determinants and consequences of SEC decision-making. He graphs monthly case volume to examine if seasonality affects SEC decision-making and shows that case volume is not only highest in September but also lowest in October. However, prior research does not test whether performance pressure is associated with the September increase in case volume, or how performance-reporting pressure affects enforcement aspects other than volume. We contribute to these studies by first showing that the increase in September case volume is not due to confounding factors and is linked to performance-reporting pressure. In addition, we collect detailed attributes of case filings and show that SEC staff prioritize less complex cases and agree to more lenient sanctions against defendants in September. Our results have implications for enforcement at regulatory agencies with institutional structures and reporting pressures similar to those of the SEC (e.g., Commodities Futures Trading Commission), and for securities litigation reform proposals that envision shifting additional responsibilities to the SEC (e.g., Rose, 2008).

Finally, our findings relate to research on how periodic reporting influences organizational behavior (e.g., Burgstahler and Dichev, 1999; Cavalluzzo and Ittner, 2004; Gigler et al., 2014; Liebman and Mahoney, 2017; Kraft et al., 2018; Cohen et al., 2021). In most of these studies, it is assumed that price incentives and pay-for-performance incentives motivate changes in behavior at period end; importantly, however, we find evidence of changes without such explicit incentives.

2. Background and hypothesis development

2.1 Regulatory effectiveness

Early and influential literature in economics seeks to understand whether regulation serves

the public interest or reflects the preferences of powerful constituents (e.g., Pigou, 1938; Stigler, 1971; Peltzman, 1976; Laffont and Tirole, 1991; Shleifer, 2005). This literature spurred numerous studies on regulatory design and effectiveness, in which scholars note that effective regulation relies on both the laws enacted and the enforcement of those laws (e.g., Stigler, 1970; Becker and Stigler, 1974; Coffee, 2007; Shotts and Wiseman, 2010; Christensen et al., 2013).

Effective enforcement depends on the structure of regulatory agencies and the incentives facing individual regulators. Regulatory agencies are designed to issue regulations and enforce compliance, but several frictions can impede their effectiveness. Under a "congressional dominance" perspective, political pressures can affect regulatory agencies through congressional oversight and resource allocation (Weingast and Moran, 1983). Empirical evidence supports this perspective, as regulatory agencies' political forces and agency conflicts have been shown to shape enforcement (e.g., Weingast, 1984; Hunter and Nelson, 1995; Young et al., 2001; Correia, 2014; Heese, 2019; Zheng, 2021). Frictions arising from differences in resources and institutional structures also affect regulatory outcomes (Kedia and Rajgopal, 2011; Agarwal et al., 2014; Blackburne, 2014; Christensen et al., 2016; Nessa et al., 2020; Kleymenova and Tomy, 2022). Finally, because regulators may choose to enforce or ignore laws to maximize their personal well-being (Mahoney, 2009), individual incentives play an important role in enforcement (Agarwal et al., 2014; deHaan et al., 2015). Building on this literature, we study whether performance reporting leads to agency conflicts that affect SEC enforcement.

2.2 Enforcement at the Securities and Exchange Commission

The Division of Enforcement (DOE), the largest SEC division (SEC, 2020b), investigates and prosecutes violations of federal securities laws. The SEC files cases in three main categories: standalone cases, follow-on administrative proceedings, and delinquent filings cases (see

Appendix A). We refer to the latter two categories as procedural cases. Standalone cases, by contrast, are more substantive, cover a variety of potential violations, and typically follow a lengthy investigation process. Investigations involve collecting information through avenues such as subpoenas, witness testimony, trading data, and books and records (SEC, 2007) and can last for years (Blackburne et al., 2020; Bonsall et al., 2021).[2] When SEC staff have sufficient evidence to pursue an enforcement action, they typically issue a Wells Notice, which informs the potential defendant of the allegations and allows them to respond (via a Wells Submission). After reviewing the Wells Submission, staff can drop the case or discuss settlement options with the defendant. If they choose to pursue the case, staff compile the case information and present it to the SEC Commissioners for approval.[3] Once approved, staff file the case in either federal court (i.e., a civil action) or the SEC's administrative court (i.e., an administrative proceeding). Staff file the case on a settled or contested basis and can seek injunctions and other remedies, such as financial sanctions.[4] We provide an example of this process in Appendix B.

The SEC's Enforcement Manual states that similar violations should be investigated, prosecuted, and punished similarly (SEC, 2017). However, former insiders and prior research suggest that resources and incentives unrelated to the SEC's mission can affect regulatory outcomes (e.g., Macey, 2010; Kedia and Rajgopal, 2011; deHaan et al., 2015; Hayes, 2015;

[2] Until recently, there was little evidence on DOE investigations because investigation data was not publicly available. Researchers have used FOIA requests to obtain investigation data and study the determinants and consequences of DOE investigations (Blackburne et al., 2020, 2021; Bonsall et al., 2021; Holzman et al., 2022).
[3] From 2007 to 2009, the DOE had a corporate "penalty pilot" program that required staff to obtain approval from the Commission before negotiating penalties against public companies (Anderson, 2008; Schapiro, 2009).
[4] Until the Dodd-Frank Act of 2010, the SEC was limited in its ability to use administrative proceedings to obtain monetary penalties against non-regulated persons and entities (e.g., directors and officers of publicly listed firms and individuals suspected of insider trading) (Zheng, 2021). Specifically, the Act expands the SEC's power to impose civil monetary penalties against *any* individual or entity for violations of federal securities laws. Zheng (2021) finds that the SEC has responded to this change by routing more cases through administrative proceedings, and this choice is related to political and economic costs. It is possible that some of these powers will be reversed given the recent ruling in *Jarkesy v. SEC*; in that case, the U.S. Court of Appeals for the Fifth Circuit held that the SEC's use of its administrative court to file civil securities fraud charges violates the Constitution. The U.S. Supreme Court agreed to hear an appeal of *Jarkesy v. SEC* in the fall term of 2023.

Vollmer, 2015; Drucker and Hakim, 2021). For instance, political considerations can reduce the likelihood of case filing and lead to lower penalties for politically connected firms that face enforcement (Correia, 2014; Heese, 2019; Mehta and Zhao, 2020). In the following section, we discuss the possibility that performance reporting pressure impacts the SEC's enforcement consistency.

2.3 Hypothesis development

The SEC receives its funding from Congress and must submit a budget justification report as part of the appropriations process (see, e.g., SEC, 2020b). Consistent with the Government Performance and Results Act of 1993's objective of ensuring regulatory effectiveness, the budget justification report outlines the SEC's proposed allocations of requested funds, actual outlays from the prior year, and a summary of performance for the most recent fiscal year. The most prominent performance metric in both the SEC's annual reports and the budget justification reports is the number of cases filed (see SEC, 2018, 2019, 2020a). The number of case filings also receives attention in congressional testimony and from the press (Velikonja, 2015b; White, 2016).

While performance reporting is designed to improve efficiency and hold regulators accountable, it can have undesirable effects if the goals are difficult to define or measure (e.g., Heckman et al., 1997). Relatedly, Prat (2005) shows that transparency about actions (e.g., number of enforcement actions), rather than the consequences of those actions (e.g., investor protection and deterrence), can lead to agency problems. Agency conflicts may cause a regulator to file "numerous, easy cases to dress up its record" rather than adhere to an optimal enforcement program in which it ensures that the marginal return from enforcement equals the marginal cost (Stigler, 1970, p. 533). Consistent with performance reporting leading to agency

conflicts, Goncharov et al. (2021) find that political and reappointment incentives lead central bankers to take actions to avoid losses.[5]

DOE leadership recognizes that measuring enforcement quality with "quantitative metrics—for example, the raw number of cases filed … during an arbitrary time period such as a single fiscal year" is flawed and may lead to a "misalignment of incentives and objectives" (SEC, 2018, p. 1). The financial press and legal scholars provide potential evidence of such misalignment. For example, a 2013 *Wall Street Journal* article notes the SEC's "late surge" in "easy prey" cases in September 2013 (Eaglesham, 2013b), the last month of the SEC's fiscal year. Subsequent legal studies show similar effects in different samples (Velikonja, 2017; Choi, 2020). In her discussion of political influence on the SEC, Velikonja (2017) graphs monthly case volume from 1998 to 2014 and observes that case volume in September is generally higher than in other months. Choi (2020) studies the characteristics of 851 enforcement actions against public companies and their subsidiaries from 2005 to 2018. He surmises that calendar effects could influence SEC decision-making and notes higher (lower) case volume in September (October), but states that the "monthly time trend for the SEC actions raises an issue for further research to determine the precise cause" (p. 397). Thus, although evidence of higher case volume in September raises the possibility of agency conflicts, further analysis is required before one can conclude that performance-reporting pressures affect enforcement consistency.[6]

[5] Prior studies show how fiscal reporting deadlines can influence decision-making in the presence of pay-for-performance incentives or in the face of price pressure that influences career outcomes (e.g., Gigler et al., 2014; Ernstberger et al., 2017; Agarwal et al., 2018; Kraft et al., 2018). It is unclear whether these behaviors and inferences extend to regulators who do not face pay-for-performance or price pressure.

[6] These articles provide evidence of higher case volume in September and conjecture that performance reporting may play a role, but their focus is not on performance pressure per se, so they do not link changes in case volume to reporting pressure. Velikonja (2017) comments on the determinants and consequences of political pressure in securities regulation and on what can be done to reduce the influence of politics on SEC enforcement. Choi (2020) presents statistics such as case volume and market reactions to enforcement actions, with the objective being to understand what factors motivate the SEC's enforcement decisions.

There are at least three reasons why an increase in case volume in September alone is insufficient to conclude that performance-reporting incentives influence enforcement behavior. First, for performance-reporting pressure to explain an increase in case filings at fiscal year-end, staff must internalize the SEC leadership's incentives to report strong performance (e.g., Velikonja, 2017; SEC, 2018). However, the enforcement changes could reflect enforcement staff's individual incentives rather than the performance-reporting pressure faced by SEC leadership. While goals that matter to leadership could filter down to staff (who likely want to please the supervisors that can influence their job prospects) (Kalmenovitz, 2021), surveys show the SEC compensation system is ineffective at motivating staff and aligning incentives (BCG, 2011; OPM, 2014). Instead, staff could be motivated by the revolving door between the public and private sectors and thus allocate effort to cases that showcase their skills (Lucca et al., 2014; deHaan et al., 2015).

Second, even if staff do internalize performance-reporting pressure, any changes in their enforcement behavior could be relatively benign. If staff prioritize cases that improve their job prospects (deHaan et al., 2015), they may delay procedural or less complex cases (O'Donoghue and Rabin, 1999). As a result, procedural or less complex cases could build up during the year before being filed at year-end. In fact, Eaglesham (2013b) and Velikonja (2017) note an increase in follow-on administrative proceedings in September. Staff could also look to file cases in September that otherwise would have been filed in subsequent months, and with similar outcomes. In his subsample of cases against public companies, Choi (2020) notes an "October ebb," as the average number of cases filed is less in October than in other non-September months. If case volume increases in September solely because staff file procedural cases or shift the timing of case filing rather than change how they pursue and negotiate with defendants, then

the increase may reflect relatively benign window-dressing.

Third, factors unrelated to performance reporting could explain the higher case volume in September. Liebman and Mahoney (2017) present a model and empirical evidence of "use it or lose it" spending within government agencies. The authors show that requiring agencies to return unused budget authority to the Treasury can lead to wasteful spending at fiscal year-end. The fiscal year-end could also be a behavioral deadline that motivates staff to clear their desks (e.g., Cohen et al., 2021). If resource constraints lead to significant backlogs in case filings, then desk-clearing behavior could increase case volume at fiscal year-end. Moreover, if the violations that lead to SEC investigations cluster at certain times of year (e.g., Turner and Weirich, 2006; Maurer, 2022), then the clustering might explain the increase in case filings at fiscal year-end.

Our objective is to evaluate whether performance reporting influences enforcement consistency. We define a consistent enforcement program as one with similar intensity (i.e., level and type of case filings), focus (i.e., case selection), and strictness (i.e., imposing similar sanctions conditional on violation severity) over time. We hypothesize that if performance reporting incentives affect SEC staff, then we should see differences in enforcement activity at fiscal year-end, relative to other times of the year. However, given the preceding discussion, we state our hypotheses in the null:

H1: SEC case volume does not change at fiscal year-end in response to performance-reporting pressures.

H2: SEC case selection does not change at fiscal year-end.

H3: SEC enforcement is not more lenient at fiscal year-end.

To test H1, we examine whether evidence of higher case volume in September relative to other months is robust to controlling for contemporaneous factors and generalizes across all case types. We also attempt to link the increase in case filings to performance-reporting pressure, rule

out alternative explanations, and ensure that the increase in case filings is not due to relatively benign changes in enforcement. We then test two non-mutually exclusive ways enforcement behavior could change: case selection (H2) and leniency (H3). By case selection, we mean pursuing less complex cases. By leniency, we mean agreeing to settlement terms more favorable to the defendant (i.e., less favorable to the SEC).

3. Sample overview

We create a history of SEC cases for SEC fiscal years 2000 to 2020. Accounting and finance studies generally focus on a subset of SEC enforcement—cases against public companies—even though the SEC pursues cases across several categories and against individuals (see Appendix A). Analyzing cases with individual defendants is important given the SEC's emphasis on individual accountability. We use text-based searches within Intelligize to identify litigation releases, press releases, and administrative proceedings related to charges against an individual or company.[7] We impose three additional criteria to identify the initial filing date of a case. First, because the SEC often issues litigation releases when it obtains final judgments in civil actions or when there are other case developments, we remove litigation releases and press releases that reference other litigation releases or include the phrase "entered final judgment." Second, we manually read through the remaining litigation and press releases to ensure that they reference an initial case filing. Third, we identify follow-on administrative proceedings by searching the text of the filing for references to prior civil or criminal cases. Our final sample includes 13,547 cases, including 3,322 (1,792) follow-on administrative proceedings (delinquent filings cases).

[7] To the best of our knowledge, there is no commercially available comprehensive dataset of all SEC cases. A database of Accounting and Auditing Enforcement Releases (AAERs) against public companies is available through the University of Southern California (see Dechow et al., 2011). Similarly, information on cases against public companies and their subsidiaries traded on major U.S. exchanges is available through the NYU Law School. We use the algorithmic approach to identify case filings because it allows us to comprehensively search the text of those filings. We reconcile our case total with the SEC's annual reports and note that our sample includes 13,547 cases, while the SEC annual reports for this period total 14,155 cases (a difference of less than 4%).

We obtain data on private litigation from Advisen, restatements from Audit Analytics, return data from CRSP, and regulatory uncertainty from Baker et al. (2016). We also use data from two FOIA requests: one provides data for investigations closed from January 1, 2000, through September 30, 2021 (Blackburne et al., 2020; Hutton et al., 2021), and the other provides data on DOE employees from 2002 through 2020.

In Table 1, we present case totals by SEC fiscal year and case type, and summarize SEC and DOE resources. On average, the SEC files 645 cases annually, of which 402 are standalone administrative or civil proceedings. DOE staff numbers range from 1,012 to 1,394 total employees and from 118 to 195 trial unit lawyers.

We graph the average case volume across our sample period in Figure 1.[8] Panel A shows the average number of cases filed each month. Consistent with prior evidence using different subsamples (Eaglesham, 2013b; Velikonja, 2017; Choi, 2020), we show that case volume in September is significantly higher than in other months of the year—a result we refer to as the "September spike." The SEC files an average of 110 cases in September, compared to an average of 48 cases in all other months. Panel B presents average case counts by week.[9] Strikingly, the spike in case volume in the last month of the fiscal year is concentrated in cases filed in the last week of September. The clustering of cases filed in the final days of the fiscal year extends existing evidence of a monthly spike and highlights the likely role of reporting pressure in explaining the September spike in case filings.

[8] We present the percentage of total cases filed in September each year in column 8 of Table 1. If case filings were uniformly distributed across the year, we should observe that 8.3% of cases are filed in each month. Instead, the percentage of total cases filed in September is higher than 8.3%—ranging from 9.6% to 30.6%—in every year except 2002, which was likely an unusual year due to the Sarbanes-Oxley Act and the accounting scandals that led to its passage.

[9] Because the number of working days varies by month, we divide months into three "weeks" based on calendar days. Week one includes days 1-10, week two includes days 11-20, and week three includes days 21 and beyond.

4. Case volume and performance-reporting pressure (Test of H1)

4.1 September spike

We begin by estimating the following equation to rule out that economic events or conditions with similar cyclical patterns explain why case volume is higher in September than in other months:

$$Cases_{m,t} = \alpha_1 September_{m,t} + \sum_y \alpha_y Economic\ Controls_{m,t} + \sum_z \alpha_z Investigation\ Controls_{m,t} + \delta_t + \varepsilon_{m,t} \quad (1)$$

where $Cases_{m,t}$ is the number of cases filed in month *m* during year *t*. The variable of interest is *September* (α_1). A positive (negative) coefficient estimate indicates higher (lower) case volume in September than in the other 11 months. In all specifications, we include SEC fiscal year fixed effects to control for differences in enforcement intensity across years (e.g., SEC budget, enforcement staff levels, political and macroeconomic conditions). We control for factors that may affect SEC enforcement and vary within a year, including private enforcement (*Class Actions*, *Derivative Cases*), restatements (*Restatements*), SEC rulemaking (*SEC Rulemaking*), market returns and volatility (*Market Returns*, *Market Volatility*), and regulatory uncertainty (*Reg Uncertainty*). We also control for recent SEC investigation activity, including newly opened (*Open Invest*), closed (*Closed Invest*), and ongoing (*Ongoing Invest*) investigations. We measure all control variables as the trailing six-month average because case filings lag misconduct and the investigation.[10]

In Table 2, we present the results from estimating equation 1. In Panel A, we measure the dependent variable as the total number of cases filed monthly. In all specifications, the coefficient on *September* is positive and statistically significant ($p < 0.01$). Without control

[10] Results are robust to taking the log of total case counts or estimating the model using a negative binomial model. We use OLS because 1) the data approximates a normal distribution, 2) the assumptions of a Poisson model (equal mean and variance) and negative binomial (non-zero probability of zero as an outcome) do not hold in our sample, and 3) the model includes fixed effects.

variables, the coefficient of 61.874 implies that the SEC files approximately 62 more cases in September compared to the other 11 months, an increase of 115.1% relative to the unconditional sample mean (column 1). The coefficient on *September* remains economically and statistically significant when we include economic control variables (column 2); control for non-September quarter-end months (*Quarter End*; column 3), for which staff could have internal performance targets; and include the investigation control variables (column 4).[11]

In Panel B, we examine the spike by violation type for violations that are present in at least 4% of cases. We search for violations in the following categories reported in DOE annual reports: broker-dealer, FCPA, insider trading, investment advisers / investment companies, issuer reporting, market manipulation, securities offering, and public finance abuse.[12] We find that the September spike is pervasive across violation types; thus, it is not solely due to a shift toward certain violation categories in September.

4.2 Linking the September spike to performance reporting

Next, we attempt to link the September spike to agency conflicts arising from performance reporting. We exploit variation in the size of the spike to examine whether it varies with proxies for performance-reporting pressures using the following model:

$$Cases_{m,t} = \alpha_1 September_{m,t} + \alpha_2 September_{m,t} \times Incentive_t + \sum_y \alpha_y Economic\ Controls_{m,t} + \sum_z \alpha_z Investigation\ Controls_{m,t} + \delta_t + \varepsilon_{m,t} \quad (2)$$

We consider three proxies for *Incentive*.[13] First, research shows that benchmarks matter (e.g.,

[11] Results are robust to excluding fiscal years after recent Supreme Court cases (i.e., 2018-2020). After *Kokesh v. SEC*, 137 S. Ct. 1635 (2017), disgorgement is subject to a five-year statute of limitations. In *Lucia v. SEC*, 138 S. Ct. 2044 (2018), the Court held that Administrative Law Judges must be appointed by the President or other delegated officers rather than hired. In *Liu v. SEC*, 140 S. Ct. 1936 (2020), the Court confirmed that the SEC can seek disgorgement, but it limited recovery to the *net* profit from violations.

[12] The SEC classifies cases by the nature of the violation and notes that "many actions involved multiple allegations and may fall under more than one category" (SEC, 2020a, p. 29). Thus, we assign cases to non-mutually exclusive violation type categories using keyword searches (see Appendix C).

[13] *Incentive* variables are measured annually, so their main effects are subsumed by the fiscal year fixed effects.

Oyer, 1998; Burgstahler and Dichev, 1999). There is no forecast of case filings to benchmark performance, but discussions of current period enforcement results generally reference prior year totals (e.g., SEC 2021). Thus, the prior year's case total appears to be a de facto performance benchmark, and we expect that staff will have incentives to file more cases in September when they are behind pace to meet last year's total case numbers. We calculate the number of cases filed from October through July of fiscal year *t* divided by the total number of cases filed in fiscal year *t* – 1 and multiply this ratio by -1 so that it takes higher values when case volume through July is lower relative to last year's case total (*Behind Pace*).[14] To facilitate interpretation, we standardize *Behind Pace* to have a mean of zero and a standard deviation of one.

Second, we predict that performance reporting pressure is increasing in political discord (e.g., Velikonja, 2017). Political polarization in the United States has important consequences, one of which is partisan perceptions of economic conditions (Gerber and Huber, 2009; Finkel et al., 2020). Therefore, we expect that the SEC Chair will face greater pressure when the chair of an SEC oversight committee—either the House Committee on Financial Services or the Senate Committee on Banking, Housing, and Urban Affairs—is of the opposite political party (*Political Pressure*). We focus on the affiliations of these committee chairs, as research shows that political connections to SEC oversight committees can affect enforcement outcomes (e.g., Correia, 2014; Mehta and Zhao, 2020).

Third, we expect performance-reporting pressure to be weaker in the SEC Chair's first year in the role (*Early Chair Tenure*). Leadership changes often foster change in organizational

[14] We count case totals through July, as former DOE enforcement lawyers indicate that staff must put a case on the Commission's calendar in summer for it to be approved by the fiscal year-end. Consistent with this process, using limited data available through FOIA requests (FY 2005-2009), we see an increase in Wells Notices in July—approximately two months before the September fiscal year-end deadline (not tabulated). Results are similar if we count case totals through May, June (end of Q3), or August.

objectives and can lead to turnover in other positions (e.g., Hambrick and Fukutomi, 1991; Eichenwald, 2005; Lewis, 2011). As the Chair has time to hire staff who are more aligned with their objectives, we expect they will experience greater accountability (Prendergast, 2008; Bolton et al., 2021). Stated differently, we expect the new SEC Chair to have a period in which they can focus on setting and implementing their agenda *before* experiencing significant pressure (e.g., McCarty, 1997; Eshbaugh-Soha, 2005; Barrett and Eshbaugh-Soha, 2007).

We present the results of estimating equation 2 in Table 3, Panel A. We find that the increase in case volume in September is larger when the case volume through July is lower relative to the prior year ($p < 0.01$; column 1), when the SEC Chair is more likely to face greater scrutiny due to political party differences ($p < 0.01$; column 2), and smaller in the first year of the SEC Chair's tenure ($p < 0.01$; column 3).[15] These effects are also economically meaningful. For instance, case volume increases by an average of 38 (68) in September when the SEC Chair is of the same (different) political party as the chairs of the SEC oversight committees, compared to an average of 48 cases in non-September months.

4.3 Alternative explanations for the September spike

While the preceding results are consistent with performance-reporting pressures explaining the September spike, we next attempt to rule out several alternative explanations. First, if resource constraints prevent the SEC from promptly filing all cases, the staff's natural workflow could explain the higher case volume in September. Staff may prioritize high-profile cases that improve their job prospects and procrastinate filing relatively straightforward cases (O'Donoghue and Rabin, 1999). If the fiscal year-end leads resource-constrained staff to clear

[15] The strongest correlation between these proxies is 0.126 (*Behind Pace* and *Early Chair Tenure*), which suggests that they capture different incentives. We find similar evidence if we define *Early Chair Tenure* based on the first two years of the SEC Chair's tenure (not tabulated).

their desks (Cohen et al., 2021), then case volume may spike in September as staff rush to file cases.[16] Thus, we test how resource availability, proxied for by the number of trial unit lawyers in DOE (*Trial Lawyers*) and total personnel costs (*Personnel Costs*), is associated with the size of the September spike. We standardize both variables to have a mean of zero and a standard deviation of one to facilitate interpretation. Under this alternative explanation, the September spike should be larger when the SEC has fewer resources to pursue cases in a timely manner. However, in Panel B of Table 3, we find that the spike is significantly larger in years with *more* resources ($p < 0.01$; columns 1-2).

Second, Liebman and Mahoney (2017) show that the "use it or lose it" nature of budget authority incentivizes wasteful spending at multiple government agencies. The SEC, like other agencies, faces budget constraints and incentives regarding unused funds. However, we do not expect these constraints and incentives to explain the higher SEC case volume in September because most costs for DOE are fixed—personnel costs are the largest category (e.g., SEC, 2020b)—whereas Liebman and Mahoney (2017) find that wasteful spending by government agencies is most pronounced in categories with more variable components (e.g., maintenance, furnishings, and IT equipment). Nonetheless, to examine how the spike varies with the likelihood that the SEC will lose budget authority, we define an indicator variable equal to one for years in which the SEC's actual outlays are less than its budget authority (*Under Budget*). Inconsistent with this alternative explanation, the results in Panel B of Table 3 show a *smaller* spike in the years when staff likely expect to lose budget authority ($p < 0.01$; column 3).

[16] Cohen et al. (2021) find that informal deadlines such as the end of the calendar year and major holidays incentivize "desk-clearing" behavior at the FDA and similar agencies internationally; at the FDA, drug approvals spike, and the average quality of these drugs is lower. They do not find such behavior at the fiscal year-end. We do not find evidence that SEC case volume increases in the weeks before Thanksgiving, Christmas, or New Year's (see Table A3 of the Online Appendix).

Finally, we consider whether clustering in violations explains why case filings increase in September. For example, suppose staff file a case, on average, 21 months after an investigation is opened, and June is the busiest month for new investigations for some reason other than the SEC's fiscal year-end (e.g., restatement announcements; Turner and Weirich, 2006; Maurer, 2022). In this situation, the September spike in case volume would be caused by the June spike in investigations. We graph the frequency of SEC investigation openings each month in Figure 2 and do not find evidence of a significant spike in any month. Thus, a clustering of violations does not explain the September spike in case filings.[17]

4.4 Is the September spike due to benign changes in enforcement behavior?

Anecdotes in the financial press and legal articles suggest that the SEC may pad its statistics by filing more procedural cases in, or shifting the timing of case filings to, September (Eaglesham, 2013b; Velikonja, 2015b, 2017; Choi, 2020). Therefore, we test whether these relatively benign changes in enforcement behavior fully explain the magnitude of the spike.

We first examine whether the spike occurs because the SEC files more procedural cases (i.e., follow-on administrative proceedings and delinquent filer cases) in September. In Table 4, Panel A, we find the SEC files significantly more follow-on administrative proceedings in September than in other months, extending the anecdotes in Eaglesham (2013b) and Velikonja (2017) (column 1). We also see more delinquent filings cases filed in September than in other months (column 2). Importantly, though, the higher case volume in September remains statistically significant for standalone cases (column 3) and is larger in magnitude for standalone cases than

[17] Using publicly available data for 2014-2020, we find that the number of Closed Commissioner Meetings, in which the Commissioners review proposed enforcement actions, is 4.0 in September compared to 3.3 across the other eleven months of the year (not tabulated). This difference is unlikely to fully explain the September spike. The time series variation in the September spike also suggests that it is unlikely that SEC hiring patterns, such as training staff hired in summer months on more straightforward cases in September, would explain our results.

for total cases. Thus, the September spike is not solely because SEC staff file more procedural cases at fiscal year-end. Among standalone cases, we find a larger increase in administrative proceedings (162.0%; column 5) than in civil cases (88.2%; column 4). As administrative proceedings are filed in the SEC's own court, this result suggests that the SEC shifts to filing cases in a more favorable venue to increase its case volume in September (Zheng, 2021).[18]

Next, we test whether the higher case volume in September occurs simply because SEC staff accelerate the filing of cases that would otherwise be filed in October of the next fiscal year (i.e., they "borrow" cases from the next fiscal year). On a univariate basis, Choi (2020) finds that the SEC files fewer cases against public companies and their subsidiaries in October than in non-September months. We formally test for case acceleration by adjusting equation 1 in three ways. First, we use standalone cases as the dependent variable. Second, we define a pseudo fiscal year of November through October (causing us to drop fiscal year 2020 for this test). Finally, we define our test variable as an indicator equal to one if the case is filed in September or October (the last two months of the pseudo fiscal year) and zero otherwise. If the spike is solely due to case acceleration, then the average number of cases filed in these two months should not differ from the average across the rest of the year.

We present the results in Table 4, Panel B. We find that while SEC staff do increase September case volume by shifting the timing of some case filings, this shifting does not explain the entire September spike. The average number of cases filed in September and October is higher than in other months, with an average increase of 58.5% in each month relative to the unconditional mean (column 1). Results are similar if we consider case acceleration from October and November (column 2) or all first-quarter filings for the next fiscal year (column 3).

[18] In Table A4 of the Online Appendix, we confirm that the percentage of standalone cases filed in administrative court increases in September.

We quantify how these relatively benign changes in enforcement behavior explain the magnitude of the September spike in Figure 3 (see Table A5 in the Online Appendix for calculation details).[19] The relative importance of these factors in explaining the September spike varies over time, but on average we find that the spike is partially explained by filing extra delinquent filings cases (23%) and follow-on administrative proceedings (20%). Our estimates suggest that accelerated case filings account for an average of 26% of the spike. Although the magnitude varies by year, the portion of the spike that is unexplained by these changes in enforcement behavior is greater than zero in 12 years and averages 31.9% over time.

5. Case selection (Test of H2)

5.1 Standalone cases (full sample)

We next test whether performance reporting incentivizes the SEC to select less complex standalone cases. Anecdotally, the emphasis on case totals as a performance measure results in an "aversion to take on resource and time intensive cases" (BCG, 2011 p. 50). We test if cases filed in September are less complex than cases filed in other months with the following equation:

$$\begin{aligned} Case\ Complexity_{i,m,t} = {} & \alpha_1 September_{i,m,t} + \textstyle\sum_x \alpha_x Violation\ Type_{i,m,t} + \\ & \textstyle\sum_y \alpha_y Economic\ Controls_{m,t} + \\ & \textstyle\sum_z \alpha_z Investigation\ Controls_{m,t}\ \delta_t + \varepsilon_{i,m,t} \end{aligned} \quad (3)$$

where *Case Complexity* is one of our measures of case complexity (described below). We control for violation type and the economic and investigation variables from equation 1, and include

[19] We make three assumptions for this analysis. First, we assume that in the absence of periodic reporting, the number of cases filed each month by case type would be relatively constant across the fiscal year. Thus, the difference between delinquent filings (follow-on) cases in September and the average across the other 11 months of the same fiscal year represents "extra" delinquent filings (follow-on) cases. Second, we assume that case acceleration in September of year *t* relates to cases that would otherwise have been filed in October and November of year *t* + 1. Thus, the number of accelerated cases in year *t* represents the difference between two times the average number of cases filed from December through August of year *t* + 1 and the total number of cases filed in October and November of year *t* + 1. Third, we assume that staff use extra delinquent filings and follow-on cases to increase case volume before accelerating other standalone cases.

SEC fiscal year fixed effects.[20] We have 8,433 standalone cases.

In Table 5, we present descriptive statistics for the variables used in the subsequent analyses. We use two observable characteristics to capture *less* complex cases. First, defendant cooperation suggests that the defendant will not contest the charges, which likely indicates a more straightforward case (*Cooperation*). In our sample, 14.1% of cases reference defendant cooperation. Second, we expect that cases without individual defendants are less complex (*Company Only*), as individuals are more likely than companies to contest charges rather than settle (Macey, 2010; deHaan et al., 2015). Only 22.1% of SEC cases do not include a charge against an individual, consistent with the importance of individual accountability in SEC enforcement.

We use two other measures to capture cases that we expect are *more* complex. First, we search the case filing for references to Rule 10b-5, which is one of the most important rules targeting securities fraud under federal securities law (*Rule 10b-5*). Rule 10b-5 allegations require scienter, a level of intent that is significantly greater than is required for other violations (Donelson et al., 2021; Kalmenovitz, 2021). Second, we identify whether the defendant(s) are also subject to parallel criminal charges for related violations (*Criminal*) (SEC, 2014; deHaan et al., 2015; Kalmenovitz, 2021). In our sample, 56.0% of cases involve a fraud allegation, and 16.7% refer to parallel criminal proceedings. We confirm that our measures are correlated as expected (see Table A2, Panel B in the Online Appendix). For example, *Cooperation* is positively (negatively) correlated with *Company Only* (*Criminal*).

We present the results of estimating equation 3 in Table 6, Panel A. We find a significant

[20] We do not control for court venue, as venue is another way to measure our construct of interest and is often jointly determined with our other variables, so it would be a bad control (Angrist and Pischke, 2009, p. 64). We exclude follow-on administrative proceedings and delinquent filings cases in these analyses, as they are relatively homogeneous.

positive coefficient on *September* when either measure of low complexity is the dependent variable ($p < 0.01$; columns 1 and 3). Cases filed in September are 6.2 percentage points more likely to reference defendant cooperation than cases filed in other months of the year, a 43.9% relative increase over the unconditional sample mean (0.062 / 0.141). Regarding defendant type, September cases are 3.7 percentage points more likely to only name a company as a defendant, which is a 16.9% relative increase over the unconditional sample mean. Using the high complexity measures, we also find that the average case filed in September is significantly less complex than the average case filed in the other 11 months ($p < 0.05$; columns 5 and 7). Relative to the unconditional sample means, September cases are 6.9% (16.1%) less likely to reference a Rule 10b-5 violation (reference parallel criminal charges). Thus, SEC staff seem to prioritize less complex cases in September.

Just as we considered whether natural workflow explains the existence of the spike, we investigate it as an alternative explanation of the case selection results. If staff always pursue more complex cases at the beginning of the year and procrastinate filing less complex cases (O'Donoghue and Rabin, 1999), then differences in case characteristics in September should exist in all years. We therefore create two September indicator variables: one for low-spike fiscal years (*September - Low Spike*) and one for high-spike fiscal years (*September - High Spike*), where high-spike years are years in which the September spike is above the median (16%; Table 1). Across all dependent variables, September cases are only less complex in high-spike years. These findings are inconsistent with the explanation that natural workflow explains differences in case selection in September.

5.2 AAER analysis

Our primary analysis includes all SEC cases, with characteristics measured using information

from the case filings. We supplement this analysis by examining differences in case selection and defendant characteristics for a subset of cases that have been well-studied in accounting research—those with an AAER designation per the Dechow et al. (2011) AAER dataset (hereafter, DGLS dataset).[21] In Table 6, Panel B, we examine differences between the types of AAER cases—financial misreporting (*Misreporting*), bribes (*Bribes*), and audit issues with no related misstatement (*Audit*)—that are filed in September and the types filed in other months. We find that September AAER cases are significantly less likely to involve bribery or misreporting and more likely to involve audit issues with no related misstatement (columns 1-6).[22] Next, we examine defendant firm characteristics. Among public company defendants with available data, those named in September cases tend to be smaller (*MarketCap*; columns 7-8) and less profitable (*Profit*; columns 9-10). These differences are also largely concentrated in high-spike years. These results are consistent with those in Table 6, Panel A, and suggest that in September, SEC staff prioritize less complex cases against defendants who are likely less able to mount a strong defense.

5.3 Summary – case selection

Overall, the results in Tables 6 and 7 suggest that SEC staff select less complex cases to increase case volume in September, which is evidence of enforcement inconsistency.[23]

[21] We use the July 2019 DGLS dataset, which includes AAERs issued between May 17, 1982 and December 31, 2018 and contains one observation per misstatement event with 1,657 total observations. The dataset does not include the AAER release date, so we hand-collect release dates using the primary AAER number. We restrict the dataset so as to end the sample on September 30, 2018, the end of the SEC's 2018 fiscal year. These criteria result in 1,065 observations, 590 of which relate to public firms with data in Compustat. We confirm that the increase in case volume in September also exists for AAER cases in this dataset (see Table 2, Panel B, column 7).

[22] Examples of audit issues without a related misstatement include independence issues, auditors not registering with the PCAOB, GAAS violations, and improper professional conduct.

[23] Except for a small reversal in cases with parallel criminal proceedings, cases filed in October and November are not significantly more complex, on average, than cases filed in other non-September months (see Table A6 of the Online Appendix). Thus, the lower complexity of September cases is not attributable to SEC staff accelerating only the most straightforward cases. Instead, the pursuit of less complex cases in September is at least partially incremental to the case acceleration effect. Further, cases in October and November are more likely to have parallel

Congressional testimony in the $7 billion Stanford Ponzi scheme highlights how performance-motivated case selection can have negative consequences (see Kotz, 2010). Thus, case selection has important consequences for the effectiveness of the SEC's overall enforcement program (Stigler, 1970). Although we cannot observe the counterfactual case selection, by allocating resources to less complex cases in September than other months, SEC staff deviate from their perceived enforcement priorities during the rest of the fiscal year.

6. Leniency (Test of H3)

6.1 Enforcement process

We next test whether the SEC is more lenient in cases filed in September. The SEC generally prefers to file cases as settled charges, as it conserves resources by not having to litigate cases in court. Filing settled charges, however, requires the SEC and the defendant to agree on settlement terms, which could require leniency by SEC staff to finalize cases promptly.

We first test whether SEC staff change their propensity to file cases as settled charges in September relative to the rest of the year. In Table 5, we find that cases filed in September are more likely to be filed as settled charges than cases filed in other months (69.3% vs. 62.7%; $p < 0.01$). This difference holds in a regression framework (Table 7, Panel A). Controlling for violation type, economic factors, and recent investigation activity, September cases are 7.0 percentage points more likely to be settled at filing—an 11.0% increase relative to the unconditional sample mean ($p < 0.01$; column 1). This result is consistent with staff both pursuing less complex cases (in which the defendants may be more willing to agree to a settlement) and compromising in negotiations in order to file cases by year-end. It is difficult to fully disentangle these effects, but when we add proxies for case complexity, the coefficient on

criminal proceedings in all years—not just high-spike ones—which could be consistent with the SEC following the case filings of other government agencies that have September fiscal year-ends and similar incentives (e.g., DOJ).

September decreases in size but remains statistically significant ($p < 0.01$; column 2). Finally, the effect varies with the size of the spike—September cases are 5.1 percentage points more likely to be filed as settled charges in high-spike years than in low-spike years ($p < 0.01$; column 3).

As with earlier analyses, we aim to rule out alternative explanations for the higher percentage of settled cases in September. One possibility is that SEC staff and defendants reach settlements throughout the year, but SEC staff delay filing the cases to focus on other priorities (i.e., a delay effect).[24] If a delay effect explains why September cases are more likely to be filed as settled charges, then the settled cases that are filed in September should have a longer time from investigation opening to case filing. We assess the possibility of a delay effect by matching investigation data from a FOIA request to case filings. The datasets do not have common identifiers, so we manually match 1,000 cases to their related investigations.[25] We measure the investigation length (Ln(*Invest Length*)) as the time between the investigation opening date and the date the SEC files the case, which we log to adjust for skewness. We then define two indicator variables based on investigation lengths in the tails of the distribution: *Quick Invest* and *Long Invest*, which equal one if the investigation length falls in the bottom 10% or top 10% of the distribution of Ln(*Invest Length*), respectively.

The results in Table 7, Panel B show that the average investigation length of September cases is not significantly different than the average investigation length of cases filed in other months (column 1), though September cases are significantly more likely to follow a quick investigation

[24] Evidence that case complexity does not differ in September in low-spike years (see Table 6) helps mitigate concerns about a delay effect.

[25] To identify 1,000 cases with matched investigations, we search approximately 3,000 random cases from our sample. We first compare case titles with investigation names, where we require that the case filing date falls between the investigation open and close dates. When the text in each dataset is not sufficiently descriptive, we use the case filing itself to identify the relevant entities or individuals involved in the case, which can help identify the investigation. For cases in which multiple investigations appear to match, we rely on disclosures of the regional office that filed the case, when available, to identify the related investigation. If multiple investigations meet these criteria, we do not match the case to an investigation.

($p < 0.10$; column 2). In high-spike (but not low-spike) years, September cases follow significantly shorter investigation periods, on average ($p < 0.01$; column 4), and are more likely to be the result of a quick investigation ($p < 0.01$; column 5). These findings are inconsistent with a delay effect. Instead, the results suggest that, in years when SEC staff aim to increase case volume, SEC staff prioritize cases they know will ultimately settle.

6.2 Sanctions

When cases are filed as settled charges, the SEC and defendants must agree on sanctions. For two cases with the same investor loss (e.g., $1 million) and violations (e.g., Rule 10b-5 violation), whether the case is filed in September should not affect the magnitude of any financial sanction (e.g., disgorgement of ill-gotten profits) or the incidence of any non-financial sanction (e.g., required remedial actions) *if* enforcement is consistent. However, if performance reporting incentivizes staff to file more cases and these cases are more likely to be filed as settled charges, then staff may agree to more lenient settlement terms at fiscal year-end. Similarly, defense counsel may be aware of pressure at fiscal year-end and attempt to exploit the potential for lower settlements. Thus, in our final set of analyses, we examine whether the SEC imposes different sanctions for similar cases that are filed in different months of the year. We test for leniency in sanctions in September by estimating the following equation:

$$\begin{aligned} Sanction_{i,m,t} = \; & \alpha_1 September_{i,m,t} + \textstyle\sum_v \alpha_v Severity_{i,m,t} + \\ & \textstyle\sum_w \alpha_w Case\ Complexity_{i,m,t} \sum_x \alpha_x Violation\ Type_{i,m,t} + \\ & \textstyle\sum_y \alpha_y Economic\ Controls_{m,t} + \sum_z \alpha_z Investigation\ Controls_{m,t} + \\ & \delta_t + \varepsilon_{i,m,t} \end{aligned} \quad (4)$$

where *Sanction* is a measure of non-financial or financial sanctions, which we describe below. If there is enforcement leniency at fiscal year-end, we expect a negative coefficient on *September* (i.e., $\alpha_1 < 0$). To capture leniency effects, it is necessary to control for case complexity and the severity of the underlying allegation. Therefore, we include the four proxies for case complexity

from Section 5—*Cooperation*, *Company Only*, *Rule 10b-5*, and *Criminal*. For severity, we control for the number of alleged violations across various securities acts (*Securities Act*, *Exchange Act*, *Investment Advisers Act*, *Other Regulations*) and a measure of the alleged magnitude of investor harm (*Investor Harm*).[26] We also control for violation type, the economic and investigation variables, and include SEC fiscal year fixed effects. We focus on cases that were filed as settled charges, as they are cases for which leniency could exist at the time of filing.

6.2.1 Non-financial sanctions

We first consider non-financial sanctions—namely, whether the defendants must undergo undertakings (e.g., appoint an independent compliance monitor) or are censured (i.e., receive formal notice of disapproval). Non-financial sanctions are an important part of the enforcement arsenal, particularly when there are limitations on financial sanctions. Defendants prefer to avoid undertaking remedial actions and receiving a censure, so a lower likelihood of these sanctions indicates regulatory leniency. We conduct this analysis at the case level and restrict the sample to administrative proceedings, as only the SEC can impose censure. We use keyword searches to identify whether the defendants are required to undertake remedial actions or are censured, and code a count variable that ranges from zero to two depending on whether the case specifies one, both, or neither of these sanctions (*Nonfinancial*).

We present the results of estimating equation 4 for non-financial sanctions in Table 8. We find a negative and significant coefficient on *September* ($p < 0.05$; column 1). The effect

[26] We count securities laws violations for any section or rule that appears more than 15 times in the Sarbanes-Oxley Section 703 *Study and Report on Violations by Securities Professionals* using key term searches in the case filings. To measure *Investor Harm*, we use a Python script that locates the first reference to a dollar amount of alleged losses or investor harm. We manually reviewed the text to ensure that we captured the appropriate harm amount; if not, we then manually searched the enforcement action to collect this information. In some cases, there is no direct mention of investor harm or losses, which is often due to the nature of the violation (e.g., not maintaining an appropriate license or credentials, misleading advertising, independence issues in an audit). In these cases, we set *Investor Harm* to zero. The results are robust to excluding observations with zero investor harm (not tabulated).

increases when we include additional controls for case severity, case complexity, violation type, economic factors, and investigation activity ($p < 0.05$; column 2). Relative to the unconditional sample mean, defendants in September cases receive 12.4% fewer non-financial sanctions. We also find that the difference between non-financial sanctions in September and non-financial sanctions in other months is only statistically significant in high-spike years ($p < 0.05$; column 3). That the SEC is less likely to impose non-financial sanctions for cases filed in September suggests that SEC staff compromise in negotiations in order to file cases by fiscal year-end.

6.2.2 Financial sanctions

We conclude with an analysis of financial sanctions using hand-collected data. For over 1,300 cases filed as settled charges that we classify as issuer reporting, insider trading, FCPA, or securities offering for the SEC's fiscal years 2011 through 2020, we collect data on financial sanctions from the SEC's website and other publicly available sources (e.g., court dockets). We focus on this period because Dodd-Frank made the SEC's options for financial sanctions in administrative courts more comparable to those in federal courts. We measure penalties at the defendant level and exclude defendants that did not settle by the filing date. Across 1,346 cases, we identify 2,183 defendants, of which 84.8% receive some financial sanction.

We present the results of estimating equation 4 with measures of financial sanctions as the dependent variable in Table 9 and add controls for defendant type (*Individual*) and court venue (*Admin. Proc.*). The magnitude of financial sanctions is lower for September cases ($p < 0.01$; column 1). In columns 2 and 3, we separately examine disgorgement and civil penalties, respectively, and find that defendants receive lower amounts for both types of financial sanctions when their case is filed in September ($p < 0.01$). Holding constant the case characteristics (e.g., severity), our results suggest that the SEC is willing to forgo approximately $132,000 to file an

extra case in September. On an aggregate basis, this discount suggests approximately $48 million in forgone financial sanctions over our sample period.[27] Most monetary settlements come from a small percentage of complex cases (e.g., SEC, 2020a), so we also test whether September cases are less likely to have high values of disgorgement or penalties (top quartile). We find that September cases are less likely to involve large amounts of disgorgement ($p < 0.01$; column 4) or large penalties ($p < 0.01$; column 5).[28] In terms of magnitude, compared to other months of the year, cases filed in September are 11.4 percentage points less likely to involve a large penalty.

6.2.3 Summary – sanctions

Overall, the results in Tables 8 and 9 indicate that SEC enforcement is more lenient in September.[29] The lower financial sanctions we find in September reflect an important cost of performance-reporting pressure, as the collected funds are often distributed to harmed parties (Winship, 2008; Velikonja, 2015a; SEC, 2017). If an optimal enforcement regime is a function of both the probability of detection and the penalties imposed (Becker, 1968), the September leniency effect could also result in less effective enforcement (e.g., via less effective deterrence). Testing whether leniency affects future violations is difficult, however, as we cannot observe undetected violations or violations that would have occurred under a different regime.[30]

[27] We calculate this discount by multiplying the average financial sanction in our sample ($e^{12.505}$ = $269,682) by the average percentage change based on the coefficient estimate in column 1 of Table 9 ($e^{-0.671} - 1$). We calculate the aggregate amount by multiplying the "unexplained increase" of 431 cases (Table A5) by the percentage of cases with a financial sanction in our sample (84.8%) and the average discount calculated for September cases ($132,000). We acknowledge, however, that this estimate is sensitive to our specific assumptions.

[28] We do not estimate the September effect by high- and low-spike years in this table due to the shorter sample period and the lower incidence of low-spike years in the later half of our sample.

[29] Our inferences are unchanged if we use two matching approaches (see Table A7 in the Online Appendix). First, we use weighted least squares regressions with weights determined using entropy balancing. Second, we use propensity score matching to match each September case filing to the non-September case filing with the closest propensity score, without replacement, and impose common support. Across both approaches, we use the severity variables, case characteristics, violation type, and SEC fiscal year fixed effects as our matching covariates.

[30] We conduct an exploratory analysis on whether September leniency leads to future issues at the firm. For this analysis, we consider restatements from Audit Analytics and events recorded in Capital IQ Key Developments that are plausibly related to misconduct or financial problems. We categorize the Capital IQ events into one of five

7. Conclusion

We provide evidence that performance-reporting pressures lead to inconsistency in SEC enforcement. We show robust evidence of a September spike in SEC case volume across all case types. Additionally, we link variation in the size of the spike to reporting incentives and attempt to rule out alternative explanations (e.g., Liebman and Mahoney, 2017; Cohen et al., 2021). Finally, we show that the SEC achieves this increase by changing its enforcement behavior related to substantive cases (i.e., case selection and leniency) and not simply by filing more procedural cases in order to window-dress reported statistics (e.g., Velikonja, 2015b, 2017). For example, our evidence is consistent with the SEC agreeing to more lenient settlement terms to increase case volume at fiscal year-end—an unintended consequence of performance reporting that undermines the SEC's core values. Collectively, we highlight important agency problems at the SEC due to performance-reporting pressure.

Our study is subject to several limitations. First, without exogenous variation in reporting requirements and fiscal periods, we cannot make causal claims about the effect of periodic reporting on enforcement. Second, it is difficult to perfectly control for misconduct severity, so our evidence on leniency may partially reflect case selection issues. Further, we cannot observe what the sanctions would have been if the September cases had been filed in other months. Third, because we cannot observe violations the SEC does not detect or chooses not to pursue, we cannot test whether the SEC's inconsistency affects future violations via deterrence (Becker, 1968; Stigler, 1970). Despite these caveats, we provide important evidence on incentive effects

groups and see substantial heterogeneity in their incidence over the five years subsequent to the AAER: financial deterioration (698), oversight change (7,450), legal issues (3,282), regulatory issues (243), and financial reporting issues (423). In Table A8 of the Online Appendix, we find no evidence that AAERs filed in September are differentially associated with the likelihood of future restatements or other financial reporting issues, executive turnover, financial distress, or legal issues. However, we find evidence of a higher likelihood of future regulatory events. We interpret these results with caution, as the smaller sample used in these tests results in less power.

within the SEC's enforcement program, which should be useful for future research (Heckman and Singer, 2017).

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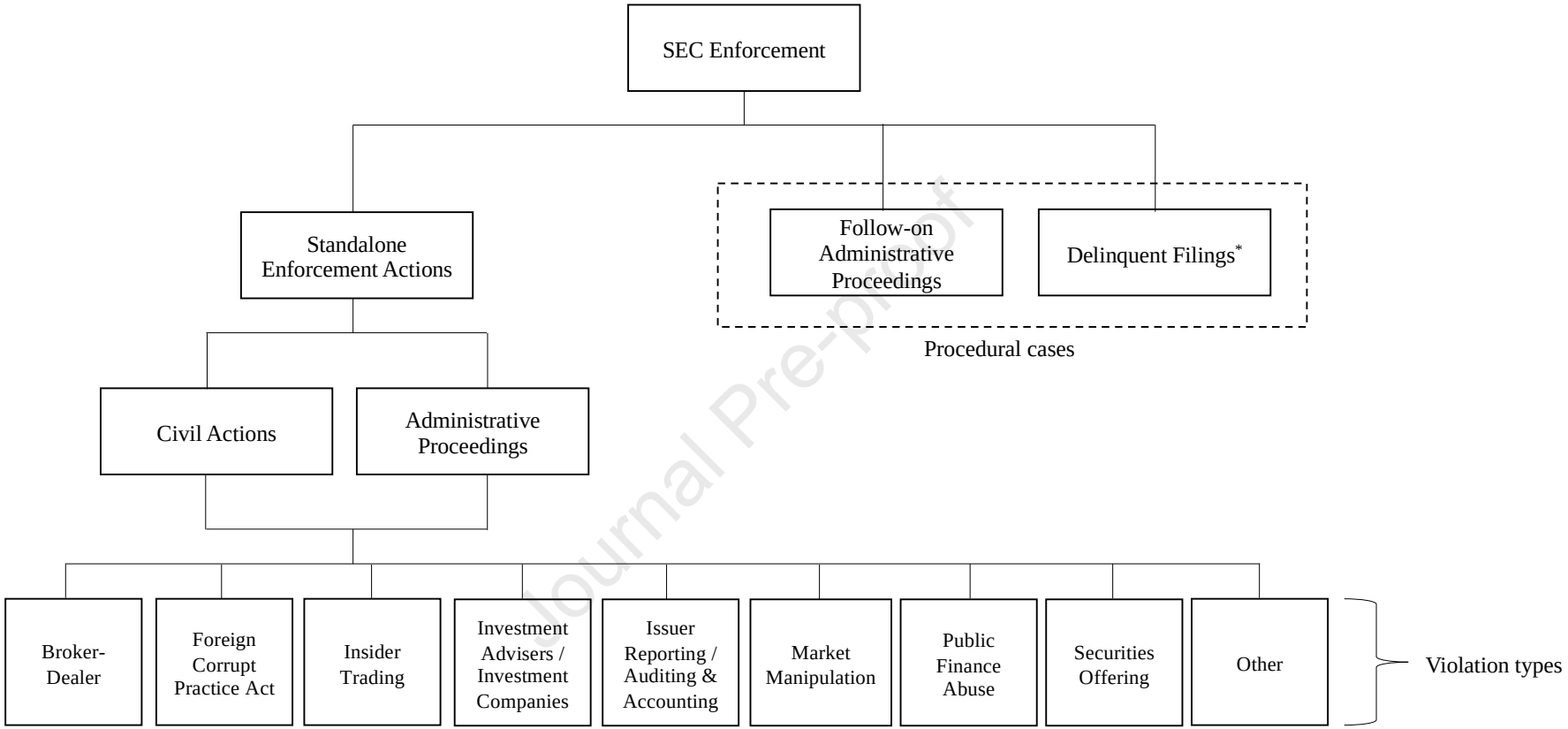
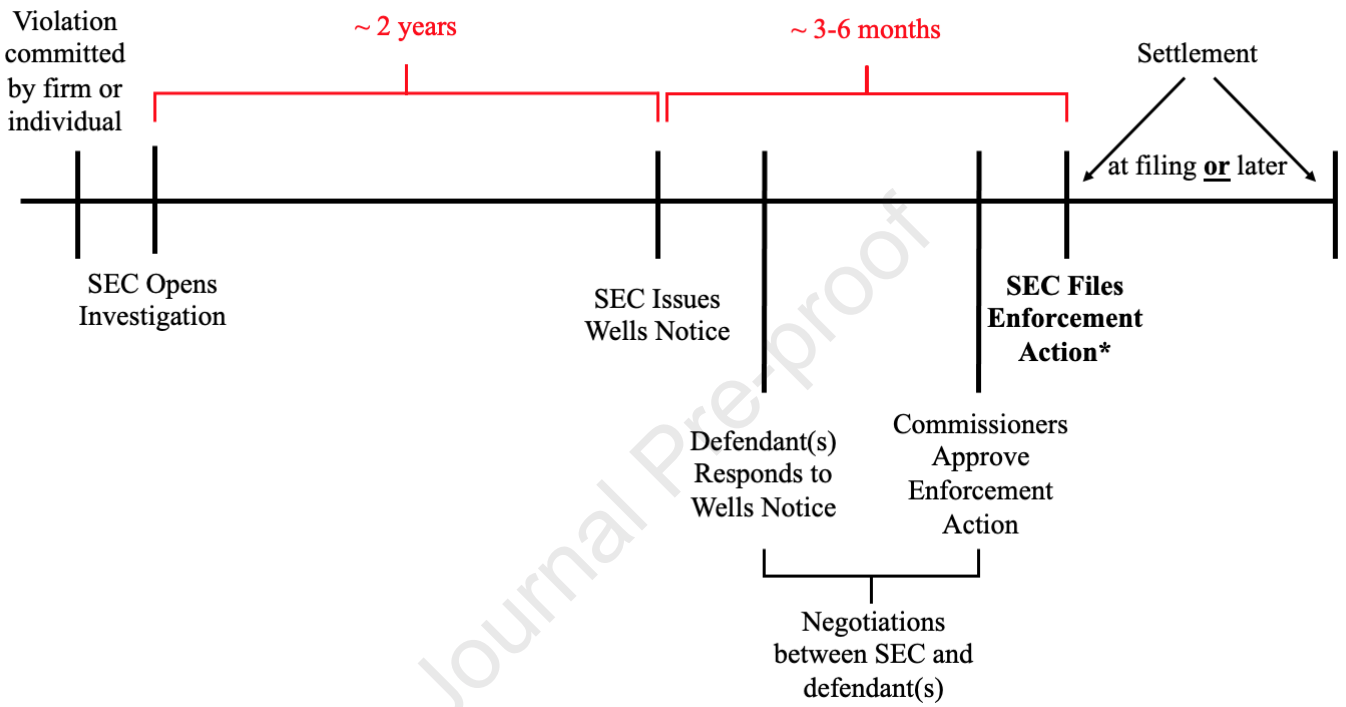
Appendix A: Overview of SEC enforcement actions



* Though delinquent filings are a standalone enforcement action in the sense that they do not follow a prior enforcement proceeding, the SEC reports them as a separate category given differences in the enforcement process.

This appendix outlines the types of enforcement actions the SEC files, based on the primary three groups for which DOE reports case numbers: standalone enforcement actions, follow-on administrative proceedings, and delinquent filings. Follow-on administrative proceedings enforce bars on individuals after prior enforcement actions. Delinquent filings cases revoke the registration of public companies, typically microcap stocks, that are delinquent in SEC filings. We classify follow-on administrative proceedings and delinquent filings cases as procedural cases and standalone enforcement actions as substantive cases.

Appendix B: Illustrative timeline of enforcement process



* Enforcement actions may be filed in federal court (civil actions) or in the SEC's administrative court (administrative proceedings).

This appendix provides an illustrative and simplified timeline of DOE enforcement activities. We focus on the SEC's decision to file an enforcement action. We measure case attributes (other than financial sanctions) using the text of the SEC enforcement action.

Appendix C: Variable definitions

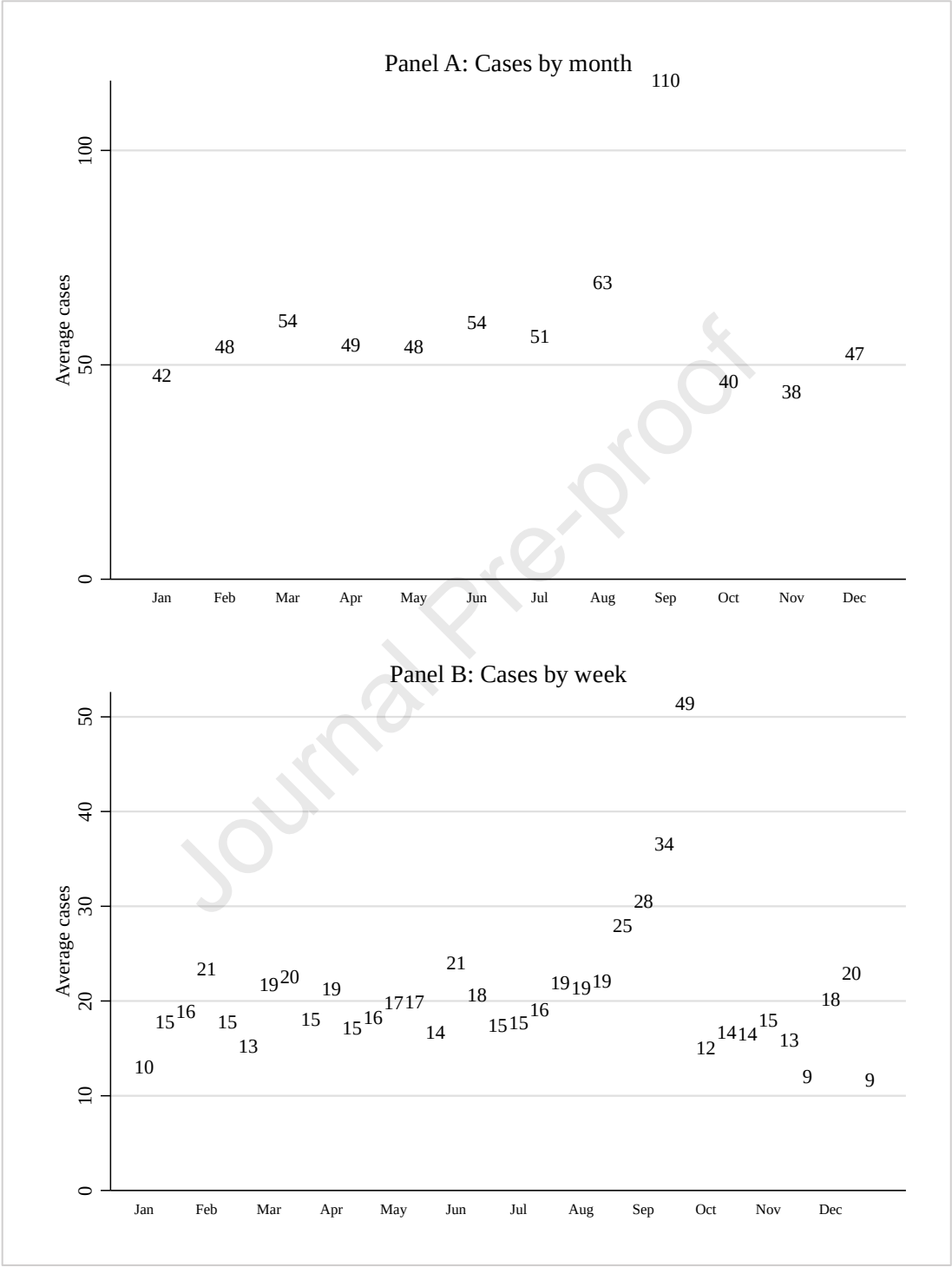
Variable	Definition	Source
Admin. Proc.	Indicator variable equal to one for standalone cases filed in administrative court and zero otherwise.	Intelligize
Behind Pace	The total number of cases filed from October to July for fiscal year *t*, scaled by the total number of cases filed in fiscal year $t - 1$, multiplied by -1.	Intelligize
Broker Dealer	Indicator variable equal to one if "broker-dealer" appears in the filing and zero otherwise. We set *Broker Dealer* to zero if any of the other violation types equal one.	Intelligize
Cases	Total number of SEC cases filed in a month.	Intelligize
Censure	Indicator variable equal to one (and zero otherwise) if the filing includes one of the following phrases: "is censured," "is hereby censured," or "are censured." This variable is only defined for administrative proceedings in which *Settled At Filing* equals one.	Intelligize
Civil	Indicator variable equal to one for standalone cases filed in federal court and zero otherwise.	Intelligize
Class Actions	Trailing six-month average of securities class actions filed in the US.	Advisen
Close Invest	The average number of SEC investigations closed each month over the last six months.	FOIA
Company Only	Indicator variable equal to one if the case does not name an individual as a defendant and zero otherwise.	Hand collected
Cooperation	Indicator variable equal to one if the text of the filing includes a match for "cooperation w/10 commission" and zero otherwise.	Intelligize
Criminal	Indicator variable equal to one (and zero otherwise) if the text includes any of the following phrases: "parallel case," "Attorney* Office," "Attorney General* Office," "District Attorney," "DOJ," "Department of Justice," "FBI," "Federal Bureau of Investigation," or "criminal charge*."	Intelligize
Delinquent Filing	Indicator variable equal to one if the filing includes a match for "order instituting w/50 section 12(j)" and zero otherwise.	Intelligize
Derivative Cases	Trailing six-month average of derivative lawsuits filed in the US.	Advisen
Ln*(Disgorgement)*	The natural logarithm of the dollar amount of disgorgement levied against the defendant.	Hand collected
Early Chair Tenure	Indicator variable equal to one when the SEC Chair is in their first year in office and zero otherwise.	SEC website
Exchange Act	Count of references to the following sections of the Exchange Act: §07(c); §13(a); §13(b)(2); §13(b)(2)(A); §13(b)(2)(B); §13(b)(5); §14(e); §15(a)(1); §15(b); §15(b)(6); §15(c)(1); §15B(c); Rule 10b-3; Rule 12b-20; Rule 13a-1; Rule 13a-13; Rule 13b2-1; Rule 13b2-2; Rule 14e-3; Rule 15c1-2; Rule 15c2-7; Rule 15c3-1; Rule 17a-3; Rule 17a-5.	Case text
FCPA	Indicator variable equal to one if "foreign corrupt practices act" appears in the filing and zero otherwise.	Intelligize
Ln*(Financial)*	The natural logarithm of the dollar amount of disgorgement plus penalties levied against the defendant.	Hand collected
Follow-on	Indicator variable equal to one (and zero otherwise) if an administrative proceeding includes any of the following phrases: "civil action number," "civil action no," "civil action entitled," "united states v.," "sentenced," "criminal complaint," or "pled guilty."	Intelligize
Individual	Indicator variable equal to one if the defendant is an individual and zero otherwise.	Hand collected
Insider Trading	Indicator variable equal to one if "insider trading" appears in the filing and zero otherwise.	Intelligize

Ln(*Invest Length*)	Natural log of one plus the days from the investigation opening date to the case filing.	Hand collected
Investment Adviser	Indicator variable equal to one if "Investment Advisers Act of 1940" appears in the filing and zero otherwise.	Intelligize
Investment Advisers Act	Count of references to the following sections of the Investment Advisers Act: §203; §204; §206(1); §206(2); §206(4); §207; Rule 204-2; Rule 206(4)-1; Rule 206(4)-2.	Case text
Investor Harm	The natural log of one plus the dollar amount of the alleged violation. We obtain the alleged harm from the first sentence in the case filing that references a dollar amount, excluding the first summary paragraph. We manually review all observations for accuracy. For cases with no stated dollar amounts, this variable is set equal to zero. For cases with multiple amounts listed, we take the sum of all amounts.	Case text / Hand collected
Issuer Reporting	Indicator variable equal to one (and zero otherwise) if "auditing enforcement release" appears in the filing or if "internal controls," "GAAP," "accounting," or "audit*" appears in the text of litigation releases or press releases.	Intelligize
Large Disgorgement	Indicator variable equal to one if Ln(*Disgorgement*) is in the top quartile of the distribution and zero otherwise. Only defined for cases with non-zero disgorgement.	Hand collected
Large Penalties	Indicator variable equal to one if Ln(*Penalties*) is in the top quartile of the distribution and zero otherwise. Only defined for cases with non-zero penalties.	Hand collected
Long Invest	Indicator variable equal to one if Ln(*Invest Length*) is in the top 10% of the distribution and zero otherwise.	Hand collected
Market Manipulation	Indicator variable equal to one (and zero otherwise) if any of the following phrases appear within the filing: "penny stock scheme," "market manipulation," "pump and dump," "pump-and-dump," "manipulate the market," or "manipulate[*]" within five words of "scheme" or "strategy[*]."	Intelligize
Market Returns	The average return of the S&P 500 over the past six months.	CRSP
Market Volatility	The average of the volatility index (VIX) over the last six months.	CBOE
Nonfinancial	Sum of *Censure* and *Undertakings*.	Intellgize
Ongoing Invest	The number of ongoing SEC investigations, measured on the first day of the month.	FOIA
Open Invest	The average number of SEC investigations opened each month over the last six months.	FOIA
Other Regulations	Count of references to the following regulations: Fair Fund; MSRB Rule G-17; Regulation M §101; Regulation T.	Case text
Ln*(Penalties)*	The natural logarithm of the dollar amount of civil penalties levied against the defendant.	Hand collected
Personnel Costs	Total wage costs for Division of Enforcement.	Hand collected
Political Pressure	Indicator variable equal to one if the SEC Chair is of a different political party than either the chair of the House Committee on Financial Services or the chair of the Senate Committee on Banking, Housing, and Urban Affairs, and zero otherwise.	Hand collected
Quarter End	Indicator variable equal to one if the case is filed in December, March, or June and zero otherwise.	Intelligize
Quick Invest	Indicator variable equal to one if Ln(*Invest Length*) is in the bottom 10% of the distribution and zero otherwise.	Hand collected
Reg Uncertainty	The average of regulation uncertainty from Baker et al. (2016), measured over the past six months.	Baker et al. (2016)

Restatements	The average number of restatements over the past six months. This variable includes all restatements listed in the Audit Analytics restatement database.	Audit Analytics
Rule 10b-5	Indicator variable equal to one if "10b-5" appears in the filing and zero otherwise.	Intelligize
SEC Rulemaking	The number of proposed and final rules listed on the SEC website as proposed or final rules.	SEC website
Securities Act	Count of references to the following sections of the Securities Act: §05; §05(a); §05(c); §17(a); §17(a)(1); §17(a)(2); §17(a)(3); §17b	Case text
Securities Offering	Indicator variable equal to one (and zero otherwise) if any of the following phrases appear within the filing: "offer* w/10 unregister*," "stock p/3 offer*," "security* p/3 offer*," "misleading statement*," "making false statement*." Adjusted to equal zero if *Issuer Reporting*, *FCPA*, or *Public Finance* equal one.	Intelligize
September	Indicator variable equal to one if the case was first filed in September and zero otherwise.	Intelligize
Settled At Filing	Indicator variable equal to one (and zero otherwise) if an administrative proceeding includes the phrase "has submitted an Offer of Settlement," "have submitted Offers of Settlement," or "have submitted an Offer of Settlement," or if a litigation release or press release includes any of the following phrases: "without admitting or denying," "admit* nor Den*," "settle* w/10 charges," "agree* w/10 settle," "settlement," "consent* w/10 judgment," "settle* w/10 action," "consent* w/10 order."	Intelligize
Trial Lawyers	The annual number of DOE employees whose job title group name includes "trial," "litigation," or "counsel."	FOIA
Under Budget	Indicator variable equal to one in years in which the SEC's actual outlays are less than its budget authority and zero otherwise.	SEC website
Undertakings	Indicator variable equal to one if the filing includes the phrase "undertakings" and zero otherwise. This variable is only defined for cases in which *Settled At Filing* equals one.	Intelligize
AAER variable definitions[1]		
Audit	Indicator variable equal to one if the AAER was brought against the auditor and there was no misstatement and zero otherwise.	DGLS
Bribes	Indicator variable equal to one if the AAER was for bribe charges and zero otherwise.	DGLS
MarketCap	The natural log of market capitalization measured for the most recent fiscal year (within three years) prior to the AAER release date.	Compustat
Misreporting	Indicator variable equal to one if the AAER was for misreporting and zero otherwise. Misreporting observations are identified as observations in the annual and quarterly DGLS files.	DGLS
Profit	Income scaled by beginning of period total assets measured for the most recent fiscal year (within three years) prior to the AAER release date (IB / AT).	Compustat

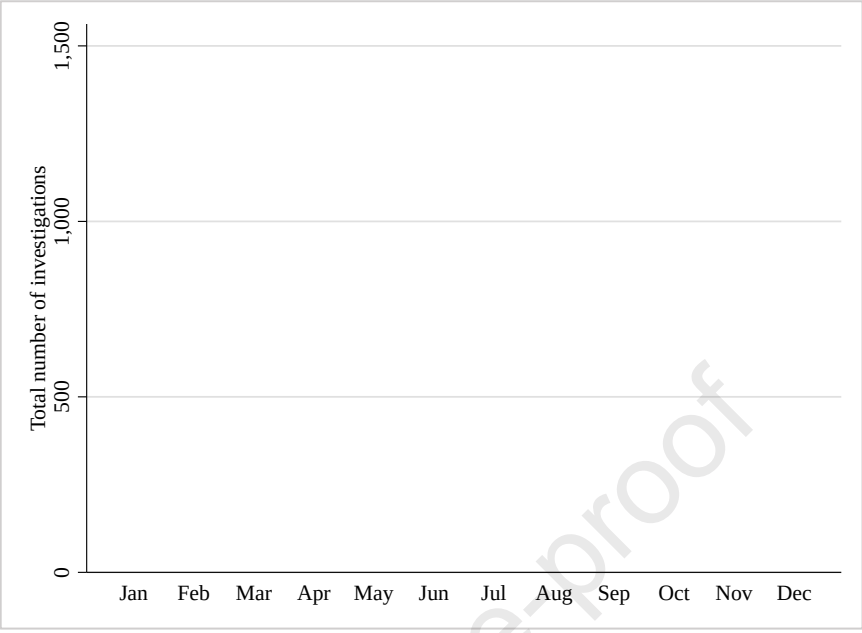
[*] Indicates phrase is used as a stem. "word1 p/X word2" indicates "word1" must precede "word2" by X or fewer words. "word1 w/X word2" indicates "word1" must be within "word2" by X or fewer words, but the order of word1 and word2 does not matter.
[1] The unit of observation for the DGLS analysis is a primary AAER listed on the *Detail* tab in the DGLS dataset. We use the July 2019 dataset for this analysis and end the sample on September 30, 2018, the end of the SEC's 2018 fiscal year.

Figure 1: The SEC's September spike



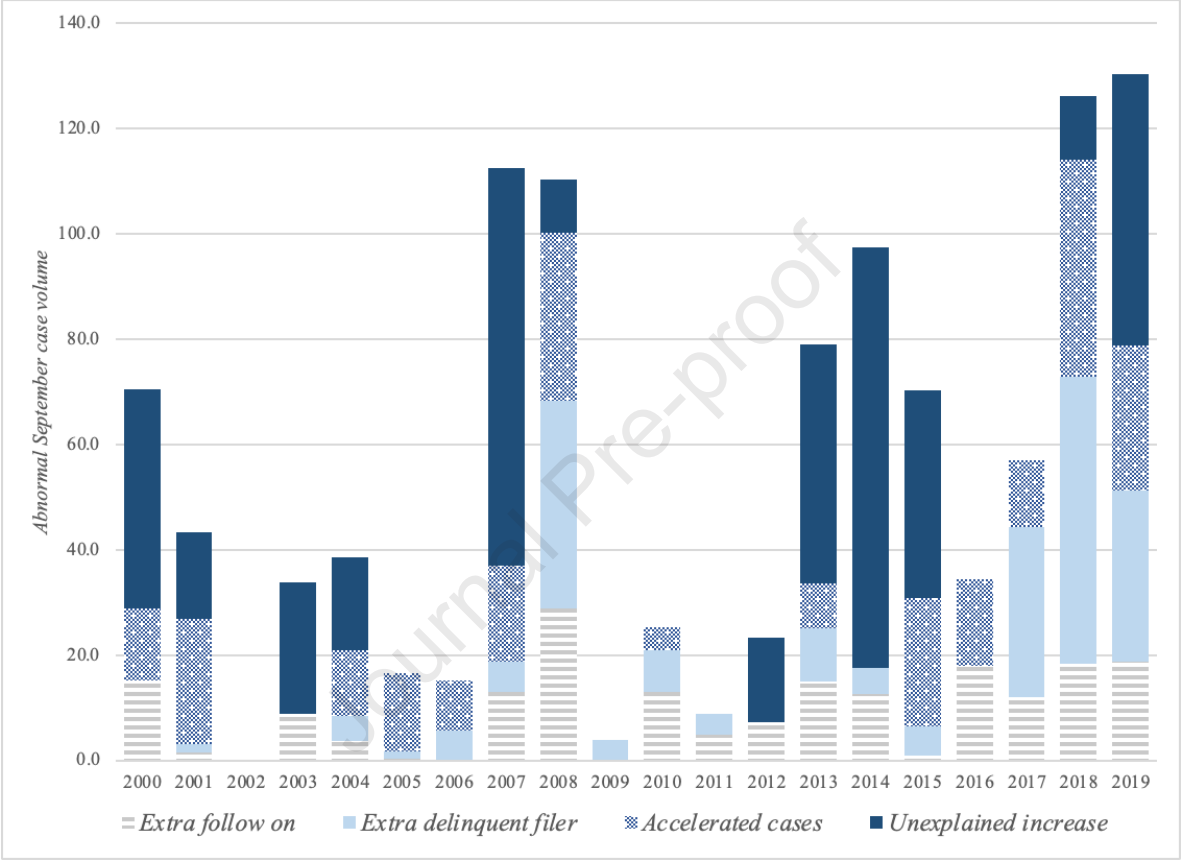
This figure presents the average number of SEC cases (enforcement actions) filed across our entire sample. In Panel A, we present averages across months. In Panel B, we present averages by week, where we divide months into three "weeks" based on calendar days due to differences in the number of working days each month. Week one includes days 1-10, week two includes days 11-20, and week three includes days 21 and beyond.

Figure 2: SEC investigation openings by month



This figure presents data on SEC investigation openings for investigations opened from October 1, 1999, to September 30, 2020, and closed from January 1, 2000, to September 30, 2021 (due to data availability).

Figure 3: Explaining the magnitude of the SEC's September spike



This figure presents a decomposition of the increase in case volume in September relative to the average number of cases filed from December through August of the same fiscal year (*Abnormal September case volume*). We attribute this increase in volume to one of three reasons, in the following order: (1) *Extra delinquent filer* equals the difference between the number of delinquent filer cases filed in September relative to the average number of delinquent filer cases filed through the first 11 months of the fiscal year and *Abnormal September case volume*, (2) *Extra follow on* equals the difference between the number of follow-on administrative proceedings filed in September relative to the average number of follow-on administrative proceedings filed through the first 11 months of the fiscal year, and (3) *Accelerated cases* equals the difference between two times the average number of cases filed from December through August of year $t + 1$ and the aggregate number of cases filed in October and November of year $t + 1$. If any of the numbers in (1)-(3) are greater than the total increase in case volume, we set them to zero. We label any increase not explained by these three mechanisms as an *Unexplained increase*. We do not present FY 2020 because we do not have data on Q1 filings in FY 2021 and therefore cannot measure *Accelerated Cases* for this year.

Table 1: Sample overview and SEC resources

	Standalone Cases										
(1) Fiscal Year	(2) Admin. Proc.	(3) Civil	(4) Total Standalone	(5) Delinquent Filing	(6) Follow-on	(7) Total Cases	(8) %Sept Case	(9) DOE Staff	(10) Trial Lawyers	(11) Budget Authority	(12) Actual Outlays
2000	155	220	375	0	60	435	23.2%	-	-	377,000	369,825
2001	179	200	379	5	44	428	18.0%	-	-	422,800	412,618
2002	195	255	450	7	66	523	7.6%	1,012	118	513,989	487,345
2003	198	257	455	11	142	608	13.7%	1,239	150	716,350	619,321
2004	195	236	431	19	128	578	14.4%	1,394	176	811,500	755,012
2005	134	231	365	33	128	526	11.4%	1,387	176	913,000	887,227
2006	132	192	324	81	121	526	11.4%	1,230	173	888,117	877,278
2007	164	215	379	56	145	580	26.4%	1,221	171	881,560	877,278
2008	98	246	344	106	162	612	25.3%	1,266	164	906,000	905,313
2009	120	274	393	88	133	614	9.6%	1,221	165	953,000	960,189
2010	112	211	323	118	204	645	12.1%	1,383	194	1,111,000	1,101,547
2011	115	227	342	148	229	719	9.7%	1,266	172	1,185,000	1,212,859
2012	108	239	347	139	209	695	11.5%	1,295	173	1,321,000	1,289,675
2013	138	193	331	129	195	655	19.5%	1,324	170	1,321,000	1,276,158
2014	236	145	381	113	245	739	20.6%	1,332	179	1,350,000	1,415,814
2015	323	159	482	131	169	782	16.6%	1,354	168	1,500,000	1,550,548
2016	349	169	518	123	199	840	12.4%	1,313	168	1,605,000	1,681,882
2017	245	183	428	112	192	732	15.7%	1,365	170	1,605,000	1,651,317
2018	239	225	464	122	193	779	23.7%	1,307	188	1,652,000	1,687,390
2019	331	197	528	121	190	839	23.2%	1,289	193	1,674,902	1,695,905
2020	199	195	394	130	168	692	30.6%	1,290	195	1,825,525	1,826,552
Average	**189**	**213**	**402**	**85**	**158**	**645**	**17.0%**	**1,289**	**172**	**1,120,654**	**1,121,003**
Total	**3,965**	**4,469**	**8,433**	**1,792**	**3,322**	**13,547**					

This table presents information on sample composition by SEC fiscal year. To identify filings that suggest a new enforcement action, we use the following criteria: (1) for administrative proceedings: (order p/15 instituting p/20 proceeding*) and not (order making findings) and not (extension order) and not (order (appointing or approving or permitting)) and not (order p/5 fund) and not (notice of p/5 plan) and not (notice p/5 fund); (2) for litigation releases: ((commission or sec) p/30 (charge* or complaint or sued or (announc* p/20 emergency) or (obtained an asset freeze) or injunction or alleges or (filed p/10 action*) or (announc* p/20 civil action))) or (complaint alleges) or commission p/10 order p/3 suspension. "*" indicates that the phrase is used as a stem; "word1 p/X word2" indicates that word1 must precede word2 by X or fewer words; and "word1 w/X word2" indicates that word1 must be within X or fewer words of word2, but the order of word1 and word2 does not matter. Column 2 presents the total number of standalone administrative proceedings. Column 3 presents the total number of civil actions. Column 4 equals the sum of columns 2 and 3. Administrative proceedings for delinquent filings (follow-on) cases are listed in column 5 (6). Column 7 is the sum of columns 4, 5, and 6. Column 8 equals the percentage of cases from column 7 that are filed in September. Column 9 (10) provides the number of staff (trial unit lawyers) employed at DOE. Column 11 (12) provides the SEC's total budget authority (actual outlays) in thousands.

Table 2: Enforcement intensity by month

Panel A: Total cases

	Dep. Var. = *Cases*			
	(1)	(2)	(3)	(4)
September	61.874***	64.207***	65.118***	63.284***
	(13.23)	(14.37)	(14.39)	(14.10)
Quarter End			3.500	3.891
			(1.22)	(1.38)
Economic controls				
Class Actions		-0.097	-0.091	0.035
		(-0.30)	(-0.28)	(0.11)
Derivative Cases		-1.321***	-1.313***	-1.451***
		(-2.92)	(-2.91)	(-2.98)
Restatements		0.296***	0.289***	0.330***
		(2.67)	(2.61)	(2.96)
SEC Rulemaking		2.623*	2.626*	3.169**
		(1.70)	(1.71)	(2.08)
Reg Uncertain		0.112	0.110	0.124*
		(1.57)	(1.56)	(1.70)
Market Returns		2.630***	2.607***	2.995***
		(2.90)	(2.88)	(3.27)
Market Volatility		1.021*	1.002*	0.651
		(1.79)	(1.76)	(1.10)
Investigation controls				
Open SEC Invest				-27.758
				(-1.33)
Close SEC Invest				-1.177
				(-0.15)
Ongoing SEC Invest				-2.922***
				(-2.65)
Observations	252	252	252	252
Adjusted R^2	0.502	0.567	0.570	0.591
Mean of DV	53.8	53.8	53.8	53.8
% Change	115.1%	119.4%	121.1%	117.7%

Table 2, continued.

Panel B: September spike by violation

	Issuer Reporting (1)	Insider Trading (2)	Investment Advisers (3)	Securities Offering (4)	Market Manipulation (5)	Broker Dealer (6)	AAER (DGLS dataset) (7)
September	12.205***	3.153***	8.517***	7.409***	1.426***	1.685***	5.951***
	(10.93)	(6.60)	(5.48)	(8.65)	(4.15)	(3.37)	(8.86)
Quarter End	2.024***	0.128	2.141**	0.589	0.150	0.362	0.333
	(2.88)	(0.43)	(2.19)	(1.09)	(0.69)	(1.15)	(0.79)
Economic controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	252	252	252	252	252	252	228
Adjusted R^2	0.521	0.285	0.321	0.417	0.264	0.296	0.361
Mean of DV	9.0	3.6	6.9	6.2	1.6	2.7	4.2
% Change	135.1%	87.0%	124.0%	120.2%	91.2%	61.9%	140.3%

This table presents the results of estimating equation 1. The dependent variable is *Cases*, which counts all SEC enforcement actions filed in a month (Panel A) and SEC enforcement actions by violation type (Panel B). In column 7 of Panel B, we lose FY 2019-2020 due to data availability in the July 2019 version of the Dechow et al. (2011) dataset. All specifications include fixed effects for the SEC's fiscal year. T-statistics are presented in parentheses. Appendix C provides variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 3: Do performance reporting pressures explain the SEC's September spike?

Panel A: Reporting incentives

	Dep. Var. = *Cases*		
	(1)	(2)	(3)
September	62.976***	48.060***	71.572***
	(15.03)	(7.96)	(13.51)
September × *Behind Pace*	32.448***		
	(7.39)		
September × *Political Pressure*		31.884***	
		(3.65)	
September × *Early Chair Tenure*			-28.354***
			(2.84)
Quarter End	3.729	3.864	3. 891
	(1.42)	(1.41)	(1.40)
Economic controls	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes
Observations	240	252	252
Adjusted R^2	0.665	0.614	0.605

Panel B: SEC resources

	Dep. Var. = *Cases*		
	(1)	(2)	(3)
September	63.804***	67.778***	79.213***
	(13.89)	(13.31)	(11.59)
September × *Trial Lawyers*	25.073***		
	(5.30)		
September × *Personnel Costs*		20.371***	
		(3.99)	
September × *Under Budget*			-27.354***
			(-3.05)
Quarter End	3.481	3.412	3.833
	(1.21)	(1.09)	(1.38)
Economic controls	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes
Observations	228	204	252
Adjusted R^2	0.622	0.639	0.607

This table presents the results of estimating equation 2, in which we examine variation in the September spike. The dependent variable is *Cases*, which counts all SEC enforcement actions filed in a month. *Behind pace* equals the total number of cases filed from October to July for fiscal year *t*, scaled by the total number of cases filed in fiscal year *t* – 1, multiplied by -1. *Political Pressure* is an indicator variable equal to one if the political parties of the SEC Chair and either the Chair of the House Committee for Financial Services or the Chair of the Senate Committee on Banking, Housing, and Urban Affairs differ, and zero otherwise. *Early Chair Tenure* equals one for the first year of an SEC Chair's tenure and zero otherwise. *Trial Lawyers* equals the number of trial unit lawyers employed at DOE at year-end and is obtained from a FOIA request. *Personnel Costs* equals the total wage expense of DOE. *Under Budget* equals one in years in which the SEC's actual outlays are less than its budget authority (see Table 1) and zero otherwise. When the model includes *Behind Pace*, we lose one year of data (FY2000)—12 observations—as we do not have the prior year case totals in our sample (i.e., FY1999 data). When the model includes *Trial Lawyers*, we lose two years of data (FY2000-2001)—24 observations—as we do not have data on enforcement staffing levels in these years. When the model includes *Personnel Costs*, we lose four years of data (FY2000-2003)—48 observations—as

we do not have data on budget allocations to personnel costs in these years. We standardize *Behind Pace*, *Trial Lawyers*, and *Personnel Costs* to have mean zero and standard deviation one to facilitate interpretation. All specifications include fixed effects for the SEC's fiscal year. T-statistics are presented in parentheses. Appendix C provides variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 4: Is the September spike due to benign changes in enforcement?

Panel A: September spike by case type

			Standalone cases		
	Follow-on	Delinquent Filing	All	Civil	Admin. Proc.
	(1)	(2)	(3)	(4)	(5)
September	9.698***	12.458***	41.128***	15.639***	25.490***
	(7.30)	(7.77)	(12.76)	(12.50)	(9.33)
Quarter End	-0.880	-0.657	5.428***	1.703**	3.725**
	(-1.05)	(-0.65)	(2.68)	(2.16)	(2.17)
Economic controls	Yes	Yes	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes	Yes	Yes
Observations	252	252	252	252	252
Adjusted R^2	0.508	0.507	0.517	0.549	0.448
Mean of DV	13.2	7.1	33.5	17.7	15.7
% Change	73.6%	175.2%	122.9%	88.2%	162.0%

Panel B: Acceleration of standalone cases

September Alt =	Sept & Oct	Sept, Oct & Nov	September & Q1
	(1)	(2)	(3)
September Alt	19.553***	12.054***	12.054***
	(6.20)	(3.93)	(3.93)
Quarter End	5.445**	5.191*	1.902
	(2.16)	(1.90)	(0.72)
Economic controls	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes
Observations	240	240	240
Adjusted R^2	0.273	0.191	0.169
Mean of DV	33.5	33.5	33.5
% Change	58.5%	36.1%	26.9%

This table presents additional analysis of the September spike in which we estimate variations on equation 1. In Panel A, the dependent variable is a count of the number of cases filed in a month for each type of case. In Panel B, the dependent variable is a count of the number of standalone cases filed in a month. We redefine fiscal year-ends to examine whether the September spike simply represents a short-term shift of the timing of case filings. In Panel B, we lose 12 observations because we do not have data on Q1 filings in FY 2021 in our sample and therefore cannot define the test variable of interest (*September Alt*) for FY 2020. All specifications include fixed effects for the SEC's fiscal year. T-statistics are presented in parentheses. Appendix C provides variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 5: Descriptive statistics for case selection and leniency analyses

	Full year		October – August		September			
Variable name	***N***	**Mean**	***N***	**Mean**	***N***	**Mean**	**Diff**	***p*-value**
Test variables								
Cooperation	8,433	0.141	6,984	0.131	1,449	0.192	0.061	0.000
Company Only	8,433	0.221	6,984	0.214	1,449	0.252	0.038	0.002
Rule 10b-5	8,433	0.560	6,984	0.570	1,449	0.508	-0.063	0.000
Criminal	8,433	0.167	6,984	0.172	1,449	0.146	-0.026	0.016
Settled At Filing	8,433	0.637	6,984	0.627	1,449	0.693	0.066	0.000
Ln*(Invest Length)*	1,000	6.405	843	6.461	157	6.102	-0.359	0.000
Nonfinancial	3,412	0.593	2,720	0.607	692	0.538	-0.069	0.027
Ln*(Financial)*	1,852	12.505	1,406	12.543	401	12.235	-0.308	0.013
Ln*(Disgorgement)*	1,050	12.375	857	12.387	162	11.913	-0.474	0.021
Ln*(Penalties)*	1,606	11.883	1,201	11.872	368	11.861	-0.011	0.925
Violation types								
Issuer Reporting	8,433	0.270	6,984	0.268	1,449	0.277	0.009	0.484
FCPA	8,433	0.023	6,984	0.024	1,449	0.020	-0.004	0.338
Insider Trading	8,433	0.108	6,984	0.111	1,449	0.093	-0.018	0.042
Public Finance	8,433	0.030	6,984	0.031	1,449	0.028	-0.003	0.596
Investment Adviser	8,433	0.205	6,984	0.205	1,449	0.204	-0.001	0.919
Securities Offering	8,433	0.184	6,984	0.184	1,449	0.186	0.002	0.872
Market Manipulation	8,433	0.047	6,984	0.048	1,449	0.042	-0.006	0.360
Broker Dealer	8,433	0.081	6,984	0.086	1,449	0.059	-0.027	0.001
Severity								
Securities Act	8,433	0.856	6,984	0.864	1,449	0.814	-0.050	0.106
Exchange Act	8,433	1.410	6,984	1.420	1,449	1.364	-0.055	0.418
Investment Advisers Act	8,433	0.519	6,984	0.518	1,449	0.524	0.006	0.859
Other Regulations	8,433	0.062	6,984	0.056	1,449	0.095	0.039	0.000
Investor Harm	3,773	10.630	3,005	10.522	768	11.051	0.529	0.071

This table reports the summary statistics for variables measured at the case or defendant level. Appendix C provides variable definitions.

Table 6: Case selection and filing month

Panel A: Case characteristics (all case types)

	Low complexity				High complexity			
Dep. Var. =	*Cooperation*		*Company Only*		*Rule 10b-5*		*Criminal*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
September	0.062***		0.037***		-0.039***		-0.027**	
	(5.57)		(3.00)		(-2.73)		(-2.36)	
September - Low Spike		0.015		0.002		0.010		-0.011
		(0.88)		(0.10)		(0.42)		(-0.59)
September - High Spike		0.093***		0.060***		-0.070***		-0.037***
		(6.12)		(3.53)		(-3.79)		(-2.59)
Quarter End	0.021**	0.021**	0.022**	0.023**	-0.014	-0.015	-0.005	-0.005
	(2.45)	(2.49)	(2.26)	(2.29)	(-1.22)	(-1.25)	(-0.54)	(-0.55)
Violation types								
Issuer Reporting	0.076***	0.075***	-0.021*	-0.021*	0.019	0.020	0.004	0.004
	(7.84)	(7.75)	(-1.85)	(-1.91)	(1.36)	(1.42)	(0.34)	(0.36)
FCPA	0.309***	0.311***	0.557***	0.559***	-0.497***	-0.499***	0.489***	0.488***
	(8.57)	(8.62)	(17.31)	(17.33)	(-25.00)	(-25.16)	(14.18)	(14.15)
Insider Trading	-0.011	-0.010	-0.164***	-0.163***	0.335***	0.334***	0.087***	0.087***
	(-1.06)	(-0.98)	(-16.29)	(-16.24)	(23.77)	(23.70)	(5.44)	(5.43)
Public Finance	0.462***	0.460***	0.431***	0.429***	-0.259***	-0.256***	-0.114***	-0.113***
	(14.67)	(14.63)	(13.80)	(13.74)	(-9.90)	(-9.82)	(-6.31)	(-6.25)
Investment Adviser	0.046***	0.047***	0.046***	0.047***	-0.103***	-0.104***	-0.072***	-0.072***
	(4.51)	(4.62)	(3.75)	(3.82)	(-7.26)	(-7.33)	(-7.06)	(-7.10)
Securities Offering	0.029***	0.028***	-0.001	-0.002	0.063***	0.064***	-0.059***	-0.058***
	(2.98)	(2.90)	(-0.10)	(-0.15)	(4.29)	(4.35)	(-5.49)	(-5.46)
Market Manipulation	-0.043***	-0.042***	-0.154***	-0.153***	0.225***	0.224***	0.169***	0.169***
	(-3.24)	(-3.19)	(-11.47)	(-11.44)	(10.32)	(10.29)	(7.02)	(7.01)
Broker Dealer	0.059***	0.058***	0.078***	0.077***	-0.088***	-0.087***	-0.072***	-0.071***
	(4.04)	(4.01)	(4.10)	(4.09)	(-4.12)	(-4.11)	(-4.92)	(-4.91)
Economic controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433
Adjusted R^2	0.108	0.110	0.154	0.154	0.180	0.180	0.088	0.088

Table 6, continued.

Panel B: Case and defendant characteristics (AAERs only)

	Case characteristics (AAER type)						Defendant characteristics			
Dep. Var. =	*Audit*		*Bribes*		*Misreporting*		*MarketCap*		*Profit*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
September	0.145***		-0.054**		-0.109***		-1.215***		-0.407***	
	(5.96)		(-2.03)		(-2.66)		(-3.52)		(-4.09)	
September - Low Spike		0.012		-0.017		-0.091		-0.895*		-0.185
		(0.32)		(-0.42)		(-1.43)		(-1.72)		(-1.24)
September - High Spike		0.251***		-0.083**		-0.124**		-1.477***		-0.588***
		(7.62)		(-2.29)		(-2.21)		(-3.15)		(-4.36)
Quarter End	-0.004	-0.002	-0.021	-0.021	0.043	0.043	-0.105	-0.106	-0.027	-0.027
	(-0.18)	(-0.11)	(-0.93)	(-0.94)	(1.26)	(1.25)	(-0.38)	(-0.38)	(-0.34)	(-0.34)
Economic controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,065	1,065	1,065	1,065	1,065	1,065	590	590	590	590
Adjusted R^2	0.337	0.350	0.068	0.068	0.160	0.160	0.075	0.075	0.043	0.048

This table examines differences in case selection. In Panel A, we present results of estimating equation 3 for standalone enforcement actions. In Panel B, we present results of equation 3 for the DGLS AAER dataset. We do not control for violation type in Panel B, as AAERs are a subset of the *Issuer Reporting* cases. We use the July 2019 DGLS dataset, which contains 1,657 unique observations, and we restrict it to our sample period, resulting in 1,065 observations. There are 590 cases against public company defendants for which we have data in Compustat. *September - Low Spike* (*September - High Spike*) is an indicator variable equal to one for cases filed in September in fiscal years in which the percentage of the year's total cases filed in September is below (above) the median (16%; see Table 1), and zero otherwise. All specifications include fixed effects for the SEC's fiscal year. T-statistics are presented in parentheses. Appendix C provides variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 7: Enforcement process

Panel A: Filing settled charges

	Dep. Var. = *Settled At Filing*		
	(1)	(2)	(3)
September	0.070***	0.042***	
	(4.83)	(3.11)	
September - Low Spike			0.030
			(1.35)
September - High Spike			0.051***
			(2.82)
Quarter End	0.034***	0.023**	0.023**
	(2.80)	(2.06)	(2.07)
Case characteristics			
Cooperation		0.176***	0.176***
		(11.60)	(11.57)
Company Only		0.157***	0.156***
		(11.35)	(11.34)
Rule 10b-5		-0.158***	-0.158***
		(-14.04)	(-14.02)
Criminal		-0.186***	-0.186***
		(-13.95)	(-13.94)
Violation type controls	Yes	Yes	Yes
Economic controls	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes
Observations	8,433	8,433	8,433
Adjusted R^2	0.095	0.206	0.206

Table 7, continued.
Panel B: Investigation length

	Dep. Var. =					
	Ln(*Invest Length)*	*Quick Invest*	*Long Invest*	Ln(*Invest Length)*	*Quick Invest*	*Long Invest*
	(1)	(2)	(3)	(4)	(5)	(6)
September	-0.134	0.050*	-0.014			
	(-1.38)	(1.79)	(-0.49)			
September - Low Spike				0.273	-0.088*	-0.015
				(1.64)	(-1.85)	(-0.32)
September - High Spike				-0.358***	0.126***	-0.013
				(-2.94)	(3.60)	(-0.37)
Quarter End	0.049	-0.017	0.019	0.050	-0.017	0.018
	(0.63)	(-0.77)	(0.83)	(0.65)	(-0.79)	(0.83)
Case characteristics						
Cooperation	-0.155**	0.004	-0.040*	-0.136*	-0.002	-0.040*
	(-2.07)	(0.18)	(-1.83)	(-1.82)	(-0.11)	(-1.83)
Company Only	-0.132*	0.041*	-0.040*	-0.140*	0.044*	-0.040*
	(-1.66)	(1.82)	(-1.76)	(-1.77)	(1.95)	(-1.75)
Rule 10b-5	0.096	-0.017	-0.042*	0.084	-0.013	-0.042*
	(1.12)	(-0.70)	(-1.71)	(0.98)	(-0.54)	(-1.70)
Criminal	0.077	-0.006	0.075**	0.080	-0.008	0.075**
	(0.71)	(-0.21)	(2.40)	(0.74)	(-0.25)	(2.40)
Violation type controls	Yes	Yes	Yes	Yes	Yes	Yes
Economic controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,000	1,000	1,000	1,000	1,000	1,000
Adjusted R^2	0.163	0.139	0.127	0.170	0.150	0.127

This table presents results of estimating the association between the SEC fiscal year-end (September) and whether the standalone case is filed as a settled charge in Panel A and the time from when the investigation was opened to when the standalone case was filed in Panel B. Panel B represents a random sample of standalone cases filed as settled charges that we could manually match to their related investigations. *September - Low Spike* (*September - High Spike*) is an indicator variable equal to one for cases filed in September in fiscal years in which the percentage of the year's total cases filed in September is below (above) the median (16%; see Table 1), and zero otherwise. All specifications include fixed effects for the SEC's fiscal year. T-statistics are presented in parentheses. Appendix C provides variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 8: Non-financial sanctions

	Dep. Var. = *Nonfinancial*		
	(1)	(2)	(3)
September	-0.062**	-0.076**	
	(-2.14)	(-2.44)	
September - Low Spike			-0.038
			(-0.68)
September - High Spike			-0.094**
			(-2.46)
Quarter End		0.022	0.022
		(0.84)	(0.81)
Investor Harm		-0.002	-0.002
		(-1.31)	(-1.35)
Case characteristics			
Cooperation		0.043	0.044
		(1.58)	(1.61)
Company Only		0.405***	0.404***
		(15.85)	(15.82)
Rule 10b-5		-0.190***	-0.190***
		(-6.63)	(-6.65)
Criminal		0.147***	0.148***
		(2.62)	(2.63)
Violation type controls	Yes	Yes	Yes
Severity controls	Yes	Yes	Yes
Economic controls	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes
Observations	3,412	3,285	3,285
Adjusted R^2	0.206	0.316	0.316

This table presents the results of estimating equation 4 for non-financial sanctions. The sample includes all standalone administrative proceedings that are filed as settled charges. *September - Low Spike* (*September - High Spike*) is an indicator variable equal to one for cases filed in September in fiscal years in which the percentage of the year's total cases filed in September is below (above) the median (16%; see Table 1), and zero otherwise. All specifications include fixed effects for the SEC's fiscal year. T-statistics are presented in parentheses. Appendix C provides variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 9: Financial sanctions

	Dep. Var. =				
	Ln*(Financial)*	Ln*(Disgorgement)*	Ln*(Penalties)*	*Large Disgorgement*	*Large Penalties*
	(1)	(2)	(3)	(4)	(5)
September	-0.671***	-0.876***	-0.390***	-0.111***	-0.114***
	(-4.53)	(-4.11)	(-2.62)	(-2.67)	(-3.33)
Quarter End	-0.086	0.048	-0.074	0.016	0.007
	(-0.90)	(0.36)	(-0.76)	(0.63)	(0.30)
Individual	-1.316***	-0.677***	-1.406***	-0.131***	-0.288***
	(-11.91)	(-3.99)	(-12.34)	(-3.96)	(-10.95)
Admin. Proc.	-1.014***	-1.182***	-0.666***	-0.136***	-0.082***
	(-9.26)	(-8.20)	(-6.03)	(-4.82)	(-3.22)
Investor Harm	0.061***	0.083***	0.056***	0.009***	0.009***
	(9.32)	(7.32)	(8.50)	(4.11)	(6.06)
Case characteristics					
Cooperation	0.154	-0.061	0.098	-0.032	0.006
	(1.49)	(-0.37)	(0.95)	(-1.00)	(0.27)
Company Only	1.745***	2.419***	1.670***	0.398***	0.317***
	(13.31)	(11.11)	(12.79)	(9.36)	(10.54)
Rule 10b-5	0.375***	0.413***	0.261**	0.086***	0.061**
	(3.62)	(2.74)	(2.51)	(2.91)	(2.55)
Criminal	0.441***	0.289*	0.345**	0.027	0.049
	(3.52)	(1.79)	(2.55)	(0.87)	(1.58)
Violation type controls	Yes	Yes	Yes	Yes	Yes
Severity controls	Yes	Yes	Yes	Yes	Yes
Economic controls	Yes	Yes	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes	Yes	Yes
Observations	1,766	993	1,531	993	1,531
Adjusted R^2	0.493	0.535	0.480	0.445	0.397

This table presents the results of estimating equation 4 for financial sanctions. The sample includes the subset of standalone enforcement actions with hand-collected data—those with an *Issuer Reporting, FCPA, Insider Trading,* or *Securities Offering* violation and with *Settled At Filing* equal to one since FY2011. Data is at the defendant level, and defendants who do not agree to settlement terms by the filing date are excluded. All specifications include fixed effects for the SEC's fiscal year. T-statistics are presented in parentheses. Appendix C provides variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Online Appendix to "The SEC's September Spike: Regulatory Inconsistency Within the Fiscal Year"

Appendix A1: Violation examples

Broker-Dealer: involve misconduct of individuals acting as an unregistered broker-dealer or misconduct among registered broker-dealers.

Follow-on Administrative Proceeding: Defendant was charged in a prior criminal case for receiving commission payments by finding and recommending securities to investors as an unregistered broker-dealer. The follow-on proceeding bars the defendant from being associated with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization. Also bars them from participating in any offering of a penny stock. (AP 34-87195)
Standalone Administrative Proceeding: Defendant was a registered broker-dealer company and was charged due to failure to maintain adequate records of all business records. The charge arose because an employee intentionally used a personal email address to conduct business on behalf of the company to avoid review and surveillance by the company (defendant) and senior officials at the company were aware. Because of the personal email use, the company was unable to produce all communications to the SEC when requested, violating Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder. (AP 34-81898)

Foreign Corrupt Practices Act: includes violations for authorizing bribes or improper payments to foreign officials as well as allegations for falsifying books and records and internal control provisions of the Foreign Corrupt Practices Act (FCPA).

Standalone Civil Action: Defendant was a Swiss company with operations in the U.S., who for a period of over nine years, the company and its subsidiaries authorized bribes and improper payments to foreign officials for various benefits, as well as engaged in commercial transactions with sanctioned countries, violating U.S. law. The company failed in their oversight of bribery activities, including not failing to investigate allegations that a bribe request was made from a foreign official. (LR-22880)

Investment Adviser/Investment Companies: involves misconduct of individuals and companies registered as investment advisers.

Standalone Civil Action: Defendants were three investment firms and four officials who engaged in fraud, misuse or client assets, and other violations. Defendants misled investors about firm's stability and obtained bank loans to make fund distributions to investors, engaged in improper accounting to cover up the fraud, and issued false account statements to investors. (LR-21829)
Standalone Administrative Proceeding: Defendant was a registered investment adviser who breached his fiduciary duties owed to clients by failing to provide full and fair disclosure to his clients. The first breach stemmed from not disclosing that he recommended clients sell shares in one fund and buy shares in another because of his ability to obtain commissions (i.e., financial conflict of interest was not disclosed). The second breach was because he misrepresented why the firm's custodian—who held client assets and cleared trades made on behalf the defendant's investment firm—changed. The defendant claimed the change was initiated by them, but in fact the prior custodian severed the relationship because of a prior SEC action against the investment firm. (AP 34-79126)

Issuer Reporting: cases involving improper accounting or failure to maintain adequate systems and/or internal controls.

Standalone Civil Action: Defendant was an officer at a Canadian company that operated in the U.S. through a subsidiary that was traded on OTC link. The defendant directed the company's accounting staff to improperly recognize revenue. (LR-23191/AAER 3629)
Standalone Administrative Proceeding: Defendant was a NASDAQ-listed company who failed to maintain appropriate internal controls and books and records relating to its sales tax liabilities because it did not have accounting software to appropriately calculate the amount of sales tax owed to various jurisdictions. (AP 34-63688/AAER 3226)

Market Manipulation: cases in which individuals or companies act to, or fail to safeguard against, stock price manipulations. Includes cases related to "pump-and-dump" schemes.

Standalone Civil Action: Defendants hacked into brokerage accounts of investors and fraudulently placed buy orders to pump up the stock price of several issuers and then sold their own positions in these issuers at the artificially inflated prices. (LR-20037)
Standalone Administrative Proceeding: Defendant was a registered broker-dealer who received stock from an issuer for promoting stock and secretly paid stock touters to publish recommendations to buy the stock of this issuer based on false and misleading information. Defendant then sold the stock at inflated prices through his wife's brokerage account such that the transactions were not registered with the SEC. (AP 33-8100)

Public Finance Abuse: cases involving misconduct from issuers or broker-dealers of municipal securities.[*]

Standalone Civil Action: Defendants were the CEO and Director of Finance of a company that operated two charter schools. They were charged with misleading investors in a bond offering due to concealing information about the company's financial distress. (LR-24806)
Standalone Administrative Proceeding: Defendant was a sales representative at a registered broker-dealer that underwrites new municipal bonds. Defendant improperly submitted municipal bond orders on behalf of institutional investors and another registered broker-dealer during a retail order period, and included incorrect zip codes with these orders to create the appearance that the orders were for individuals residing in the area of the municipal issuer. (AP 34-89961)

Securities Offering: cases involving improper securities offerings.

Standalone Civil Action: Defendant(s) conducted an unregistered offering of unsecured promissory notes without a registration statement in effect and without qualifying for an applicable exemption. Defendant(s) tried to get an exemption for a similar offering and when questioned by staff, abandoned that offering and pursued the unregistered offering. (LR-23982)
Standalone Administrative Proceeding: Defendant improperly issued tokens that qualified as an Initial Coin Offering, but did not have a registration statement or exemption filed or in effect when they were issued. When they were contacted by the SEC about this issue, they ceased the offering within hours, and did not deliver any tokens to purchasers, and returned to purchasers the proceeds that it had received.

[*] Also includes cases under: https://www.sec.gov/divisions/enforce/municipalities-continuing-disclosure-cooperation-initiative.shtml

Table A1: Descriptive statistics (monthly variables)

Variable name	N	Mean	SD	P25	P50	P75
Cases						
Cases	252	53.8	27.8	38.5	48.0	60.0
Civil	252	17.7	7.4	13.0	17.0	21.0
Admin. Proc.	252	15.7	14.6	8.0	12.0	18.0
Delinquent Filing	252	7.1	9.1	1.0	5.0	10.0
Follow-on	252	13.2	7.5	8.0	12.0	17.0
Economic controls						
Class Actions	252	26.1	6.3	21.4	25.3	29.8
Derivative Cases	252	20.0	7.0	16.1	20.3	23.8
Restatements	252	73.3	32.6	52.7	67.3	83.2
SEC Rulemaking	252	3.8	1.5	2.7	3.7	4.5
Reg Uncertain	252	114.2	49.0	83.2	104.4	135.8
Market Returns	252	0.0	0.0	-0.0	0.0	0.0
Market Volatility	252	19.9	7.3	14.3	18.0	23.9
Investigation controls						
Open Invest	252	59.3	15.1	47.8	62.9	71.7
Close Invest	252	62.1	34.1	34.2	65.6	84.1
Ongoing Invest	252	2806.9	773.2	2168.0	2666.0	3548.0

This table presents the summary statistics for variables measured at the monthly level. Appendix C provides variable definitions.

Table A2: Correlations

Panel A: Monthly variables

		1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	*September*	1.00													
2	*Cases*	0.62***	1.00												
3	*Civil*	0.55***	0.59***	1.00											
4	*Admin. Proc.*	0.46***	0.81***	0.33***	1.00										
5	*Follow-on*	0.37***	0.67***	0.18***	0.32***	1.00									
6	*Class Actions*	0.02	0.11*	0.07	0.07	0.09	1.00								
7	*Derivative Cases*	0.02	0.15**	-0.15**	-0.07	0.42***	0.08	1.00							
8	*Restatements*	-0.03	-0.09	0.02	-0.15**	0.00	-0.42***	0.29***	1.00						
9	*SEC Rulemaking*	0.02	-0.03	0.19***	-0.07	-0.04	0.12*	-0.14**	0.02	1.00					
10	*Reg Uncertain*	-0.01	0.15**	0.10	-0.06	0.27***	0.40***	0.35***	-0.35***	0.15**	1.00				
11	*Market Returns*	-0.01	0.15**	0.02	0.06	0.18***	-0.10	0.14**	0.05	-0.13**	-0.10	1.00			
12	*Market Volatility*	-0.02	-0.06	0.23***	-0.11*	-0.17***	0.21***	-0.19***	-0.29***	0.30***	0.55***	-0.47***	1.00		
13	*Open Invest*	-0.04	-0.02	-0.02	-0.10	0.13**	-0.31***	0.21***	0.52***	0.14**	-0.04	0.17***	-0.16**	1.00	
14	*Close Invest*	0.06	0.18***	-0.03	0.00	0.33***	0.13**	0.58***	0.04	-0.33***	0.24***	0.05	-0.17***	-0.04	1.00
15	*Ongoing Invest*	-0.02	-0.08	0.08	-0.25***	0.09	-0.24***	0.35***	0.72***	0.19***	-0.02	0.02	-0.03	0.70***	0.04

Panel B: Case-level variables

		1	2	3	4	5	6	7	8	9	10	11	12	13
1	*September*	1.00												
2	*Cooperation*	0.07***	1.00											
3	*Company Only*	0.03***	0.40***	1.00										
4	*Rule 10b-5*	-0.05***	-0.23***	-0.44***	1.00									
5	*Criminal*	-0.03**	0.00	-0.09***	0.15***	1.00								
6	*Settled At Filing*	0.05***	0.25***	0.28***	-0.27***	-0.17***	1.00							
7	*Issuer Reporting*	0.01	0.07***	-0.01	-0.00	0.07***	0.12***	1.00						
8	*FCPA*	-0.01	0.14***	0.20***	-0.16***	0.21***	0.11***	0.22***	1.00					
9	*Insider Trading*	-0.02**	-0.06***	-0.16***	0.23***	0.09***	0.03***	-0.13***	-0.05***	1.00				
10	*Public Finance*	-0.01	0.23***	0.21***	-0.14***	-0.06***	0.11***	-0.09***	-0.03**	-0.06***	1.00			
11	*Investment Adviser*	-0.00	0.02*	0.07***	-0.13***	-0.09***	0.03***	-0.21***	-0.07***	-0.14***	-0.04***	1.00		
12	*Securities Offering*	0.00	-0.03**	-0.02*	0.04***	-0.07***	-0.01	-0.29***	-0.07***	-0.11***	-0.08***	0.02**	1.00	
13	*Market Manipulation*	-0.01	-0.05***	-0.09***	0.10***	0.10***	-0.08***	-0.05***	-0.03***	-0.06***	-0.04***	-0.08***	0.04***	1.00
14	*Broker Dealer*	-0.04***	-0.00	0.04***	-0.05***	-0.05***	0.06***	-0.18***	-0.05***	-0.10***	-0.05***	-0.15***	-0.14***	-0.07***

This table presents univariate correlations for variables measured at the monthly level (Panel A) and case level (Panel B). Appendix C provides variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table A3: SEC case volume around non-fiscal year-end deadlines

	Dep. Var. = *Cases*				
	(1)	(2)	(3)	(4)	(5)
September	63.284***	62.295***	63.251***	61.979***	62.904***
	(25.61)	(25.37)	(25.59)	(25.32)	(25.43)
Christmas and New Years		-0.622	-4.012		
		(-0.15)	(-0.94)		
Thanksgiving				-8.904**	-7.941*
				(-2.19)	(-1.95)
Quarter End	3.891**		4.348***		3.579**
	(2.50)		(2.67)		(2.29)
Economic controls	Yes	Yes	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes	Yes	Yes
Observations	756	756	756	756	756
R-squared	0.591	0.587	0.591	0.590	0.593

This table presents the results of estimating equation 1, but with the dependent variable (*Cases*) measured as the count of all SEC enforcement actions filed in a week, where we divide months into three "weeks" based on calendar days. Week one includes days 1-10, week two includes days 11-20, and week three includes days 21 and beyond. *Christmas and New Years* is an indicator variable equal to one for the last week of December, and zero otherwise. *Thanksgiving* is an indicator variable for the last week of November. All specifications include fixed effects for the SEC's fiscal year. T-statistics are presented in parentheses. Appendix C provides other variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table A4: Venue choice in September

	Dep. Var. = *% Admin*		
	(1)	(2)	(3)
September	0.071**	0.075**	0.084***
	(2.45)	(2.57)	(2.86)
Quarter End			0.036*
			(1.92)
Economic controls	No	Yes	Yes
Investigation controls	No	Yes	Yes
Observations	252	252	252
Adjusted R^2	0.438	0.465	0.473
Mean of DV	0.43	0.43	0.43
% Change	16.4%	17.5%	19.6%

This table explores whether the SEC's choice of court venue for standalone cases changes in September by defining the dependent variable as the percentage of standalone cases that are filed in administrative court in a month (*% Admin*). All specifications include fixed effects for the SEC's fiscal year. T-statistics are presented in parentheses. Appendix C provides other variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table A5: Quantifying mechanisms for the September spike

Fiscal year	(1) Average case volume (Dec-Aug)	(2) September case volume	(3) Abnormal September case volume	(4) Extra delinquent filing	(5) Extra follow-on	(6) Accelerated cases	(7) Unexplained increase	(8) Percent unexplained increase
2000	30.4	101	70.6	0	15.3	13.7	41.6	59.0%
2001	33.7	77	43.3	1.7	1.5	23.7	16.5	38.0%
2002	46.6	40	0.0	-	-	-	-	-
2003	49.1	83	33.9	0.0	8.9	0.0	25.0	73.7%
2004	44.4	83	38.6	4.8	3.6	12.4	17.7	45.8%
2005	43.4	60	16.6	1.4	0.4	14.8	0.0	0.0%
2006	44.8	60	15.2	5.7	0.0	9.5	0.0	0.0%
2007	40.6	153	112.4	5.8	13.0	18.1	75.5	67.2%
2008	44.6	155	110.4	39.5	28.9	31.9	10.2	9.2%
2009	55.1	59	3.9	3.9	0.0	0.0	0.0	0.0%
2010	52.7	78	25.3	7.8	13.1	4.4	0.0	0.0%
2011	61.1	70	8.9	4.0	4.9	0.0	0.0	0.0%
2012	56.7	80	23.3	0.0	7.2	0.0	16.2	69.2%
2013	49.0	128	79.0	10.1	15.0	8.6	45.4	57.4%
2014	54.6	152	97.4	5.0	12.6	0.0	79.8	81.9%
2015	59.7	130	70.3	5.5	1.0	24.3	39.5	56.1%
2016	69.6	104	34.4	0.0	17.9	16.5	0.0	0.0%
2017	57.9	115	57.1	32.4	12.0	12.7	0.0	0.0%
2018	58.8	185	126.2	54.4	18.5	41.3	12.1	9.6%
2019	64.6	195	130.4	32.6	18.7	27.4	51.6	39.6%
Average	50.9	105.4	54.9	11.9	10.1	13.7	22.7	31.9%

This table presents estimates quantifying the reasons for the September spike (*Abnormal September case volume*), which we also present in graphical form in Figure 3. In column 1, we present the average number of cases filed from December through August of the fiscal year. We then compare this number to the number of cases filed in September (column 2) to give our estimate of the September spike in column 3. We attribute the spike to one of three reasons, in the following order. First, *Extra delinquent filing* equals the difference between the number of delinquent filings cases filed in September relative to the average number of delinquent filings cases filed through the first 11 months of the fiscal year (column 4). Second, *Extra follow-on* equals the difference between the number of follow-on administrative proceedings filed in September relative to the average number of follow-on administrative proceedings filed through the first 11 months of the fiscal year (column 5). Third, *Accelerated cases* equals the difference between two times the average number of cases filed from December through August of year $t + 1$ and the aggregate number of cases filed in October and November of year $t + 1$ (column 6). If any of the numbers in columns (4)-(6) are greater than the total (remaining) increase in case volume, we set them to zero. We label any increase not explained by these three mechanisms as an *Unexplained increase* (column 7). Column 8 equals column 7 divided by column 3. We do not present FY 2020 because we do not have data on Q1 filings in FY 2021 and therefore cannot measure *Accelerated Cases* for this year.

Table A6: October and November case characteristics

	Low complexity				High complexity			
Dep. Var. =	*Cooperation*		*Company Only*		*Rule 10b-5*		*Criminal*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
September	0.071***		-0.035**		0.041***		-0.016	
	(6.14)		(-2.34)		(3.14)		(-1.32)	
Oct-Nov	0.032**		0.013		0.013		0.040***	
	(2.51)		(0.76)		(0.92)		(2.80)	
September - Low Spike		0.025		0.015		0.006		-0.000
		(1.47)		(0.61)		(0.32)		(-0.01)
September - High Spike		0.100***		-0.067***		0.063***		-0.026*
		(6.47)		(-3.51)		(3.62)		(-1.74)
Oct-Nov - Low Spike		0.054***		0.028		0.022		0.032*
		(3.19)		(1.20)		(1.14)		(1.75)
Oct-Nov - High Spike		0.004		-0.003		0.003		0.050**
		(0.24)		(-0.11)		(0.13)		(2.33)
Quarter End	0.027***	0.027***	-0.012	-0.012	0.025**	0.025**	0.003	0.003
	(3.08)	(3.05)	(-0.95)	(-1.00)	(2.43)	(2.43)	(0.30)	(0.31)
Violation type controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Economic controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433
Adjusted R^2	0.109	0.111	0.180	0.180	0.154	0.154	0.089	0.089

This table examines differences in case selection for cases in September versus October and November for standalone enforcement actions. *Oct-Nov* is an indicator variable equal to one for cases filed in October or November, and zero otherwise. *September - Low Spike* (*September - High Spike*) is an indicator variable equal to one for cases filed in September in fiscal years in which the percentage of the year's total cases filed in September is below (above) the median (16%; see Table 1), and zero otherwise. *Oct-Nov - Low Spike* (*Oct-Nov - High Spike*) is an indicator variable equal to one for cases filed in October or November in fiscal years in which the percentage of the year's total cases filed in September is below (above) the median (16%; see Table 1), and zero otherwise. All specifications include fixed effects for the SEC's fiscal year. T-statistics are presented in parentheses. Appendix C provides variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table A7: Matched sample approach to leniency tests

Panel A: Entropy balance matching

Dep. Var. =	*Nonfinancial*	Ln(*Financial*)	Ln(*Disgorgement*)	Ln(*Penalties*)	*Large Disgorgement*	*Large Penalties*
	(1)	(2)	(3)	(4)	(5)	(6)
September	-0.114***	-0.630***	-1.073***	-0.310*	-0.108**	-0.090**
	(-3.46)	(-3.91)	(-4.71)	(-1.95)	(-2.46)	(-2.37)
Quarter End	-0.010	-0.409***	-0.283*	-0.294**	-0.021	-0.031
	(-0.29)	(-3.19)	(-1.71)	(-2.38)	(-0.66)	(-0.98)
Individual		-1.365***	-0.654***	-1.493***	-0.153***	-0.291***
		(-10.07)	(-3.17)	(-10.28)	(-3.01)	(-7.67)
Admin. Proc.		-0.851***	-1.025***	-0.536***	-0.105***	-0.079***
		(-6.04)	(-6.26)	(-3.69)	(-3.80)	(-2.89)
Investor Harm	-0.003	0.074***	0.102***	0.073***	0.013***	0.012***
	(-1.38)	(7.26)	(6.13)	(6.64)	(4.12)	(4.95)
Case characteristics controls	Yes	Yes	Yes	Yes	Yes	Yes
Violation type controls	Yes	Yes	Yes	Yes	Yes	Yes
Severity controls	Yes	Yes	Yes	Yes	Yes	Yes
Economic controls	Yes	Yes	Yes	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	3,285	1,647	920	1,435	920	1,435
Adjusted R^2	0.317	0.470	0.512	0.483	0.409	0.396

Table A7, continued.

Panel B: Propensity score matching

Dep. Var. =	*Nonfinancial*	Ln(*Financial*)	Ln(*Disgorgement*)	Ln(*Penalties*)	*Large Disgorgement*	*Large Penalties*
	(1)	(2)	(3)	(4)	(5)	(6)
September	-0.141***	-1.061***	-1.388***	-0.937***	-0.119**	-0.190***
	(-3.13)	(-4.52)	(-4.26)	(-3.93)	(-1.99)	(-3.53)
Quarter End	-0.098*	-0.217	0.097	-0.139	0.009	-0.007
	(-1.86)	(-1.16)	(0.37)	(-0.74)	(0.19)	(-0.17)
Individual		-1.331***	-0.529*	-1.403***	-0.156***	-0.275***
		(-7.82)	(-1.78)	(-7.99)	(-2.86)	(-6.94)
Admin. Proc.		-0.827***	-1.161***	-0.511***	-0.126***	-0.071*
		(-4.76)	(-4.76)	(-2.92)	(-2.80)	(-1.81)
Investor Harm	-0.007***	0.068***	0.095***	0.064***	0.016***	0.010***
	(-2.62)	(6.66)	(5.06)	(6.20)	(4.51)	(4.25)
Case characteristics controls	Yes	Yes	Yes	Yes	Yes	Yes
Violation type controls	Yes	Yes	Yes	Yes	Yes	Yes
Severity controls	Yes	Yes	Yes	Yes	Yes	Yes
Economic controls	Yes	Yes	Yes	Yes	Yes	Yes
Investigation controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,356	752	368	676	368	676
Adjusted R^2	0.274	0.462	0.509	0.462	0.442	0.389

This table presents the results of estimating equation 4 using matched samples. In Panel A, we use weighted least squares regressions with weights determined using entropy balancing. In Panel B, we use propensity score matching to match each September case filing to a non-September case with the closest propensity score, without replacement, and impose common support. In both Panels A and B, we use the severity variables, case complexity variables, violation type, and SEC fiscal year fixed effects as our matching covariates. In both panels, the sample in column 1 includes all standalone administrative proceedings that are settled as filed complaints and is at the case level, and the sample in columns 2-6 includes the subset of standalone enforcement actions with hand-collected data—those with an *Issuer Reporting*, *FCPA*, *Insider Trading*, or *Securities Offering* violation and *Settled At Filing* equal to one since FY2011. The sample in columns 2-6 is at the defendant level, and defendants who do not agree to settlement terms by the filing date are excluded. All specifications include fixed effects for the SEC's fiscal year. T-statistics are presented in parentheses. Appendix C provides variable definitions. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table A8: Future financial reporting problems

Dep. Var. =	*Future Restate* (1)	*Future Restate* (2)	*All Events* (3)	*Financial Deteriorate* (4)	*Oversight Change* (5)	*Legal Issues* (6)	*Regulatory Issues* (7)	*Fin. Report. Issues* (8)
September	0.016	0.014	0.060	0.001	-0.004	0.053	0.052***	-0.007
	(0.96)	(0.67)	(0.88)	(0.04)	(-0.07)	(0.98)	(2.80)	(-0.28)
Years Since AAER	0.014***	0.014***	-0.024	-0.014*	-0.009	-0.028**	0.003	-0.008
	(3.61)	(3.00)	(-1.48)	(-1.78)	(-0.58)	(-2.16)	(0.66)	(-1.33)
Misreporting	-0.010		-0.081	-0.025	-0.123*	-0.032	-0.002	0.015
	(-0.51)		(-1.01)	(-0.66)	(-1.68)	(-0.51)	(-0.09)	(0.47)
Bribes	0.018		-0.113	-0.007	-0.146	-0.199**	-0.034	0.031
	(0.75)		(-1.10)	(-0.14)	(-1.55)	(-2.48)	(-1.23)	(0.78)
Audit	-0.031		-0.020	0.027	-0.222	0.017	-0.038	0.168***
	(-0.83)		(-0.13)	(0.38)	(-1.56)	(0.14)	(-0.90)	(2.82)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,393	978	1,599	1,599	1,599	1,599	1,599	1,599
Adjusted R^2	0.092	0.095	0.394	0.147	0.357	0.421	0.217	0.188

This table presents results of testing whether September AAERs are differentially associated with future negative events. All AAER data comes from the Dechow et al. (2011) dataset. The variable *September* is an indicator variable equal to one if the AAER is filed in September, and zero otherwise. The unit of observation is a post-AAER fiscal year. *Future Restate* is an indicator variable equal to one if there is a restatement announced in a post-AAER period and the restatement begins after the AAER filing date, and zero otherwise. We limit the sample to restatements in the five years after the AAER is filed. In column 2, we restrict the sample to misreporting AAERs, which are most closely related to restatements. The Audit Analytics database contains restatement announcements beginning in 2004, so we restrict our analysis in columns 1 and 2 to the post-2003 period. The analysis in columns 3-8 uses data on events from the Capital IQ Key Developments database. The dependent variable is the natural log of one plus the count of capital IQ codes related to five different types of future issues. In column 3, the dependent variable is all issues across the 25 categories (*All Events).* The *Financial Deteriorate* category (column 4) includes the following Capital IQ codes: 7, 12, 32, 59, 74, 89, 90, 91, 153, 154, 155, and 224. The *Oversight Change* category (column 5) includes the following Capital IQ codes: 16, 101, 102, 150, and 218. The *Legal Issues* category (column 6) includes capital IQ code 25. The *Regulatory Issues* category (column 7) includes Capital IQ codes 24, 205, 206, and 207. The *Fin. Report. Issues* category (column 8) includes Capital IQ codes 11, 43, and 61. We control for the AAER topic (*Misreporting*, *Bribes*, *Audit*), years since the AAER, the market value of equity (*MVE*), sales growth (*SalesGrowth*), leverage (*Leverage*), the market-to-book ratio (*MTB*), an indicator variable for loss firm-years (*Loss*), an indicator variable for firms with a Big 4 auditor (*Big4 Auditor*), and an indicator variable for firm-years with large special items (*Large SPI*). ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.