

SEC Enforcement Case Summary

SEC Dismisses Multiple Enforcement Actions Involving Unregistered Broker-Dealer Activity

In Q2 of 2025, the Securities and Exchange Commission (**SEC**) dismissed seven separate enforcement cases involving unregistered broker-dealer activity under Section 15(a) of the Securities Exchange Act of 1934 (**Exchange Act**). The SEC specifically noted that its decision to dismiss these pending enforcement actions rests on its judgment that the dismissals are appropriate as a policy matter, not on any assessment of the merits of the claims alleged in the actions. Furthermore, the SEC stated in each of the joint stipulations, that its decision to seek dismissal of the actions “does not necessarily reflect the Commission’s position on any other case.” However, Democratic Commissioner, Caroline Crenshaw, made a statement expressing her concern that the dismissals “ignore the laws enacted by Congress—namely fundamental registration requirements of the federal securities laws—as well as long lines of judicial precedent.” Crenshaw further noted that such action may signal a possible narrowing of the SEC’s interpretation of what a “dealer” is for purposes of the Exchange Act.

Defendants in these cases, including one exempt reporting adviser (**ERA**) private fund manager, were charged with acquiring and selling billions of shares of microcap or “penny stocks” without registering as a securities dealer with the SEC. In each case, the SEC alleged that defendants engaged in the business of purchasing convertible notes and associated warrants from microcap issuers, converting the notes into shares of stock at a large discount from the market price, and selling those newly issued shares into the market at a significant profit. At the time of the conduct the defendants were not registered with the SEC as dealers, in alleged violation of the mandatory registration provisions of the federal securities laws. The SEC alleged that by failing to register, the defendants avoided certain regulatory obligations for dealers that govern their conduct in the marketplace, including regulatory oversight, financial reporting requirements, and maintaining required books and records. The dismissed cases include the following:

- Securities and Exchange Commission v. John M. Fife, et al., Case No. 1:20-cv-05227 (N.D. Ill. filed Sept. 3, 2020)
- Securities and Exchange Commission v. Auctus Fund Management, LLC, et al., Case No. 1:23-cv-11233 (D. Mass. filed June 1, 2023)
- Securities and Exchange Commission v. Curt Kramer, et al., Case No. 1:24-cv-03498 (S.D.N.Y. filed May 7, 2024).
- Securities and Exchange Commission v. Adam R. Long, et al., Case No. 1:23-cv-14260 (N.D. Ill. filed Sept. 28, 2023)
- Securities and Exchange Commission v. Tri-Bridge Ventures, LLC, et al., Case No. 3:24-cv-05711 (D.N.J. filed Apr. 29, 2024)
- Securities and Exchange Commission v. LG Capital Funding, LLC, et al., Case No. 1:22-cv-03353 (E.D.N.Y. filed June 7, 2022)
- Securities and Exchange Commission v. River North Equity LLC, et al., Case No. 1:19-cv-01711 (N.D. Ill. filed Mar. 11, 2019)

See SEC Summaries - <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26330> and <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26310>