Safeguarding Investors and Preserving Market Integrity

The 2026 Enforcement Report



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION

Introduction



As the old adage goes, timing is everything. This is especially true today in state securities regulation. Across the broader financial landscape, priorities have shifted, procedures have evolved and proposed federal legislation and agency rulemaking signal potential changes ahead. Yet, despite this dynamic environment, or perhaps because of it, state securities regulators remain steadfast in protecting investors. They continue to pursue both unscrupulous unregistered actors and established registrants using well-worn legal theories.

As highlighted in this 2026 Enforcement Section Report, state regulators play an active and vital role in policing market intermediaries and prosecuting bad actors. Managing more than 9,000 active investigations, state regulators commenced 1,036 administrative, civil, and criminal enforcement actions against 1,236 individuals and entities.

Crucially, these efforts yielded direct investor recovery: ordering over $437 million in restitution, alongside $383 million in fines and penalties and $4.3 million in direct contributions to investor education programs. While fraud remains the cornerstone of many actions, states also look beyond deceptive practices to address systemic issues with regulated intermediaries and complex registered or exempt products. The breadth of these achievements demonstrates that the state of state securities regulation remains exceptionally strong.

Equally apparent is the states' willingness to tackle complex cases, intricate schemes, and emerging technologies. Regulators actively policed fraud in digital assets, cracked down on deceptive uses of artificial intelligence (whether genuine or merely used as a buzzword), prosecuted affinity fraud, and dismantled multi-level Ponzi and pyramid schemes operating nationwide and locally. Most significantly, multi-state collaboration reached new heights: 2025 marked a landmark year for multi-jurisdictional actions that delivered nationwide financial recovery for thousands of investors.

With the financial well-being of retail investors at the forefront of their mission, NASAA members stand ready to protect investors and uphold the integrity of the capital markets.

Anthony R. Leone
Enforcement Section Chair (2025-2026)

NASAA's Enforcement Section

NASAA's Enforcement Section assists jurisdictions in coordinating enforcement efforts by facilitating the sharing of information and leveraging the resources of the states more efficiently. NASAA's Enforcement Section acts as a point of contact for the SEC, the FBI, the CFTC, Postal Inspectors, and FINRA; and helps identify new schemes and practices that harm investors. The members of the Enforcement Section include:

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This report is the product of the tremendous effort of the Enforcement Section's Enforcement Publications and Manuals Project Group:

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NASAA

The North American Securities Administrators Association (NASAA) is an international association of state, provincial, and territorial securities regulators in the United States, Canada, and Mexico. These regulators continue to serve as the first, and often the last, line of defense against white-collar crime and financial misconduct targeting the investing public.

State Regulators Uphold Market Integrity and Defend Main Street Investors

Overview

In 2025, state securities regulators remained unwavering in their mission to protect investors from financial harm. Through vigorous enforcement and oversight, state regulators processed 10,956 tips and complaints, managed over 9,000 investigations, and filed more than 1,000 actions in 2025. Altogether, states' enforcement actions resulted in orders totaling more than $437 million in restitution to harmed investors and over $383 million in fines and penalties.

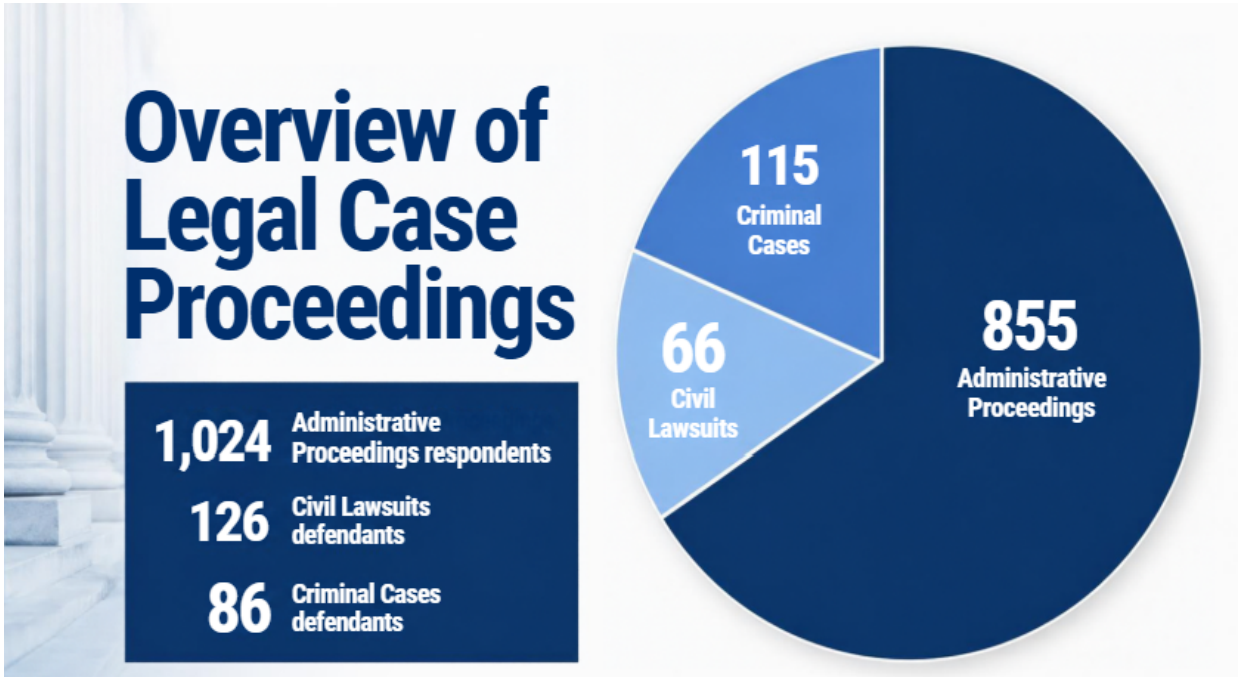
Through their investigations and actions, state regulators protect investors by seeking to address fraud, unregistered securities activity, and unethical and dishonest conduct by registrants, which threaten investors and undermine confidence in the integrity and fairness of the marketplace.



As financial schemes become increasingly complex, state regulators have responded to misconduct involving emerging technologies. Digital asset offerings, social media promotions, online investment platforms, and international networks of actors can enable fraudsters to reach investors quickly and obscure their identities or the movement of funds. State securities regulators therefore remain on the front lines of investor protection, using their unique (and often collective) investigative and enforcement authority to identify unlawful conduct, halt ongoing schemes, hold wrongdoers accountable, and obtain restitution for harmed investors when possible. The substantial work undertaken by the states underscores a need for continued robust state regulatory and enforcement authority.

Over 9,000 Investigations and Over 1,000 Administrative, Civil and Criminal Actions to Go After Bad Actors

In 2025, state securities regulators brought 1,036 civil, administrative, and criminal enforcement actions against 1,236 individuals and organizations for alleged financial fraud and other misconduct. Those matters comprised 855 administrative proceedings naming 1,024 respondents, 66 civil lawsuits involving 126 defendants, and 115 criminal cases against 86 reported defendants.[1]



State securities regulators opened 6,391 new investigations into suspected securities law violations in 2025. Because many enforcement matters involve complex financial products, multiple parties, extensive document review, and coordination across jurisdictions, 2,653 investigations initiated in prior years remained active. Together, these cases produced a total caseload of 9,044 ongoing investigations.



[1] The number of defendants is lower than the number of reported criminal cases because some NASAA members tracked the number of prosecutions but not the number of defendants.

This substantial investigative workload underscores regulators' continuing efforts to identify and address potential misconduct in the securities markets.

More than $825 Million in Sanctions and Monetary Relief

In addition to imposing monetary penalties, state securities regulators routinely sought restitution or disgorgement to help compensate investors and mitigate the harm caused by fraudulent conduct.

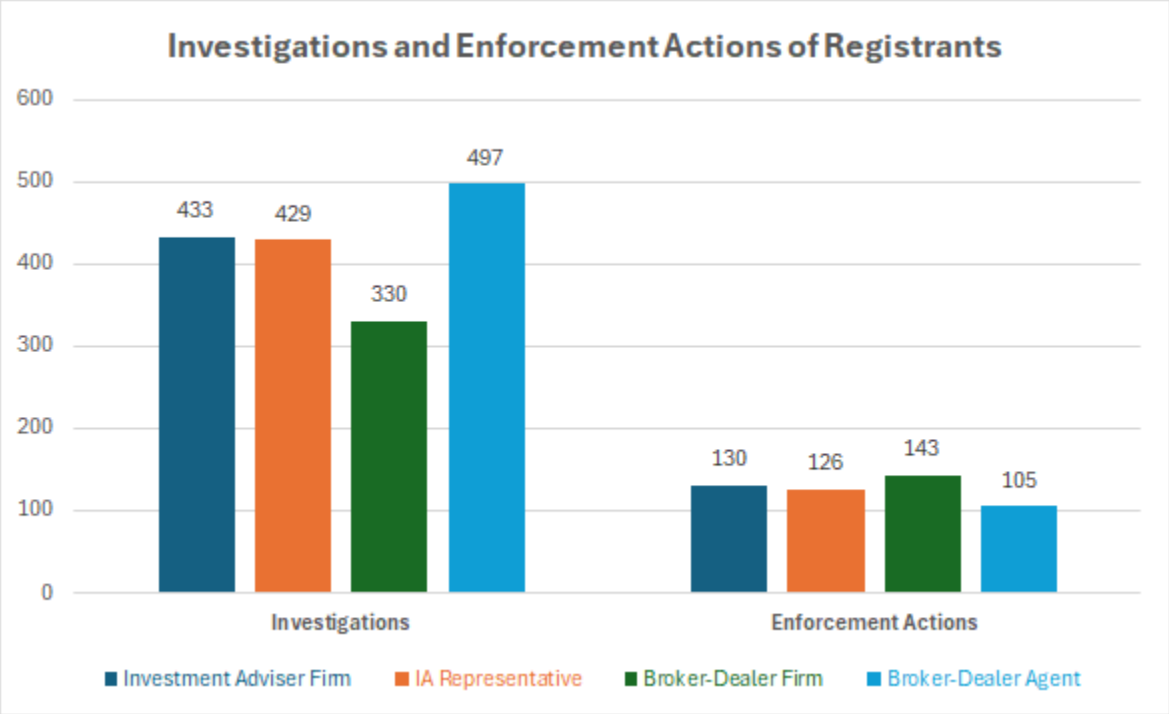


To this end, in 2025, state securities regulators reported substantial monetary relief stemming from enforcement actions, including more than $437 million in restitution and approximately $4.3 million in contributions to investor-education programs; over $383 million in fines and penalties; and, more than $1.6 million in reimbursement for investigative costs. Taken together, these results demonstrate the important role state securities regulators play in deterring misconduct, seeking compensation for harmed investors, and supporting investor protection and education.

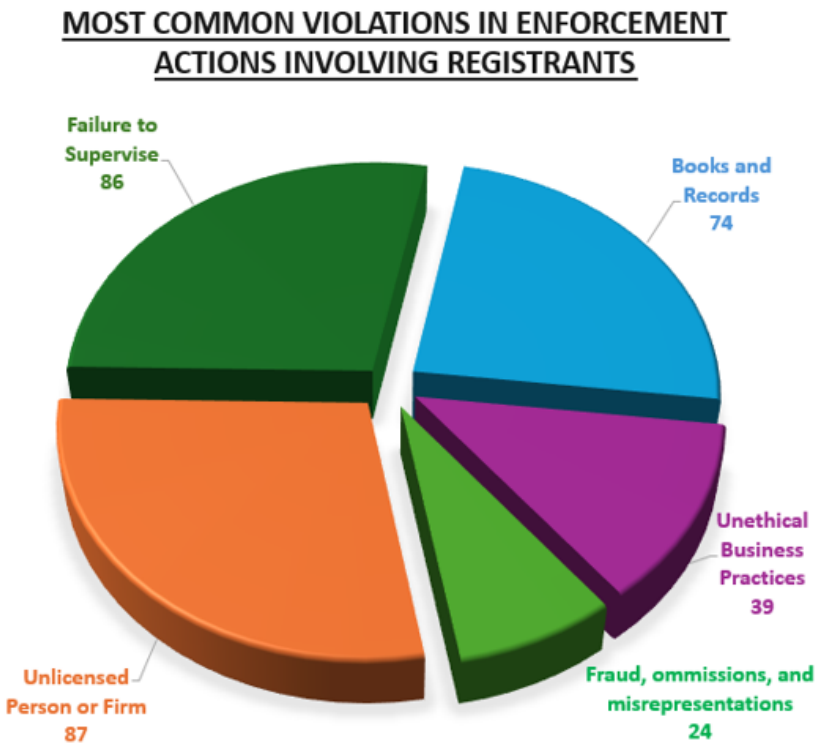
Investors place an enormous amount of trust in registered financial professionals. State securities regulators take strong action against these registrants when they misappropriate funds, act against their clients' interests, or otherwise violate securities laws. State regulators are also focused on addressing misconduct perpetrated by firms and individuals who are not part of the regulated financial services industry.

Of the investigations that states opened in 2025, 330 involved broker-dealer firms, 497 involved broker-dealer agents, 433 involved investment advisers, and 429 involved

investment adviser representatives. States further reported opening 402 investigations involving unregistered firms and 733 investigations involving unregistered individuals.



As a result of those investigations, states brought more enforcement actions involving registered firms and individuals than they have in recent years. Most commonly, these actions involved allegations of unlicensed activity, failure to supervise, books and records violations, unethical practices, and fraud.



State securities regulators continued to hold both registered and unregistered firms and individuals accountable for violations of state securities laws. In 2025, regulators brought 143 enforcement actions naming broker-dealers as respondents or defendants, a 66% increase over 2024. Broker-dealer agents were named in 105 actions, a 123% increase. Enforcement actions involving investment advisers and their representatives also rose significantly. States named investment advisers in 130 actions, up 30%, and investment adviser representatives in 126 actions, up 61.5%, compared with 2024.

State regulators also pursued enforcement actions against unregistered entities and individuals, bringing 107 actions against unregistered firms and 219 against unregistered individuals. In addition, regulators brought more than 400 enforcement actions against issuers.

Combating Excessive Fees: Multi-State Action Secures Millions

In 2025, state securities regulators held major brokerage firms accountable for charging unreasonably high commissions for smaller dollar transactions over a five-year period. A coordinated multi-jurisdictional investigation revealed that firms routinely failed to price small-dollar trades fairly, imposing minimum commission charges as high as $95—far exceeding the standard 5% regulatory threshold for reasonable fees. Through landmark enforcement orders, state regulators secured approximately **$27.25 million in total restitution**, delivering nationwide financial recovery for affected customers and reinforcing key fee protections across the brokerage industry.

Licensing Sanctions

Beyond enforcing state securities laws after misconduct occurs, state regulators play a vital preventive role by screening financial professionals and firms before they are permitted to operate. Through the registration and licensing process, regulators assess whether applicants possess the education, experience, qualifications, and ethical standing necessary to participate in the securities industry. They may deny registration to applicants who fail to satisfy those requirements and can suspend or revoke existing licenses when individuals or firms violate the law. Regulators also monitor the industry through routine and risk-based examinations of broker-dealers and state-registered investment advisers.



In 2025, state securities regulators continued to use these preventative and disciplinary tools to limit the participation of unqualified or dishonest parties in the securities industry. States revoked the licenses of 29 individuals and 14 firms, suspended the licenses of 12 individuals and 3 firms, barred 53 individuals and 18 firms from industry participation, and imposed conditions on the registrations of 90 individuals and 34 firms. In addition, they

denied 377 individual registration applications and 133 firm applications. More than 5,000 individual applications and 161 firm applications were withdrawn before regulators took formal action. Collectively, these figures reflect the substantial screening and oversight conducted at the entry point, and they demonstrate how state securities regulators protect investors by keeping unsuitable applicants from entering the industry in the first place.

Regulators Pursued Actions Across a Spectrum of Ongoing and Evolving Threats, Schemes, and Products

Securities regulators remain committed to protecting the public by addressing both long-standing risks and new forms of fraud. Cryptocurrencies and other digital assets continue to present one of the most significant dangers to investors because these markets are fast-moving, loosely regulated, and frequently used by scammers. Pig butchering schemes—where fraudsters slowly build trust before draining victims' accounts—remain a major concern. Promissory note scams also persist, with promoters often misleading investors with promises of guaranteed returns. In addition, social media has become a powerful tool for fraud, enabling scammers to groom investors by developing close, seemingly trustworthy relationships before stealing their money.

Impersonation scams continue among the top threats reported by state securities regulators. In these types of schemes, fraudsters assume the identity of a trusted financial professional, government regulator, or a well-known personality such as a social media influencer to deceive individuals into giving them money. Scammers typically execute these multi-step schemes through a series of highly coordinated actions and may direct victims to use crypto kiosks (commonly referred to as crypto ATMs) to facilitate payment.

Regulators are also monitoring emerging threats involving artificial intelligence, which can amplify these schemes by making fraudulent communications sound and look more convincing thereby making them harder to detect. Of note, regulators report seeing Form ADV Part 2 submissions from regulated investment advisers that exhibit characteristics of AI assisted drafting and appear to omit material disclosures.

$7.6 Million Fraud Collapses: Repeat Offender Faces Charges

Barbara Hirshfield and her company, Ideal Financial, raised over $7.6 million from 180+ investors through an unregistered vehicle loan promissory note scheme. Operating in direct violation of prior license revocations, Hirshfield used new investor funds to pay off old noteholders in a classic Ponzi scheme. A **Massachusetts Securities Division** enforcement filing in August 2025 halted the operation, triggering federal criminal charges by the U.S. Attorney's Office.

In 2025, NASAA members reported securities fraud as one of the most common violations, with states reporting 1,323 investigations and 254 actions involving fraudulent activity. States also reported 794 investigations into potential unlicensed securities activities and 275 enforcement actions, as well as 464 investigations and 168 enforcement actions involving the sale of unregistered securities. Ponzi and pyramid schemes accounted for 124 investigations, a 65.3% increase from the prior year, and 38 enforcement actions.

As it pertains to specific investment products and schemes, regulators saw investigations and actions into traditional stocks and similar equities increase by 145% and 118%, respectively, from the previous year, with states reporting 434 investigations and 111 actions involving these securities. Investigations and actions brought regarding promissory notes remained relatively consistent from the year before, with 116 investigations and 87 enforcement actions in 2025.

Exposing a $11M Real Estate Scheme

Following a joint investigation led by the **Ohio Division of Securities**, a grand jury indicted Dayton-area couple Wayne and Susan Essex on nearly 200 felony counts for orchestrating an $11 million real estate Ponzi scheme. Between 2020 and 2025, the couple defrauded more than 25 investors, including protected class members, by promising lucrative real estate investments while secretly diverting funds to personal expenses and earlier investors. Wayne Essex operated the scheme in direct violation of a 2012 court injunction barring him from selling securities. The investigation culminated in the couple's arrest and criminal charges spanning securities fraud, grand theft, telecommunications fraud, and money laundering.

State securities regulators have consistently reported investigating schemes involving evolving technologies. Bad actors are drawn to using the newest headlines, news about scientific advancements, and changes in lifestyle expectations to ensure that their

securities schemes sound new and exciting in order to bring in new victims. NASAA members have reported using their authority to protect the public by conducting disruption campaigns, examinations, investigations, and formal actions to prevent harm and get justice for impacted victims.

Technology continues to provide bad actors with a means to reach a large audience across legal and jurisdictional boundaries, conduct the transfer of funds or resources with victims, and hide their identities. In 2025, NASAA members reported opening 677 new investigations involving digital assets, 30 investigations involving cybersecurity or information security violations, 192 investigations into impersonation schemes, 181 investigations into social media fraud, and 215 investigations involving pig butchering. While states take enforcement action for securities violations when supported by the law and the facts, they have also taken steps to disrupt fraudulent schemes as described in more detail below.

Digital assets investigations pose their own challenges as specialized knowledge is required to understand how to trace digital assets on the blockchain, digital assets often move quickly from a victim to an exchange where the funds can be cashed out, and digital assets can move through geographical and jurisdictional boundaries with the press of a button. Securities regulators also face a changing legislative and regulatory landscape. Nevertheless, the states commenced 677 digital asset investigations and pursued 83 enforcement actions involving digital assets.

Dismantling $1M Crypto Ponzi Scheme to Protect Seniors

> **Montana** authorities filed criminal charges against Shawn Cutting for executing a $1 million cryptocurrency Ponzi scheme through Crypto Traders Management, LLC. Cutting lured dozens of investors, including many elderly residents, into an unlicensed, fake crypto trading pool that used new investor money to pay previous investors. Following a local investigation triggered by investor complaints, regulators charged Cutting with securities fraud, unlicensed advisory services, conspiracy, and six counts of elder financial exploitation.

As the buzz around artificial intelligence continues to grow, it is expected that the number of investigations involving its misuse or as a lure for fraudulent schemes will also grow. Unfortunately, broader use of artificial intelligence is expected to play an increasing role in assisting malicious actors in masking their deceptions across other technology-related products and schemes.

Each year, NASAA members continue to adapt to meet the challenges posed by new

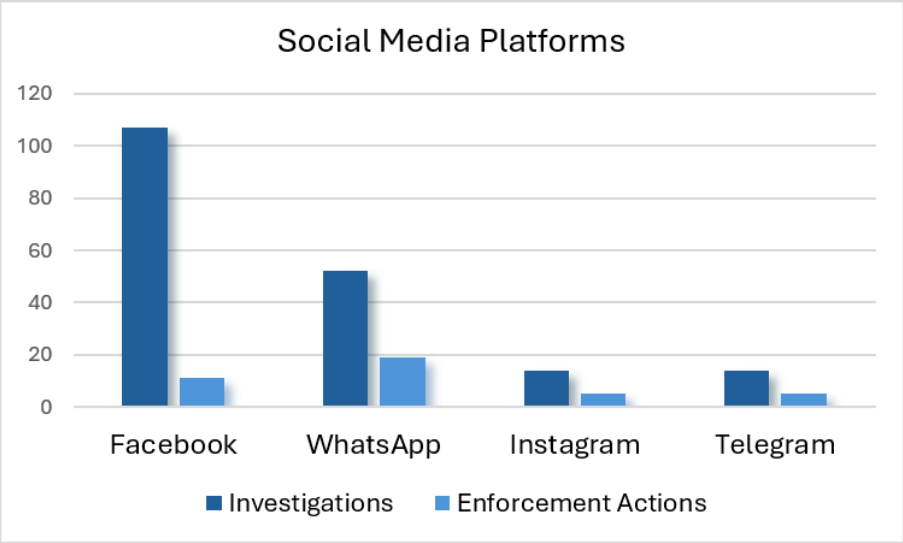
technology while still investigating the same products and violations that have become standard throughout the securities industry.

Social Media

Social media platforms are a popular method to connect people, learn about areas of interest, and promote new business or gain new customers. Legitimate financial services firms often use these platforms to advertise and engage with customers. Certain issuers use social media and the internet to raise capital and seek new investors. But the reach and availability of social media platforms also make them fertile ground for fraudulent activity. The ease of anonymity, ability to manipulate trust, and ability to evade detection by regulators and law enforcement allow bad actors to use social media to more effectively recruit victims and defraud the public.

State securities regulators continue to open investigations and take enforcement action in cases involving social media fraud. In 2025, regulators reported 181 investigations and 43 enforcement actions involving social media fraud. This is an increase compared to 175 investigations and 24 enforcement actions involving social media fraud reported by state securities regulators in 2024.

Bad actors use many different types and brands of social media platforms. Facebook was the platform most commonly reported by state securities regulators in the context of their investigations, with 107 investigations of potential misconduct involving bad actors using the platform. WhatsApp was the most commonly reported platform in the context of states' enforcement actions, with 19 enforcement actions involving bad actors using that platform.



Stopping an Unregistered Social Media Marketer

Following an investigation by Idaho Securities, Jon H. Andrus and Rebel Wealth, LLC were sanctioned for illegally soliciting investors on social media for unregistered securities offered by Jacob Dalton's "Rogue" entities. Andrus lured prospective investors online by boasting unrealistic returns, including 5% monthly interest and doubled principal within 15 months—and directing referrals to Dalton in exchange for finder's fees. Idaho regulators found that Andrus violated state securities laws by acting as an unregistered finder and receiving commissions on investor solicitations. Under a consent agreement, Andrus was ordered to cease and desist from unregistered solicitations, pay a $5,000 penalty, and adhere strictly to state licensing requirements before engaging in any future securities activities.

Digital Assets

NASAA members continue to play a pivotal role in protecting investors from emerging threats related to digital assets. Cases involving digital assets can include crypto staking programs, non-fungible tokens (“NFTs”), metaverse investments, crypto interest accounts, and cryptocurrency investment fraud. In 2025, state securities regulators reported 677 investigations involving cryptocurrency or digital assets. This represents an increase from 2024, when state securities regulators reported 463 investigations involving cryptocurrency or digital assets. In 2025, regulators reported 83 enforcement actions involving cryptocurrency or digital assets.

Targeting Foreign Fraud Networks

A joint investigation by **New York's Office of the Attorney General**, the Brooklyn District Attorney's Office, and the NYSDFS dismantled a sophisticated international crypto scam targeting Russian-speaking residents across New York and nationwide. Vietnam-based fraudsters lured Russian American victims via targeted social media ads promoting fake investment platforms and displaying spoofed NYSDFS BitLicense certificates. Over 100 victims were tricked into buying and transferring cryptocurrency before the perpetrators vanished. Working with law enforcement, Meta shuttered over **700 scam-linked social media accounts**, while state authorities secured court orders freezing and seizing **$440,000 in stolen cryptocurrency**. The investigation remains ongoing.

State securities regulators are taking strong actions to stop localized frauds that might otherwise evade detection, while also collaborating with other local, state, federal, and international agencies to protect investors.

Pig Butchering and Affinity Scams

Pig Butchering continues to be a threat to retail investors. To combat this threat in all its iterations, state securities regulators are diligently investigating and pursuing enforcement actions when appropriate.

Combating "Pig Butchering" to Halt $500K Retirement Scheme

Montana securities regulators took action against an international "pig butchering" network that defrauded a Montana couple out of over $500,000 in retirement savings. Scammers created U.S. shell companies and impersonated a registered financial advisor to build trust, guiding the victims step-by-step through setting up digital wallets and transferring funds to a fake trading platform. Believing their portfolio had grown to over $675,000 based on falsified account statements, the couple liquidated their retirement accounts before realizing no actual trades were executed. The **Montana Securities Division** secured a default order against a primary corporate respondent and obtained **$15,000 in restitution** from an affiliated import-export entity.

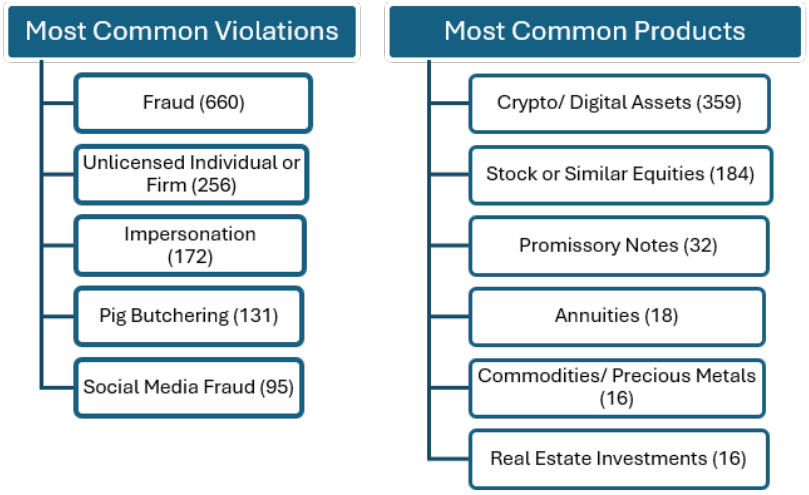
Securities Regulators are Steadfast in Protecting Older Investors

State securities regulators have been in the forefront of efforts to address a nationwide scam epidemic and especially the financial exploitation of vulnerable adults and older investors. This work includes investigating and taking enforcement actions, partnering with other agencies such as adult protective services and law enforcement, and providing

education and other resources to empower investors to better protect themselves. Today, more than 40 states have enacted laws and rules to facilitate the reporting of financial exploitation coupled with tools the financial services industry can use to intervene in such cases.

In 2025, state securities regulators received 4,690 complaints regarding alleged misconduct against older investors, which is up from the 3,613 complaints reported by states in 2024. Securities regulators also reported 1,977 new investigations and 158 enforcement actions involving older investors. The enforcement actions involved a notable 710 older investors.

State securities regulators report that their investigations of misconduct targeting older investors in 2025 most commonly involved fraud, with 660 investigations. They also reported 256 investigations of potential unlicensed securities activity, 172 investigations involving impersonation schemes, 131 investigations involving pig butchering, and 95 investigations into social media fraud. For enforcement actions involving older investors, state regulators reported 62 actions alleging fraud, 54 actions involving the sale of unregistered securities, 26 actions involving licensing violations, and 14 actions involving pig butchering. They report 8 actions that involve social media fraud, and 2 actions that involve impersonation schemes.



Looking at particular products that may have been offered or sold to older investors, state securities regulators report that their investigations most commonly involve crypto or digital assets, with 359 investigations. Other products that were most commonly reported in the context of states' investigations involving older investors were stocks and similar equities at 184, promissory notes at 32, annuities at 18, precious metals at 16, and real estate investments at 16. State securities regulators reported that 26 enforcement actions involved stocks or similar equities, 25 actions involved promissory notes, and 22 enforcement actions involved crypto or digital assets.

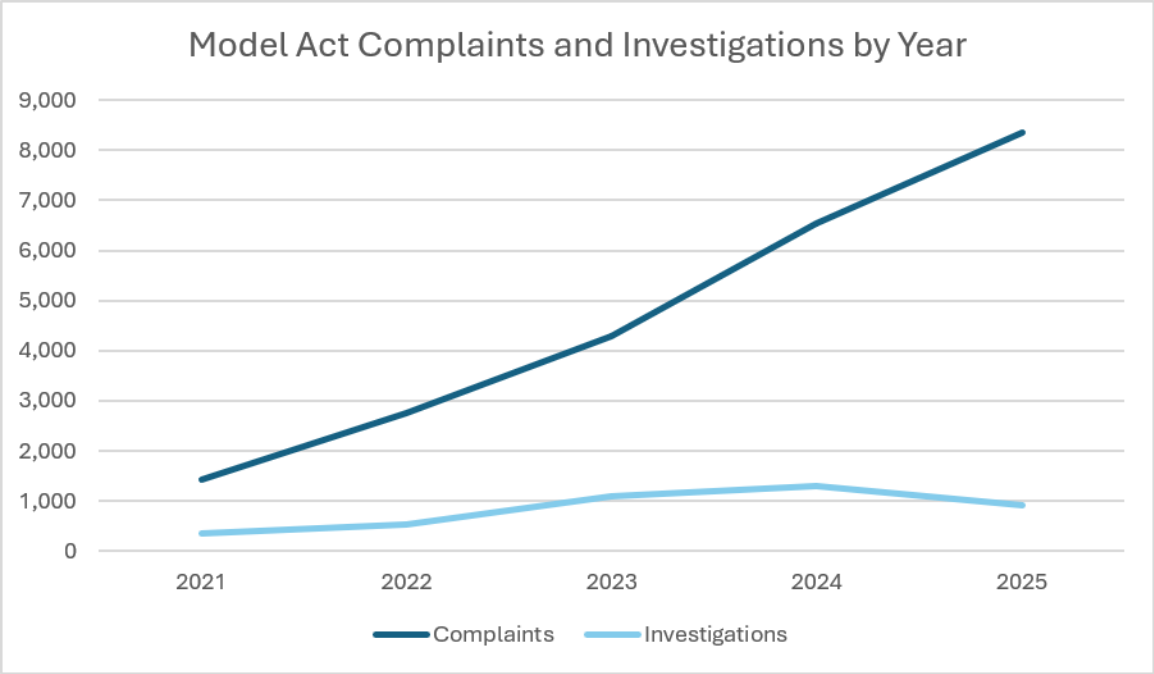
Broker-Dealer Fined Over Unsuitable Sales

Following a comprehensive regulatory examination, the **Puerto Rico Securities Division** entered into a Consent Order with broker-dealer First Southern, LLC for supervisory failures between 2017 and 2023. Regulators determined the firm failed to implement safeguards against senior financial exploitation, neglected internal inspections, and recommended highly unsuitable products to retail and institutional clients, including allocating **81% of a retail customer's liquid net worth** into a non-traded REIT and placing prohibited low-rated bonds with credit unions. To resolve the matter, First Southern agreed to pay a **$70,000 administrative fine** and adopt corrective compliance procedures.

Model Act to Protect Vulnerable Adults from Financial Exploitation

In 2016, NASAA members voted to approve the Model Act to Protect Vulnerable Adults from Financial Exploitation, which generally requires certain financial services professionals to notify state securities regulators and agencies for adult protective services whenever they form a reasonable belief of the attempted or actual exploitation of an elderly or vulnerable adult. To date, 43 U.S. states and territories have adopted the Model Act in some form. The Model Act also gives broker-dealers and investment advisers the authority to delay the disbursement of funds if they reasonably believe that the disbursement would result in financial exploitation of a vulnerable adult. These protections have helped to prevent the loss of millions of dollars from the accounts of vulnerable adults. Many states have provided training and resources to registered parties to ensure that potential financial exploitation is identified and reported to the agency, as the benefit to vulnerable adults relies upon the early recognition and action by financial professionals.

The Model Act has proven to be a powerful tool to prevent financial exploitation of vulnerable adults. NASAA started collecting data regarding the number of reports of financial exploitation of vulnerable investors in 2017. That year, states that had adopted the Model Act reported that they received 500 reports of suspected financial exploitation. The volume of reports pursuant to the Model Act has grown over time as more jurisdictions have adopted similar laws and promoted awareness of its provisions.



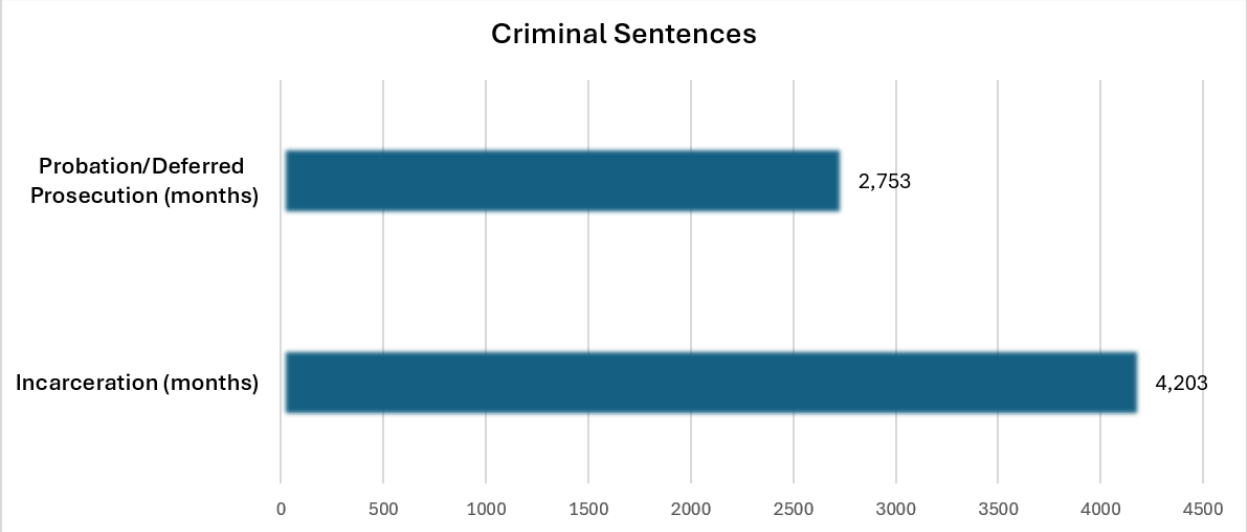
State securities regulators report that they received more than 8,300 reports under the Model Act in 2025, and that they opened 897 investigations based upon those reports. In 2024, the jurisdictions received 6,532 reports and opened 1,290 investigations. Even when reports do not involve the offer or sale of a security, state securities regulators remain active, referring the matter to Adult Protective Services, law enforcement, and/or other government agencies with the jurisdiction to investigate the issues set forth in the report.

The number of reports received by state securities regulators in 2025 shows an increase of more than 27% from the previous year (2024) and an increase of more than 483% from 2021. The continued increase shows that malicious actors continue to target vulnerable adults for financial fraud. This is an area of growth where state regulators, legislators, and policymakers can provide additional resources to assist state securities regulators in meeting this increasing need.

Regulators Aggressively Pursued Criminal Liability

In addition to administrative and civil investigations and actions, state securities regulators regularly initiate criminal proceedings or work with state and federal authorities on criminal prosecutions for securities law violations. State securities regulators report that, in 2025, they were involved in 115 criminal cases. They also reported that defendants were sentenced to or ordered to serve 4,203 months of incarceration, about 350 years. This is an increase of about 22% over the months of incarceration reported by securities regulators for 2024. In addition to incarceration, state securities regulators reported that defendants

were sentenced to 2,753 months of probation and deferred prosecution, about 229 years. These numbers show that state securities regulators continue to be committed to the pursuit of justice for victims of financial theft and fraud.



Federal Prison Sentence for Hedge Fund Fraudster

Following an **Alabama Securities Commission** referral, federal authorities prosecuted Craig M. Allen and his Georgia entity, C.M. Allen Capital Management, for defrauding investors through The Cheetah Fund L.P. Allen solicited high-net-worth investors by pitching an exclusive, short-term stock trading strategy that boasted exceptional returns. However, when investors attempted to withdraw capital, Allen locked up the accounts under the guise of entering substance abuse treatment. Financial audits revealed Allen commingled at least $250,000 of investor capital into his personal account for lifestyle expenses. Allen pled guilty to federal fraud charges, received an **87-month prison sentence**, and was ordered to pay **$9.2 million in restitution**.

States are at the Forefront of Protecting Investors from Fraud

NASAA members routinely handle complex cases involving fraud. These cases highlight a wide range of products and misconduct. Below are some examples of these cases undertaken in 2025.

Criminal Charges Pending in Wisconsin Misappropriation of Funds Case

Wisconsin Securities received a complaint from an Ohio resident who had been

approached by Mathew McGonigle of Delafield, Wisconsin, offering to assist her in investing her pension and a portion of her 401(k) in annuities and promissory notes. The client transferred both her pension and part of her 401(k) to McGonigle. While some of the funds were placed into annuities and life insurance policies, $133,787.95 was invested in unsecured promissory notes and used to purchase gold for a self-directed IRA. After the promissory notes matured, the client discovered that the funds had not been invested as promised; instead, McGonigle and two of his business entities used the money for personal expenses, including vacations, mortgage payments, credit card payments, and personal investments. Criminal charges are currently pending in Waukesha County.

Hawaii Takes Action Against Alleged Renewable Green Energy MLM Program

John Rustin and Cynthia Rustin, husband and wife, solicited investments in their company, Yereq Geo Energy, Inc. (Yereq) through in-person and Zoom presentations and on multiple social medial platforms. The Rustins promoted Yereq as a "renewable green energy" leader, with years of experience in electric vehicle (EV) design and installation of EV charging stations. Investors were promised returns from selling EV charging stations and other energy-related products and services through an MLM program. Investors would also receive commissions, and other benefits and rewards by recruiting new investors to the program. Those investors who paid annual or monthly "subscriptions" to Yereq would receive stock and become owners in Yereq, but only if, and when, Yereq achieved 10,000 investors. The Rustins subsequently announced that they did not attain 10,000 investors, and that Yereq would be shut down and replaced by a new company, under new terms and conditions, and selling different services and products. Potential investors in the new company were still asked to recruit new investors and to pay subscriptions. The Hawaii Securities Enforcement Branch issued a Cease-and-Desist Order against the Rustins and Yereq, which resulted in a Final Order entered against them.

Indiana Tax Preparer Repeat Offender Convicted of Securities Fraud

The Indiana Securities Division took action against William Tully, a tax preparer who used his professional contacts and clients to solicit investments in illegal and unregistered securities tied to various real estate and house-flipping schemes. Tully failed to disclose his prior disciplinary history, including a 2017 securities-violation prosecution by the Division and a 1991 SEC enforcement action for operating a securities fraud scheme. In addition to these material omissions, he made multiple misrepresentations regarding how the business would operate. Tully was ordered to pay restitution totaling $220,463.32, with additional funds remitted prior to the filing of the case. Tully pleaded guilty to five counts, all to be served concurrently. He received an eight-year sentence, consisting of four years executed through Community Corrections Home Detention and four years suspended to probation.

Ohio Insurance Agent Sentenced for Securities Fraud

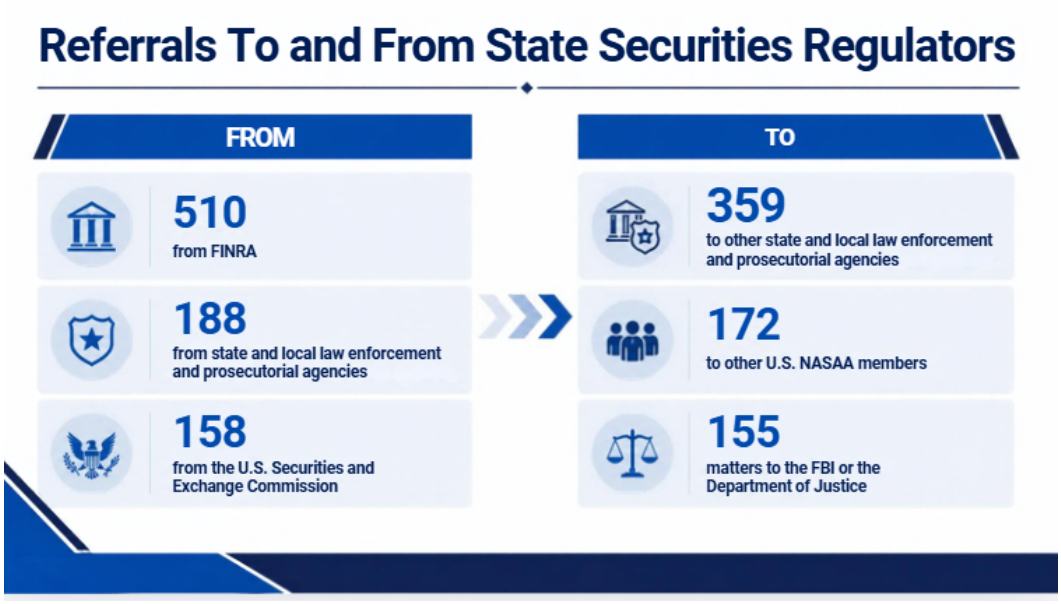
Beverly A. Kirk, an Ohio resident, was sentenced in the Greene County Court of Common Pleas for a minimum of five years of supervised probation following her guilty plea to two counts of fourth-degree felony grand theft and one count of third-degree felony

misrepresentation in the sale of securities. Investigators with the Ohio Division of Securities determined that between 2019 and 2021, Kirk solicited at least $235,000 from three insurance clients, including one elderly victim, by promoting fraudulent financial products such as non-existent jumbo certificates of deposit and investments Kirk falsely claimed to be issued by an insurance underwriter. According to the indictment, she diverted the funds for personal use. Kirk was ordered to pay $195,000 in restitution, having already paid $50,000 at her plea hearing, and must continue making monthly payments of at least $100 until the remaining balance is fully repaid.

State Securities Regulators Are Strong Regulatory Partners.

U.S. based regulators received 1,428 referrals from external agencies, reflecting the importance of collaboration among securities regulators, law-enforcement authorities, and oversight bodies. Together, these reports and referrals helped inform regulatory inquiries and identify potential violations of securities laws.

The principal sources of referrals to U.S. members were the Financial Industry Regulatory Authority ("FINRA") (510), state and local law enforcement and prosecutorial agencies (188), and the U.S. Securities & Exchange Commission ("SEC") (158). State securities regulators referred 359 matters to other state and local law enforcement and prosecutorial agencies, 172 matters to other U.S. NASAA members, and 155 matters to the Federal Bureau of Investigation or the Department of Justice.



CANADIAN ENFORCEMENT

Canadian NASAA members collaborate though the Canadian Securities Administrators (the CSA) to promote consistent regulation, protect investors, support fair, and efficient capital markets, and respond to emerging risks across the country. Each year the CSA

publishes a Year in Review report highlighting the enforcement, regulatory, and investor-protection activities undertaken by provincial and territorial regulators.

As reflected in the graphic below, the CSA and its member regulators remained proactive from April 1, 2025, through March 31, 2026. During that period, Canadian regulators issued 763 investor alerts, cautions and warnings to notify the public about potential scams, unauthorized activity, and other investment-related risks. Notably, over 85% of these alerts were related to crypto. They also issued 22 interim cease-trade and asset freeze orders, which can help prevent further harm by restricting trading and preserving assets while regulatory proceedings are pending.

In addition, regulators prohibited 47 companies from participating in Canada's capital markets and commenced 60 enforcement matters involving 129 respondents. These actions demonstrate the regulators' continued efforts to address suspected misconduct and prevent individuals and entities that may pose a risk to investors from accessing the capital markets.

The CSA also reported more than $59 million in restitution, compensation, and disgorgement, along with more than $20 million in fines, administrative penalties, and voluntary payments. Finally, six individuals received aggregate prison sentences totaling 14 years in connection with criminal and quasi-criminal proceedings. Taken together, these results illustrate the breadth of Canadian securities regulators' efforts to warn investors, halt potentially harmful conduct, impose financial consequences, and hold wrongdoers accountable.

CANADIAN SECURITIES ADMINISTRATORS

ENFORCEMENT HIGHLIGHTS
APRIL 1, 2025, TO MARCH 31, 2026

763 investor alerts, cautions and warnings issued to help protect the public, of which more than **85%** related to crypto.

714 whistleblower tips received through jurisdictions' whistleblower programs.

22 interim cease-trade and asset-freeze orders issued.

13 crypto-related matters where CSA members took enforcement action to protect the integrity of our capital markets.

47 companies and individuals permanently banned from participating in the capital markets following enforcement proceedings.

262 instances where CSA members provided formal assistance to one another and to other agencies including **150** instances of assistance to foreign regulators in enforcement-related matters.

60 matters commenced involving 129 respondents.

6 individuals received a combined total of **14** years of jail terms for criminal and quasi-criminal cases.

$20.67 MILLION in sanctions including fines, administrative penalties and voluntary payments.

$59.39 MILLION in restitution, compensation and disgorgement penalties.

CSA ACVM
Canadian Securities Administrators
Autorités canadiennes en valeurs mobilières

Disruption

To confront evolving frauds and schemes, state and provincial securities regulators have adopted innovative technologies such as blockchain analytics and artificial intelligence to track investor funds and expedite outcomes. Regulators have employed this technology to bring enforcement actions targeting a wide variety of investor threats such as high yield investment programs, pig butchering scams, Ponzi and pyramid schemes, and unregistered digital asset offerings.

For example, between June 5, 2025, and August of 2026, the British Columbia Securities Commission (BCSC) and other Canadian regulators continued to collaborate to deactivate more than 14,000 malicious websites, involving over 24,000 individual URLs. More than half were taken down within 24 hours of notification.

As the case below illustrates, some regulators are forming new alliances and employing sophisticated investigative techniques to disrupt digital asset frauds.

Operation Atlantic Disrupts Phishing Ring, Freezes $12M

In March 2026, the **Ontario Securities Commission** co-hosted **Operation Atlantic**, a landmark public-private initiative alongside the U.S. Secret Service, the UK's National Crime Agency, the Ontario Provincial Police, and major Web3 firms including Coinbase, Binance, and Chainalysis. The intensive week-long operation targeted "approval phishing"—a tactic where scammers trick users into granting full wallet access via spoofed popups. The coalition disrupted multiple international fraud networks, identified **20,000 compromised wallets** across 30+ countries, dismantled over **120 fraudulent domains**, contacted 3,000+ victims, and successfully **froze $12 million in stolen digital assets**.

As Operation Atlantic demonstrates, state and provincial securities regulators are building relationships with local police, other state agencies, federal law enforcement, and international counterparts to disrupt digital asset fraud.

Operation Atlantic draws similar parallels to the British Columbia Securities Commission's Operation Avalanche as reported on in last year's NASAA Enforcement Report. In 2026, the BCSC conducted Round 3 of Operation Avalanche, which focused on identifying Canadians who may have lost, or who were at risk of losing, crypto assets through "approval phishing" and proactively identifying offshore investment scam websites. During

Avalanche 3, the BCSC added 233 new entries to their public Investment Caution List and took down 274 suspect websites.

While increasingly relying on new technologies, securities regulators continue to employ a whole host of additional measures to disrupt potential and ongoing harms. Cease and desist orders remain a powerful tool, and regulators are increasingly pairing regulatory orders with public-facing warnings like investor alerts, advisories, scam trackers, and caution lists to enhance fraud disruption efforts. Many also are running coordinated education campaigns alongside their administrative enforcement dockets, posting videos and alerts about active scams to their agency's Facebook, Twitter, and LinkedIn accounts so residents can see the warnings before they invest.

Additionally, when an agency identifies, a website apparently being used to defraud investors, it is common for agency staff to send a takedown request to the domain registrar or web host. The takedown requests typically set out the red flags identified during an investigation and note the conduct that likely breaches the provider's own service agreement. These requests are generally effective and result in the site being taken down before it reaches more potential victims.

Finfluencers

Canadian securities regulators have taken significant steps to address the growing risks posed by unauthorized "finfluencers" or financial influencers who promote financial products or services without proper registration. As part of the Global Week of Action Against Unlawful Finfluencers, from June 2 to 6, 2025, regulators from Australia, Canada, Hong Kong, Italy, the UAE, and the UK used a combination of enforcement actions (including arrests), educational outreach to finfluencers on how securities regulations may apply to them, and consumer awareness programs aimed at preventing investors from relying on misleading online content.

During the week of action, the Alberta, British Columbia, Ontario, and Quebec regulators collectively sent at least 75 caution and compliance letters to finfluencers with over 1 million followers, met with promotional firms, hosted a webinar for Canadian finfluencers, issued social media content and press releases for awareness, and opened investigations in more serious cases.

The Canadian securities regulators' efforts continue into 2026.