The Scope of SEC Defendants' Jury Trial Right: Part 3

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In the third of a series of four articles published by *Law360* examining the scope of the Seventh Amendment jury trial right for civil defendants in US SEC enforcement actions, Matthew Martens, Jaclyn Moyer and Derek Woodman address the issues of reliance and loss (or gain) causation in SEC enforcement actions and the jury's role in assessing such.

As discussed in an earlier article, the federal securities laws authorize a district court to impose civil monetary penalties for securities law violations under a three-tier system. The appropriate penalty tier, and the corresponding maximum penalty that the court may impose, depends on the presence of additional facts beyond the elements of the violation. The base penalty for any violation by a natural person is $5,000 ($50,000 for a corporation or other entity). If the violation involved fraud or recklessness, then the maximum penalty increases to $50,000 ($250,000 for a corporation or other entity). And if the violation involved fraud or recklessness and “resulted in” substantial loss or a significant risk of such loss to others, then the maximum penalty increases to $100,000 ($500,000 for a corporation or other entity). For each penalty tier, the maximum penalty is increased to the gross amount gained by the defendant, if any, “as a result of” the violation. Read the full article.

Read Part 1 and Part 2 of this series.

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