



Enforcement Director Robert Khuzami to Leave SEC

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Washington, D.C., Jan. 9, 2013 — The Securities and Exchange Commission today announced that Enforcement Director Robert Khuzami will leave the agency after nearly four years of leadership. During Mr. Khuzami's tenure, the Enforcement Division filed scores of significant actions connected to the financial crisis and brought record numbers of cases involving insider trading and misconduct by investment advisers and investment companies.

Among other accomplishments under Mr. Khuzami's leadership, the Enforcement Division filed its most-ever cases in fiscal years 2011 and 2012 following the most significant restructuring in agency history that streamlined procedures and expedited investigations.

"Rob's leadership and bold ideas transformed and reinvigorated the enforcement program," said Chairman Elisse B. Walter. "Under his direction, the Division not only produced record results, but embraced changes that in the years to come will enable the talented staff to better protect investors through increased efficiency, expertise, and strategic focus."

Mr. Khuzami said, "I have spent half my career in public service, and nowhere is there the level of professionalism, skill, and talent on such a large and coordinated scale as there is in the SEC's Division of Enforcement. They have inspired me, educated me, and motivated me to do my very best, and for that I am eternally grateful."

After being named Enforcement Director in February 2009 by former SEC Chairman Mary Schapiro, Mr. Khuzami prioritized the Enforcement Division's effort to pursue financial crisis misconduct. The Division has since charged more than 150 individuals and entities with wrongdoing, including 65 CEOs, CFOs, and other senior corporate officers. [These financial crisis-related cases](#) have resulted in \$2.68 billion in financial relief for harmed investors, and 36 individuals have been barred from serving as officers and directors at public companies or from working in the securities industry. High-profile defendants in SEC cases alleging wrongdoing during the financial crisis include Goldman Sachs, J.P. Morgan, Credit Suisse, Citigroup, State Street, Wachovia, Charles Schwab, and former top executives at Fannie Mae, Freddie Mac, and Countrywide.

Mr. Khuzami has led the Division's [most productive period of insider trading enforcement](#) as investigators cracked large-scale coordinated schemes involving Wall Street professionals. The Galleon Management/Raj Rajaratnam investigation has resulted in charges against 29 defendants including former McKinsey & Co. global head Rajat Gupta. The SEC also has pursued insider trading cases related to expert networks, charging hedge funds, portfolio managers, and analysts for illegally trading on confidential information obtained from technology company employees moonlighting as expert network consultants. The SEC also charged hedge fund advisory firm CR Intrinsic Investors LLC and its former portfolio manager Matthew Martoma in a \$276 million insider trading scheme that is the largest ever charged by the SEC. Since the beginning of fiscal year 2010, the SEC has filed 180 enforcement actions alleging insider trading by approximately 430 individuals and entities for illicit profits totaling \$900 million.

In addition to the all-time record number of 735 SEC enforcement actions in FY 2011 and another 734 actions in FY 2012, Mr. Khuzami led the Division to record results in a number of specific enforcement areas. The SEC filed 293 enforcement actions involving investment advisers in fiscal years 2011 and 2012, the most ever in a two-year period. There was a 60 percent increase in cases filed against broker-dealers in fiscal year 2011, and the number of filed actions increased another 19 percent in fiscal year 2012. The SEC also filed 17 actions related to municipal securities in fiscal year 2012, the most in a single year since 2004.

The agency's record results came after Mr. Khuzami initiated the Enforcement Division's most significant restructuring in the agency's history. [Specialized prosecution units were created](#) nationwide to concentrate on the high-priority areas of investment advisers and private funds; large-scale trading and market abuse; mortgage and other structured products; bribery of foreign officials under the Foreign Corrupt Practices Act; and municipal securities and public pensions. The Division hired private sector and other experts, adopted targeted and risk-based investigative approaches, and increased its overall expertise in the products, transactions, and practices that occur in the securities markets it polices. An Office of Market Intelligence was created to revamp the way the Division handles the more than 30,000 tips, complaints and referrals received each year, enabling the

Division to collect, analyze, and triage these complaints and thus enhancing its capacity to prioritize its investigations, stop fraud quicker, and minimize the losses to investors. The Enforcement Division also has become more efficient in maximizing scarce resources, and the agency has increased deterrence efforts by moving quickly to address newly-emerging or well-disguised threats before they take hold across entire industries.

Under Mr. Khuzami's watch, the SEC [created a valuable cooperation program](#) authorizing the use of non-prosecution agreements, deferred prosecutions agreements, and cooperation agreements to establish incentives for individuals and companies to fully and truthfully cooperate and assist with SEC investigations and enforcement actions, often early on in the investigative phase. The agency also [established the Office of the Whistleblower](#) to implement the whistleblower program authorized by the Dodd-Frank Act to enable the Division to benefit from timely and high-quality evidence offered by whistleblowers and provide monetary awards to eligible individuals who come forward with high-quality original information that leads to an SEC enforcement action.

Mr. Khuzami has encouraged strong and effective collaboration with the agency's law enforcement partners, including the criminal authorities as well as other federal and state authorities. He has served as co-chair of both the Securities and Commodities Fraud Working Group and the Residential Mortgage-Backed Securities Fraud Working Group of the inter-agency Financial Fraud Enforcement Task Force.

Prior to joining the SEC, Mr. Khuzami served as a federal prosecutor for 11 years with the U.S. Attorney's Office for the Southern District of New York, including three years as chief of its Securities and Commodities Fraud Task Force. Mr. Khuzami was a member of the prosecution team in what was then the largest terrorism trial in U.S. history — the successful prosecution of the "Blind Sheik" Omar Ahmed Ali Abdel Rahman arising out of the 1993 bombing of the World Trade Center and the 1994 plot to blow up New York City's bridges, tunnels and other landmarks.

Mr. Khuzami served as a law clerk for the Honorable John R. Gibson of the U.S. Court of Appeals for the Eighth Circuit in Kansas City, Mo. He received his J.D. from the Boston University School of Law, and graduated magna cum laude from the University of Rochester, where he was elected to Phi Beta Kappa.

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