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Government Preferences and SEC Enforcement

by [Jonas Heese](#)

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About the Author



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Abstract

I examine whether political influence by the government as a response to voters' interest in employment conditions is reflected in the enforcement actions of the Securities and Exchange Commission (SEC). I find that large employers are less likely to be subject to an SEC enforcement action, after controlling for firm size, accounting quality, distance to SEC office, and political contributions, among other factors. Next, I show that large employers are less likely to face an SEC enforcement action in presidential election years if they are headquartered in politically important states. I also find that firms that employ a larger proportion of a congressional district's total workforce and are located in districts with high unemployment rates are less likely to be subject to an SEC enforcement action if the incumbent congressman serves on a committee that oversees the SEC. These findings suggest that voters' interests are reflected in SEC enforcement.

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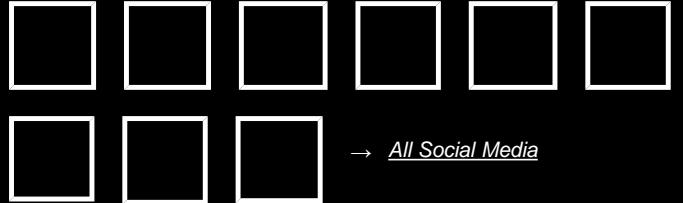
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