

# SDNY Announces Revised Corporate Enforcement and Voluntary Self-Disclosure Program for Financial Crimes

*March 2, 2026*

On February 24, 2026, the U.S. Attorney’s Office for the Southern District of New York (“SDNY”) announced a revised Corporate Enforcement and Voluntary Self-Disclosure Program for Financial Crimes. The program is designed to incentivize companies to investigate and make early voluntary self-disclosures related to financial misconduct. Under the program, a qualifying company that self-reports will receive a conditional declination letter contingent upon full cooperation with SDNY’s investigation, satisfaction of all eligibility criteria, and commitment to remediation and the payment of restitution. Once a company has completed all cooperation, remediation, and restitution obligations, SDNY will issue a final declination letter. This new program is noteworthy, among other reasons, because SDNY, and other parts of the Department of Justice (“DOJ”), have traditionally not issued written declination letters even when investigations have concluded. These changes reflect the continued efforts by SDNY and the DOJ to encourage prompt self-disclosure of potential

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misconduct, cooperation with law enforcement, and remediation of harm caused by such misconduct.

### Key Elements of the Revised Program

To qualify for the program, a company must promptly self-report misconduct relating to fraud or other intentionally deceptive activity, fully cooperate with the government's investigation, commit to remediation efforts and a three-year reporting obligation, as well as agree to pay restitution for victims.<sup>1</sup> If these eligibility criteria are met, SDNY will issue a conditional declination letter within two to three weeks of the self-disclosure.<sup>2</sup> To receive a final declination letter, a company must fully cooperate, reasonably remediate the harm, and pay restitution to all victims.<sup>3</sup>

- **Eligible Conduct.** The program targets a broad range of corporate misconduct, including fraud and other willful violations of federal securities and commodities laws committed by companies or their employees. “Fraud” is defined broadly to include “all manner of intentionally deceptive conduct, including false statements, forgery, embezzlement, misappropriation, insider trading, spoofing, and market manipulation.”<sup>4</sup>
- **Timely and Voluntary Self-Disclosure.** To be eligible under the program, a company must promptly self-report upon discovering illegal

activity, and prior to the company receiving a grand jury subpoena or document request from a law enforcement agency or regulator, and before learning of a government investigation.<sup>5</sup>

Significantly, a company will not be disqualified if it has knowledge of a whistleblower submission, or if there is press reporting regarding the illegal activity (provided the reporting is not on a related government investigation), or a prior self-report to another government agency.<sup>6</sup>

- **Full Cooperation.** The program requires that a company “commit to providing timely, truthful, continuing, and full cooperation to be eligible for a declination.”<sup>7</sup> This includes promptly disclosing all relevant, non-privileged information relating to the misconduct; identifying individuals involved in or responsible for the misconduct, as well as potential witnesses; providing the non-privileged factual findings of an internal investigation; preserving all records and communications for relevant custodians across all platforms, including ephemeral and other messaging applications, as well as producing relevant documents and other materials, including those located abroad or in foreign languages; and making current and former employees available for interviews and potential testimony.<sup>8</sup> Notably, as part of the requirements of full cooperation, the program also imposes a three-year ongoing reporting obligation during

<sup>1</sup> U.S. Attorney's Office SDNY, *SDNY Corporate Enforcement and Voluntary Self-Disclosure Program for Financial Crimes* (Feb. 24, 2026), at 2, <https://www.justice.gov/usao-sdny/media/1428811/dl?inline>.

<sup>2</sup> SDNY published a model conditional declination letter on its website. See U.S. Attorney's Office SDNY, *Self-Reporting Program: Model Conditional Declination Letter* (Feb. 24, 2026), <https://www.justice.gov/usao-sdny/media/1428826/dl?inline>.

<sup>3</sup> U.S. Attorney's Office SDNY, *SDNY Corporate Enforcement and Voluntary Self-Disclosure Program for Financial Crimes* (Feb. 24, 2026), at 4-5, <https://www.justice.gov/usao-sdny/media/1428811/dl?inline>.

<sup>4</sup> *Id.* at 2. The full list of eligible illegal activity includes the following:

- Fraud by a company or corporate entity, or an employee, officer, director, or agent of such an entity;
- Fraud in connection with a securities, commodities, or digital asset offering, or the trading or brokering of securities, commodities, or digital assets;
- False statements or fraud upon an auditor or federal regulator of financial markets; or
- Other willful violations of the Securities Act of 1933, Securities Exchange Act of 1934, the Commodity Exchange Act, Investment Advisers Act of 1940, and Investment Company Act of 1940 that undermine the integrity of financial markets or harm customers, competitors, or market participants. *Id.*

<sup>5</sup> *Id.* at 2.

<sup>6</sup> *Id.* at 2–3.

<sup>7</sup> *Id.* at 3.

<sup>8</sup> *Id.*

which the company must disclose to SDNY all credible evidence or allegations of criminal conduct by the company or any of its employees related to any violation of U.S. law.<sup>9</sup>

- **Remediation and Restitution.** A company must also commit to remediating the harm before a conditional declination letter can be issued and it must “reasonably remediate the harm” before it can obtain a final declination.<sup>10</sup> Such remediation efforts include enhancements to the company’s compliance program, as well as taking appropriate disciplinary or other measures with respect to employees who were knowingly and directly involved in the misconduct.<sup>11</sup> The company must also commit to making restitution before receiving a conditional declination and make “reasonable best efforts” to provide prompt and full restitution to all injured parties before obtaining a final declination.<sup>12</sup>

## Disqualifying Factors

A number of factors disqualify a company from participation in the program. Those include the following:

- **Aggravating Circumstances.** Aggravating circumstances will make a company ineligible for a declination, including: any nexus to terrorism, sanctions evasion, foreign corruption, sex or human trafficking, international drug cartels, slavery, forced labor, or physical violence, including the knowing or reckless financing of these activities or laundering of funds.<sup>13</sup> In an important departure from the DOJ Criminal

Division’s Corporate Enforcement and Voluntary Self-Disclosure Policy (CEP), SDNY will not treat the involvement of senior leaders, the seriousness or pervasiveness of the offense, or the severity of the harm as aggravating or disqualifying circumstances.<sup>14</sup>

- **Delay in Disclosure.** Any “strategic or self-serving” delay in disclosure—even if the company has not completed its internal investigation—may disqualify the company from eligibility under the program.<sup>15</sup>

## Implications of a Final Declination Letter

Certain implications of the manner in which the SDNY program is structured include the following:

- **No Protection for Individuals.** Although a final declination means that SDNY will not bring criminal charges against the company, including any affiliates, subsidiaries or joint ventures, the declination will not extend to the company’s employees or other affiliated individuals.<sup>16</sup> This is consistent with the DOJ’s broader trend toward prioritizing individual accountability in criminal enforcement actions over corporate-level prosecutions.<sup>17</sup>
- **No Fines or Monitors.** Under the new program, SDNY will not impose criminal fines or forfeiture on a qualifying company, provided it makes “reasonable best efforts” to provide prompt and full restitution to injured parties. In addition, a company receiving a declination under the program will not be required to undergo a monitorship.<sup>18</sup>

<sup>9</sup> *Id.* at 3–4.

<sup>10</sup> *Id.* at 4.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 5; *see also id.* at 4.

<sup>13</sup> *Id.* at 4.

<sup>14</sup> *Id.* *See also* U.S. Dep’t of Justice, *Criminal Division Corporate Enforcement and Voluntary Self-Disclosure Policy*, Justice Manual § 9-47.120 (May 12, 2025), <https://www.justice.gov/criminal/media/1400031/dl?inline>.

<sup>15</sup> U.S. Attorney’s Office SDNY, *SDNY Corporate Enforcement and Voluntary Self-Disclosure Program for*

*Financial Crimes* (Feb. 24, 2026), at 3,

<https://www.justice.gov/usao-sdny/media/1428811/dl?inline>.

<sup>16</sup> *Id.* at 4–5.

<sup>17</sup> A prior alert memorandum on developments to DOJ’s enforcement priorities from January 15, 2026 can be found [here](#).

<sup>18</sup> U.S. Attorney’s Office SDNY, *SDNY Corporate Enforcement and Voluntary Self-Disclosure Program for Financial Crimes* (Feb. 24, 2026), at 5,

## Key Takeaways

There are a number of key takeaways from the announcement of a new self-disclosure program that departs from prior SDNY practices, including the following:

- In announcing the new program, U.S. Attorney Jay Clayton noted his intention to establish “clear guidelines and predictable treatment” for companies that self-report eligible misconduct.<sup>19</sup> He added that companies that meet the requirements of the new program will have a “clear, agreed path to a declination,” noting that SDNY already extended a conditional declination to a self-reporting company within one month of the self-disclosure.<sup>20</sup> The ability to receive a prompt conditional declination within weeks of self-reporting is a substantial potential benefit of the new program, as it offers more short-term certainty to companies that self-report. Because the SDNY program potentially provides benefits not available in other jurisdictions, companies considering reporting alleged misconduct should consider whether reporting in the SDNY may provide strategic advantages.
- While the potential benefits are significant, whether or not to voluntarily self-disclose remains very case specific and requires a detailed and thoughtful analysis in light of the particular facts and circumstances at issue in a given matter. SDNY’s program is clear on the potential rewards to a qualifying company, but its expectations are also quite substantial, in particular the

requirements for full cooperation and the ongoing reporting obligation related to *any* credible allegation of criminal conduct for three years following the issuance of a final declination letter.<sup>21</sup> Prompt disclosure is critical. A company seeking to qualify under the SDNY program must report promptly and efforts to delay can disqualify from eligibility, even if the company has not completed its own internal investigation into the misconduct.

- While SDNY has increased the potential “carrots” for self-reporting companies, it also has made clear that the “stick” for non-reporting companies will be more severe. In particular, the program establishes a “strong presumption” against a declination for companies that do not self-report or make an attempt to do so, as well as a presumption that the appropriate resolution will be a guilty plea, deferred prosecution agreement, or non-prosecution agreement with a statement of facts and monetary penalty.<sup>22</sup>
- This new program represents another reason for the importance of investing in compliance programs and ensuring that these programs and other internal controls are robust and effective in identifying potential corporate misconduct. Under the SDNY program, companies are also encouraged to undertake internal investigations early in the process to investigate any reports of misconduct. Companies should also ensure that they have an effective and well-functioning whistleblower reporting channel that will allow them to identify allegations of potential

<https://www.justice.gov/usao-sdny/media/1428811/dl?inline>.

<sup>19</sup> U.S. Attorney’s Office SDNY, Press Release, *SDNY Announces Corporate Enforcement And Voluntary Self-Disclosure And Cooperation Program For Financial Crimes* (Feb. 24, 2026), <https://www.justice.gov/usao-sdny/pr/sdny-announces-corporate-enforcement-and-voluntary-self-disclosure-and-cooperation>.

<sup>20</sup> *Id.*

<sup>21</sup> U.S. Attorney’s Office SDNY, *SDNY Corporate Enforcement and Voluntary Self-Disclosure Program for Financial Crimes* (Feb. 24, 2026), at 3–4, <https://www.justice.gov/usao-sdny/media/1428811/dl?inline>; see also U.S. Attorney’s Office SDNY, *Self-Reporting Program: Model Conditional Declination Letter* (Feb. 24, 2026), at 3, <https://www.justice.gov/usao-sdny/media/1428826/dl?inline>.

<sup>22</sup> *Id.* at 5.

misconduct as early as possible, so as to maximize the ability to react, investigate, and make decisions as appropriate.

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