

The Liberal Tilt of Financial Regulators

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Abstract

We find a strong liberal tilt in the political ideology of 4,500 SEC attorneys responsible for financial regulation between 1996 and 2023. Democrats outnumber Republicans four to one and support prominently progressive candidates. This liberal tilt expands in senior ranks, increases over time, and persists across administrations. Mechanisms include attorneys' partisan preferences for public sector jobs, as well as the SEC's hiring practices from liberal-leaning regions and schools. Political misalignment between enforcement attorneys and defendants is associated with greater sanctions and executives' industry bars. Overall, career attorneys represent a significant force in financial regulation distinct from political appointees.

JEL codes: D73, G18, G28, G38, H11, K22

Keywords: politics, partisan gap, ideology, capital markets, regulation, enforcement

Free capital markets depend on unbiased regulation and equal treatment of all participants. To protect these core principles, the U.S. financial system includes institutional safeguards intended to shield financial regulators from political influence. Recently, these safeguards have been tested by the tensions between the White House and economic regulators over the allegations of political bias in these agencies' regulatory actions.

Despite selecting many agency chiefs, the U.S. President holds less influence over the political affiliation of thousands of career bureaucrats at these agencies who are responsible for their day-to-day operations. In contrast to elected officials, the partisan composition of career regulators need not align with the incumbent political leadership, the constituents they serve, or the entities they oversee. This distinction is important because long-standing theories of government bureaucracy offer diverging views on the composition of government agents and their impact on regulatory outcomes. The top-down view of bureaucracy models civil servants as homogenous and impartial conduits of regulation; they follow standardized legal directives and impose no personal imprint on regulatory outcomes (e.g., Weber, 1922). In contrast, the bottom-up view suggests that civil servants exercise significant discretion by incorporating their own beliefs into regulatory actions; as a result, career bureaucrats contribute to policy implementation independently of the elected officials (e.g., Lipsky, 1980).

These diverging views highlight the importance of understanding the composition of government regulators, their alignment with the political appointees and regulated entities, and their role in policy implementation. These questions are especially relevant today because, unlike political appointees, bound by term limits, many government bureaucrats remain in their positions considerably longer, and their political composition remains largely unregulated and opaque.

Our paper makes a step in this direction by looking inside a key financial regulator – the SEC, which oversees the U.S. capital markets. Recognizing the importance of protecting markets from political bias, the law mandates a bipartisan composition for the SEC's leadership. Among the five SEC Commissioners, appointed by the President and confirmed by the Senate, no more than three may belong to the same party, and “members of different political parties shall be appointed alternately as nearly as may be practicable.”¹

While the Commissioners set regulatory policies, SEC career attorneys have considerable discretion in enforcing those policies by determining the pace and scale of the investigation, the strength of evidence collected, and the classification and severity of violations. Given this wide latitude, the SEC commits to impartial

¹ 15 U.S. Code §78d (a).

enforcement of regulatory directives to ensure that “everyone receives fair and respectful treatment, without regard to... politics or personal characteristics” (SEC, 2017, p. 1). In theory, the SEC’s mission aspires to follow a Weberian bureaucracy in which regulators act as impartial conduits of financial directives. In practice, the SEC’s mandate for its bipartisan balance does not apply to its financial regulators, whose composition, ideology, and regulatory impact remain opaque.

We construct one of the first datasets on the political ideology and career histories of about 4,500 SEC attorneys tasked with policy implementation. We focus on attorneys because they comprise the majority of SEC officials involved in enforcement. We identify their political affiliation based on voter registrations and political donations, augmented with hand-collected demographic, professional, and personal attributes. To evaluate these SEC officials within the context of the legal profession, we combine these records with individual data on 365,000 attorneys not affiliated with the SEC, who offer an ideological benchmark and allow us to study selection into government careers.

We find a strong liberal tilt among the SEC attorneys, with the average ratio of Democrats to Republicans of 4 to 1. This is a significant partisan skew relative to a variety of benchmarks such as law school graduates, practicing attorneys, and the public. Democrats outnumber Republicans across all 12 SEC offices, including those in Republican-leaning states such as Texas and Utah.

The Democratic majority among the SEC attorneys persists under all presidential administrations from 1996 to 2023. In contrast to the political cycles in the composition of the SEC Commissioners, the partisan composition of career bureaucrats remains stable around leadership turnovers. The average SEC attorney stays at the agency for 12 years, far outliving the typical five-year term of the Commissioners.

The liberal tilt among the SEC attorneys grows over time. The number of Democrats per one Republican rises from 3.35 in 1996 to 4.55 in 2023. This compositional change is related to a faster expansion at the SEC’s most liberal offices, such as the New York Office that sees the largest growth in its workforce share after the 2008 crisis. Another concurrent trend is a gradual expansion of the private market pay premium over the past decade, associated with a greater attrition of Republican SEC attorneys to the industry, as we discuss below.

The increasing partisan tilt at the SEC matters because its attorneys are politically active. About 50% of them make political donations, a significant share of them during their SEC tenure. This allows us to infer the ideological preferences of the donating attorneys from the political leaning of their sponsored candidates (Bonica

2014). SEC attorneys endorse candidates on the left side of the political spectrum, with the median donation made to candidates ideologically proximate to Barack Obama. This preference reflects a 0.3 standard deviation shift to the left relative to private sector attorneys, whose median contribution elicits an ideology comparable to Chuck Schumer. This left tilt is even starker when compared with the capital market agents overseen by the SEC. For example, the median ideology of SEC attorneys shows a 1.8 standard deviation leftward shift relative to CEOs, whose contributions elicit an ideology proximate to Mitt Romney.

Since political donations may reflect both strategic and ideological motives, we provide evidence that the attorneys' donations align with their voting behavior. For a subsample of attorneys, we obtain administrative records from the State of Virginia that show individual-level participation in party-specific primary elections. We classify attorneys as Democratic-leaning or Republican-leaning if they make at least 60% of their contributions to the respective political party. Using this classification, we find that 83% of Democratic-leaning attorneys and 81% of Republican-leaning attorneys cast their votes in the primary elections of the respective party.

Next, we study the mechanisms that help explain the liberal tilt at the SEC. Using individual-level data on law school cohorts (rookie hires) and mid-career attorneys (seasoned hires), we provide evidence on the characteristics of SEC recruits and selection determinants into SEC jobs. This evidence points to three contributing mechanisms: (1) feeder schools, (2) office locations, and (3) intrinsic job preferences.

First, consistent with the feeder school channel, the SEC hires a disproportionate number of graduates from top law schools, particularly those in the Northeast. Over 37% of SEC attorneys hail from the top 14 programs (a common list of elite schools), which are significantly more liberal than others (Bonica et al., 2016). The most represented schools are Georgetown and Harvard, supplying 13% of the SEC attorneys. By contrast, hiring from conservative schools is rare: only 1.7% of SEC attorneys come from the 28 schools classified as conservative. Law school factors explain 16.1% of the partisan hiring gap between the SEC and the private sector.

Second, consistent with the location channel, we find that 65% of SEC attorneys grew up within 100 miles of its headquarters or a regional office. The median attorney's parent home is just 37 miles from the nearest SEC office. This local segmentation is consistent with evidence from other white-collar labor markets (Yonker, 2017). Since the SEC headquarters and all its regional offices are in Democratic-leaning counties (based on the average presidential vote), a higher representation of local hires contributes to the SEC's Democratic tilt. Location factors explain 6.5% of the partisan tilt in SEC recruits, over and above the candidates' educational backgrounds.

Third, we hypothesize that selection into government careers with the SEC reflects the agents' intrinsic job preferences correlated with their partisan views. This hypothesis follows theoretical frameworks predicting that government agencies attract agents whose preferences align with public service (e.g., Besley and Ghatak, 2005). For example, relative to Republicans, Democrats express stronger preferences for egalitarianism, altruism, and societal impact (Pew Research Center, 2017), which align with the SEC's mission. In contrast, Republicans show stronger preferences for monetary rewards, a small government (Pew Research Center, 2024), and risk taking (Engelberg et al., 2026). Consistent with these differences, 82% of Democrats say that government regulation is necessary to protect the public interest, while 65% of Republicans contend that government regulation does more harm than good (Pew Research Center, 2024). If these intrinsic preferences extend to attorneys, they could steer Democrats toward the SEC and Republicans away from the agency, given its lower pay, flatter pay-performance sensitivity, and rigid hierarchy.

Consistent with this hypothesis, we find that Democratic-leaning attorneys are 0.8-1.43 percentage points more likely to join the SEC rather than the private sector, compared to their Republican classmates from the same school and graduation cohort. This effect represents a 34-63% increase relative to the unconditional mean, and it is robust to controlling for the candidates' demographics (gender, race, and immigrant status), home state, and various high-dimensional fixed effects. In particular, these results persist after accounting for the feeder school and location channels, captured by school \times cohort and home state \times cohort fixed effects, respectively.

After joining the SEC, Democrats stay with the agency longer. In specifications comparing attorneys within the same office, rank, and year, Democrats are 1.4–1.9 p.p. (21–27% relative to the mean) less likely to exit the SEC than Republicans, after controlling for the feeder school and location channels. Correspondingly, Democrats are 3.1–4.3 p.p. (15-17% relative to the mean) more likely to reach the SEC's managerial and executive ranks, which usually require extended agency service. Thus, the liberal tilt intensifies in senior SEC positions with greater authority.

To test whether pecuniary preferences contribute to the SEC's liberal tilt, we exploit changes in the pay differential between comparable positions at the SEC and the private sector. We use administrative data on SEC salaries and estimate private sector salaries from the disclosed pay scale for common post-SEC career destinations. These estimates align closely with the SEC's own disclosures of the private sector offers received by its attorneys. On average, the private sector premium amounts to \$164,000 per year for the modal attorney position.

We find a partisan contrast in the SEC attorneys' responsiveness to outside options. Republicans react more strongly to pecuniary incentives, joining the SEC when the private sector premium is lower and leaving the agency when this premium expands. Democrats are less responsive to the private sector premium and continue to pursue nonprofit jobs after the SEC even in the presence of lucrative industry options. For example, Democrats are 4–5 p.p. (29–34% relative to the mean) more likely than Republicans to join nonprofit organizations after leaving the SEC, consistent with a preference for public sector jobs. Combined, these findings suggest that partisan selection at the SEC is related to intrinsic preferences, with Democrats less sensitive to financial motives. This evidence is consistent with theoretical predictions that value alignment attenuates the role of financial incentives (Bénabou and Tirole, 2003).

As an additional test of this hypothesis, we exploit an SEC compensation reform that temporarily compressed the pay gap between its attorneys and the private sector. Over the course of two years, 2001–2002, the SEC raised the compensation of its attorneys by over 30%, stating an objective to reduce its pay disparity with the private sector. This reform induced a universal positive shock to the SEC attorneys' pay without affecting their qualifications. Our evidence confirms partisan differences in the SEC attorneys' responsiveness to monetary incentives. Before the reform, Republicans are more likely to exit the SEC than Democrats, consistent with our evidence from other tests. Shortly after the reform, Republicans' exit rates from the SEC fall significantly more than Democrats', consistent with the Republicans' greater sensitivity to monetary incentives.

In our final analysis, we study the implications of the SEC's liberal tilt. First, we examine the volume of enforcement activity. We find that partisan alignment with the U.S. President predicts attorneys' enforcement output, with aligned attorneys handling 17–21% more cases and 30–35% more criminal cases. One possible explanation is an increase in investigative intensity predicted by the alignment of the regulators' beliefs with the administration's policies (Francois, 2000; Besley and Ghatak, 2005; Forand et al., 2023).

Next, we study enforcement outcomes. Using hand-collected data from the SEC enforcement cases, we construct measures of partisan affiliation for the enforcement attorneys and defendants, mostly top executives accused of financial misconduct. As part of the due diligence, the enforcement attorneys examine detailed personal records likely to reveal the defendant's ideological leanings, such as communications (emails, phone records, and text messages), social media activity, and professional connections, including political contributions and lobbying.

We hypothesize that political misalignment between enforcement attorneys and defendants may heighten enforcement effort and reduce the scope for compromise (Prendergast 2007). For example, when agents are ideologically distant, they disagree on fact interpretations (Cookson, Engelberg, Mullins, 2020) and are less likely to cooperate (Dagostino, Gao, and Ma, 2023). Political distance could also increase the attorneys' distrust in the defendants' testimonies and stated motives, leading to a more severe classification of their misconduct and malicious intent. These associations need not reflect a deliberate partisan divide but may operate subconsciously and capture a divergence on core values.

We find that political misalignment between the defendants and SEC attorneys is associated with stricter monetary and non-monetary sanctions. A one-standard-deviation increase in the Democratic share of the enforcement team against a Republican defendant is associated with a \$15 million increase in the imposed penalties and a 22% higher likelihood of industry bar relative to a Democratic defendant. These effects hold for similar statute violations and cases investigated by same SEC regional office and under the same SEC Commissioners, with the variation identified from the defendant's misalignment with the enforcement team.

Finally, we examine whether the association between the partisan misalignment and subsequent case outcomes is driven by the attorneys' selection into specific cases (e.g., Democratic attorneys assigned to egregious cases with Republican defendants). We find no evidence that partisan affiliation affects case assignments to regional offices or individual attorneys. In contrast, case assignments appear to follow the office's jurisdiction and staffing, as well as the attorney's expertise, experience, and professional credentials.

In summary, we find a strong liberal tilt inside the SEC related to its office locations, feeder schools, and job characteristics. This partisan tilt persists across different political regimes and correlates with enforcement outcomes. Overall, career bureaucrats represent a distinct and understudied force in financial regulation.

1 Contributions to the Literature

This paper is one of the first to provide micro-evidence on the political composition of U.S. capital market regulators. Our contribution is to uncover a partisan tilt among career financial regulators, study its origins, and investigate its implications for regulatory outcomes. Unlike prior work that focuses on top appointees and implicitly treats regulatory personnel as their delegates, we find that financial regulators are politically active,

overwhelmingly liberal, and independently important. Our findings suggest that partisan sorting into regulatory agencies affects their ideological makeup and policy enforcement.

The partisan composition of regulatory agencies is important for two reasons. First, agents' political beliefs affect their subjective assessments relevant for market regulation, such as financial forecasts (Kempf and Tsoutsoura, 2021), economic outlook (Dagostino, Gao, and Ma, 2023), interpretation of market data (Cookson, Engelberg, Mullins, 2020; Meeuwis et al., 2022), legal opinions (Gormley, Kaviani, and Maleki, 2026), and global outlook (Kempf et al., 2023; Ayyagari, Gao, and Ma, 2024). While most prior work focuses on the private sector, the role of partisan beliefs in government regulation is of particular interest due to its far-reaching consequences. Second, a partisan divide inside an organization generates frictions, such as political segregation (Fos, Kempf, and Tsoutsoura, 2022) and talent loss (Hoang, Ngo, and Zhang, 2025). These considerations are especially relevant for a government bureaucracy, given its significant externalities on regulated entities.

Political considerations extend to U.S. government agents. Duchin and Sosyura (2012) find evidence of political favoritism in the distribution of government aid during the financial crisis. Goldman, Rocholl, and So (2013) detect political interference in the allocation of government contracts, and Brogaard, Denes, and Duchin (2021) highlight the role of political connections in contract renegotiations. Dagostino and Nakhmurina (2023) show that partisan alignment between local and state governments reduces borrowing costs and increases financial assistance. Engelberg et al. (2023) document partisan language in the speeches of Fed governors and SEC Commissioners and show that their voting patterns coalesce along party lines. Pandey, Shen, and Wu (2025) focus on the partisan affiliation of the SEC Commissioners and find that the SEC is more likely to investigate, but not more likely to issue enforcement against, firms that are politically misaligned with SEC Commissioners.

Our paper departs from this research along two dimensions. First, in contrast to prior work's focus on the political appointees at government agencies, we investigate the role of unelected career bureaucrats who comprise the bulk of government staff and make most day-to-day decisions. We show that the apparent bipartisan balance within the SEC Commissioners masks the persistent liberal tilt among the agency's bureaucrats. These bureaucrats retain their positions across political cycles and oversee investigations and enforcement. Our paper also contributes an empirical study of the economic theories predicting that unelected civil servants represent a significant force in government regulation (e.g., Page and Jenkins, 2005; Sager and Rosser, 2009; Page, 2012).

Second, while most prior research views the composition of regulators as given, we offer micro evidence on their selection into government careers. Our individual-level, within-cohort analysis reveals professional, demographic, and partisan characteristics associated with the candidates' sorting into government jobs. This evidence highlights several institutional features of the SEC that reinforce its liberal tilt, such as its office locations, feeder schools, and job characteristics. Overall, our findings reveal both pecuniary and non-pecuniary determinants of partisan sorting in the market for financial regulators.

Our labor market evidence extends the literature on the revolving door between the government and the private sector. Prior work identifies aggregate determinants of federal employees' outside options, such as economic cycles (Lucca, Seru, and Trebbi, 2014), legal reforms (Cain and Drutman, 2014), regulatory changes (Emery and Faccio, 2025), compensation practices (Chen, Hajda, and Kalmenovitz, 2025), and post-employment restrictions (Kalmenovitz, Vij, and Xiao, 2025). Our novel insight is that the employees' take-up of outside options varies with their ideology. Democratic-leaning attorneys are less responsive to the private market premium and show a persistent preference for nonprofit jobs after leaving the SEC. Thus, while most papers study employee departures through the revolving door, we highlight an intrinsic mechanism contributing to employee retention. This behavior lines up with the theoretical models predicting that government agencies attract some agents because of their ideological alignment (Besley and Ghatak, 2005), and that these agents are less responsive to outside monetary incentives (Bénabou and Tirole, 2003).

More broadly, we contribute to the literature in organization economics on government bureaucracies. Prior work provides important compositional evidence for the government workforce and its labor market in the United States (Spenkuch, Teso, and Xu, 2023) and emerging economies (Colonnelli, Prem, and Teso, 2020). In complement to these aggregate patterns that combine civil servants from different agencies with varied objectives, we focus on capital market regulation and add two dimensions. First, we trace the individual decisions of career bureaucrats in enforcing government regulation. Second, we follow the consequences of the civil servants' actions on executives and firms, thus studying the impact of individual bureaucrats outside the government.

2 Data and Variables

2.1 SEC Payroll Records

We obtain data on the SEC staff from its payroll records between 1996 and 2023 through multiple Freedom of Information Act requests. These records report the employees' occupation, hiring date, work location, compensation, and departure date from the SEC. We focus on SEC attorneys for three reasons. First, attorneys constitute the largest white-collar occupation at the SEC and play a central role in the agency's core functions. Second, attorneys are named in enforcement cases, allowing us to connect regulatory actions to individual regulators. Third, most attorneys hold the same graduate degree (Juris Doctor) and maintain active law licenses that impose a common aptitude standard. These features define a well-structured labor market that enables us to study graduation cohorts, track individuals within the legal profession, and examine the relation between bureaucrats and regulatory outcomes. From 1996 to 2023, 4,754 attorneys have at least one employment spell at the SEC. We provide a brief data description below and offer more detail in Internet Appendixes IA.1–IA.2.

2.2 Characteristics of SEC Attorneys

2.2.1 Political Affiliation

We measure the political affiliation of SEC attorneys using three data sources: voter registrations, political donations, and participation in party-specific primary elections.

To link SEC attorneys to these sources, we first manually match attorneys to Lexis Nexis Public Records (LNPR) using their full names and office locations. LNPR is an individual-level database that aggregates information on over 500 million U.S. individuals (both living and deceased) using unique identifiers linked to Social Security numbers (SSNs). Examples of LNPR records include deed and tax assessment records, voter registrations, criminal filings, and professional licenses. LNPR also provides address history, month and year of birth, and name variants, which facilitate matching to other data sources. We validate LNPR matches by confirming employer information, professional licenses, or email domains in LNPR employment and licensing records. This process yields unambiguous matches for 4,457 attorneys (94% match rate).

From LNPR, we obtain each attorney's history of voter registrations, including registration dates, state of registration, voter status, and declared party affiliation. We supplement the LNPR voter registration records with comprehensive state voter registration files, obtained through filing disclosure requests with each state's Department of State. We match attorneys across the two datasets using full names, addresses, and month and year

of birth. Combining these sources, we obtain voter registration data for 37 states and the District of Columbia, covering approximately 87% of the U.S. population.²

Finally, we incorporate political donations from the Database on Ideology, Money in Politics, and Elections (DIME), which contains over 850 million contribution records since 1979. We match attorneys to donation records using their names and addresses and verify the matches by using the employer or title listed on the contribution record. We infer an attorney's political ideology from their donation recipients.

Among the 4,457 SEC attorneys in our sample, we identify voter registration records for 3,908 individuals and political donation records for 2,320 individuals. Using these sources, we construct a time-varying measure of political leaning. We first classify individuals as Democratic, Republican, or Independent based on the declared party affiliation and participation in primary elections. For attorneys whose political leaning remains ambiguous, either due to missing voter records or classification as Independent, we use political donations to classify their political leanings. We classify an attorney as Democratic (Republican) if at least 60% of their inflation-adjusted political contributions go to Democratic (Republican) candidates. The remaining individuals are classified as Independent. Using this approach, we classify the political affiliation of 4,031 attorneys, or 90.4% of the sample.

Internet Appendix IA.1.3 shows that political contributions and voter registrations constitute a meaningful proxy for the attorneys' voting preferences. Using administrative records from the State of Virginia that reveal individual-level participation in partisan primaries, we find that 83% of Democratic attorneys and 81% of Republican attorneys (according to said classification of their contributions) participate in the primaries of the respective party. Conversely, attorneys classified as independent are about equally split in their participation between the Republican and Democratic primaries. Using a similar approach, we also confirm that the party declared in the attorneys' voter registration records strongly predicts their participation in the respective primaries.

In addition to a discrete partisan classification, we employ a continuous measure of the politicians' ideology using the Campaign Finance Score (*CFscore*) from DIME. *CFscore* places politicians on a liberal-conservative spectrum, with negative (positive) values indicating more liberal (conservative) preferences. The score is developed in Bonica (2014) by applying a scaling model to the universe of campaign contributions.

² The thirteen states for which we do not have voter registration data include Arizona, Indiana, Iowa, Kentucky, Maine, Montana, New Hampshire, New Mexico, North Dakota, Tennessee, South Carolina, South Dakota, and West Virginia.

2.2.2 Education and Professional Career

We construct a database of attorneys' professional credentials by combining several sources. We begin with matching attorneys to their professional profiles in Revelio Labs, a data provider that collects online resumes from LinkedIn and other professional platforms. For the attorneys' employment spells within the SEC, we use the payroll data to obtain their salary, bonus, work location, year of entry, and rank at an annual frequency.

We augment this information with data from Avvo, a directory of legal professionals. Avvo reports attorneys' education, practice areas, and work histories. For attorneys with missing data, we collect this information manually from SEC press releases, state bar websites, and law firm biographies. Using a combination of these sources, we identify the law school for 3,784 SEC attorneys (85% of our sample). We also collect law schools' locations and median LSAT scores from 2011 to 2024 from the American Bar Association.

2.2.3 Demographics, Home Origin, and Personal Data

We collect attorneys' demographics (gender, age, race, home state, and immigrant status) from LNPR, which compiles these data from state vital records, social security records, and other sources. LNPR includes partial SSNs (with the exception of the last four digits), allowing us to identify an attorney's home state and immigrant status. Using the first five digits of the SSN, we decode its state and year of issuance. We define an attorney's home state as the state where they obtain their SSN.³ We classify an attorney as an immigrant if they receive their SSN after age 20. We classify an attorney as a minority if their race is other than White and non-Hispanic.

2.3 Enforcement Activity

To measure regulatory activity, we construct two datasets. The first covers civil enforcement actions against all types of defendants from 2002 to 2017 (Kalmenvitz, 2021). This dataset includes the names of attorneys for each case, which we match to the SEC staff database. From these data, we construct several attorney-year measures of enforcement activity that capture case volume, prior experience, level of case involvement, and case type.

The second dataset comes from the Securities Enforcement Empirical Database (SEED), which provides information at the case-defendant level, including details on case outcomes. We focus on civil actions and related administrative proceedings from 2002 to 2023, a period when we can observe the enforcement team. We hand-collect attorney names, case outcomes and sanctions, defendant identities, and additional case characteristics,

³ For SSNs issued before June 2011, the first three digits indicate the state or territory where the person applied for their SSN.

including filing dates, Department of Justice involvement, violated statutes, and indicators for fraudulent conduct. To measure the defendants' political leaning, we follow the same approach as for SEC attorneys, relying on LNPR, voter registrations, and political contributions, as detailed in Appendix IA.3. When the defendant is a firm, we use the partisan affiliation of its CEO at the time of the case as a proxy for the defendant's political orientation.

The SEED enforcement sample consists of 529 cases, 647 unique defendants (245 firms and 402 individuals), and 752 case-defendant observations, involving 522 enforcement attorneys, with an average of 4.3 attorneys per case. Total monetary sanctions amount to \$133 billion (civil penalties, disgorgement, and judgment interest) and include 231 bars (industry and director officer bars).

2.4 The Legal Profession

To construct a comparison group within the legal profession, we use data from Revelio Labs and Avvo to identify the graduates of U.S. law schools who earn a JD but never join the SEC during their careers. Next, we determine the political affiliation of these SEC attorneys. We match them to state voter registration records using their full name, approximate age (inferred from graduation dates), and location history from employment records. Using this procedure, we establish unambiguous voter registration records for 446,854 SEC attorneys.

We obtain professional career histories for SEC attorneys from Revelio Labs. We classify their employers as government, nonprofit, higher education, courts, or private sector by providing the organization's name and website URL to the ChatGPT API. We also collect the attorneys' demographic information, including their gender, race, age, and immigrant status (proxied by an undergraduate degree from a foreign college). We exclude individuals with missing law school graduation years (required for cohort analysis) and those lacking any firm identifiers in their post-law school careers (required for sorting between the private and public sectors). We also exclude attorneys who graduate after 2023 (the final year in our SEC payroll data) or before 1972. After imposing these filters, we end up with a comparison group of 365,908 attorneys who never join the SEC.

3 Descriptive Evidence

3.1 Comparing the SEC and Private Sector Attorneys

Panel A of Table 1 describes the SEC attorneys. This group consists of 58% males, 24% minorities, and 2% immigrants, and the average age is 40. SEC attorneys have strong academic credentials. They come from law

schools with the average LSAT score in the 81st percentile, and over a third of them graduate from a top 14 law program.⁴ The average SEC attorney stays with the agency for 12 years, earns an annual salary of \$210,830, and owns real estate assets valued at \$1.5 million (all monetary values in 2023 dollars).

Figure 1 classifies the first jobs of the SEC attorneys after law school. About half of them begin their careers at private law firms before transitioning into public service. Government positions account for another 43% of the initial placements, with the remaining 7% split between judicial clerkships, nonprofit, and higher education positions.

Panel A of Table 2 compares SEC attorneys with private sector attorneys, defined as those who never work for a nonprofit nor for a government organization. Relative to the private sector attorneys, their SEC peers have stronger academic credentials, with twice as many graduates of Ivy League colleges (12.8% vs. 6.4%) and an 11 percentage points higher law school average LSAT score. SEC attorneys also have a significantly greater representation of minorities and immigrants than their private-sector peers.

3.2 The Liberal Tilt

Panel B of Table 1 shows that Democrats strongly outnumber Republicans among SEC attorneys, whether we focus on their party of registration (62% vs. 17%) or political donations (73% vs. 15%).⁵ The SEC attorneys are politically active, with 50% making political contributions during their lifetime. This contribution rate exceeds the respective statistics for corporate executives (40.5%), academics (17%), and the general public (1%).⁶ Panel B of Table 2 shows that the partisan affiliation of the SEC attorneys is significantly more Democrat-leaning than that of their private sector counterparts, of whom 46% identify as Democrats and 26% as Republicans.

Figure 2 examines how the liberal tilt at the SEC varies over time and across its regional offices, based on voter registration records. The figure focuses on the SEC attorneys with clearly identified and invariant partisan beliefs – Democrats and Republicans, and excludes independents, minor parties, and party switchers (Figure IA.2 provides equivalent description with the inclusion of these smaller groups).

⁴ Top 14 is a frequently cited list of elite law programs that includes Berkeley, Chicago, Columbia, Cornell, Duke, Georgetown, Harvard, Michigan, NYU, Northwestern, Stanford, UPenn, Virginia, and Yale.

⁵ Because these statistics are cross-sectional, we classify party switchers as Independent/Other.

⁶ The contribution rate of executives is from Teso (2025). The contribution rate for academics is from the National Association of Scholars (<https://www.nas.org/blogs/article/partisan-registration-and-contributions-of-faculty-in-flagship-colleges>), and the contribution rate for the general public is from OpenSecrets (<https://www.opensecrets.org/elections-overview/donor-demographics>).

Panel A shows that the Democratic share among the SEC attorneys remains relatively stable before the financial crisis, hovering around 77%. After the financial crisis, it gradually increases, reaching 83% by 2023, while the Republican share declines from 22% to 17%. As a result, SEC Democrats consistently outnumber SEC Republicans by roughly four to one across all political administrations, with a noticeable upward drift in the Democratic share after the financial crisis.

Panel B places this trend in context by plotting the Democratic share among the SEC attorneys, private sector attorneys, and all U.S. registered voters. The Democratic share among the SEC attorneys remains the highest throughout the sample period, averaging around 80%. By comparison, only 63% of the private sector attorneys and 48–53% of the general electorate identify as Democrats. These benchmarks highlight a roughly 20 p.p. partisan gap between SEC attorneys and their private sector peers and a 30 p.p. gap with the general public.

Panel C reports the political affiliation of SEC attorneys for its headquarters and regional offices. All 12 offices are majority Democratic, with San Francisco, Boston, and New York exceeding 80%. Even in the least Democratic offices – Salt Lake City, Miami, and Fort Worth, the share of Democrats exceeds 60%. Thus, the SEC offices are consistently more Democratic than the surrounding electorates.

Panel D shows the partisan composition of new SEC attorney hires across presidential administrations. Our sample spans five presidents: two Republicans (Bush and Trump) and three Democrats (Clinton, Obama, and Biden). Across all administrations, at least 70% of the new entrants are Democrats. While the share of Democrats among the new hires tends to be higher under Democratic presidents and somewhat lower under Republican presidents, Democrats represent most of the new hires under every administration in our sample.

Figure 3 turns to political donations, focusing on the most politically active segment of the SEC’s legal staff. Panel A shows the share of SEC attorneys making political contributions over time, distinguishing between donations to Democrats (blue) and Republicans (red). The contributions are limited to those made during the attorneys’ professional appointment at the SEC. Using a two-election-cycle rolling average, political giving rises sharply from 2.6% of attorneys in 1998 to 18.5% in 2024. Contributions are overwhelmingly Democratic throughout, ranging from 70% to over 90% and increasing further after the financial crisis.

Panel B examines the attorneys’ ideological positioning using the CFscore of their donation recipients, where negative values indicate more progressive orientation (Bonica, 2014). The data reveal a pronounced leftward skew. Fewer than 20% of the SEC attorneys support conservative orientations (positive values). The SEC

attorneys are substantially more progressive than lawyers overall (median CFscore ≈ -0.72), and markedly more progressive than CEOs and enforcement defendants (median CFscore $\approx +0.4$). These gaps correspond to approximately 0.3 and 1.8 standard deviations of SEC attorneys' ideological distribution, respectively.

Panel C plots changes in the ideological distribution of SEC donors between 1996 and 2023. The largest gains occur in the most progressive ranges (CFscore < -1), while the conservative-leaning bins decline by 5–10 percentage points. Panel D tracks the median donor's ideology over time using a progressive score ($-CFscore$). The median donor remains consistently progressive and drifts modestly leftward, moving from a position near Abigail Spanberger in 1996 to one close to Joe Biden by 2023, and never crossing into the conservative territory.

In summary, we find a strong and persistent liberal tilt among SEC attorneys, with a noticeable leftward drift after the financial crisis. This tilt contrasts sharply with the statutory bipartisan balance at the Commissioner level and underscores the importance of studying career bureaucrats separately from political appointees.

4 The Origins of the Liberal Tilt

This section examines contributing factors to the liberal tilt. First, we study a preference-based explanation, asking whether Democratic and Republican attorneys differ in their propensity to sort into the SEC and to remain in public service. Second, we examine the role of market forces, focusing on how the pay gap with the private sector shapes the attorneys' willingness to enter and remain at the SEC. Finally, we explore the SEC's hiring practices, asking whether the geographic location of SEC offices and feeder schools contribute to its liberal tilt.

4.1 Job Preferences

Democrats may be more likely than Republicans to sort into the SEC due to stronger preferences for public service, as well as greater alignment with its compensation structures. To the extent that such preferences remain persistent, Democratic attorneys should be more likely to enter the public sector, including the SEC, remain longer in public service, and upon exiting the government, continue to select into mission-oriented organizations.

4.1.1 Joining the Public Sector

We test whether Democratic attorneys are more likely to join public service by estimating the following selection equation using ordinary least squares:

$$Public\ Service_{it} = \beta_1 DemVoter_i + FE_{it} + \epsilon_{it} \quad (1)$$

The dependent variable equals 100 if an attorney i , graduating in year t , joins the public service – defined as government or nonprofit employment – at any point after graduation. The key regressor, $Dem\ Voter_i$, equals one if the attorney is identified as a Democrat, and zero otherwise, based only on voter registrations to ensure consistent measurement across attorneys. FE_{it} represents the fixed effects included in the specification, as explained below. We exclude attorneys affiliated with independent or minor parties.⁷ Accordingly, β_1 captures the partisan gap between Democratic and Republican attorneys in the propensity to enter public service.

Panel A of Table 3 reports the results. Column 1 includes no controls or fixed effects. Column 2 adds graduation-cohort fixed effects, absorbing common macroeconomic conditions in the legal labor market as well as cohort-specific political environments. Columns 3–6 progressively interact cohorts with gender, race, state of origin, and the law school’s state to account for heterogeneity across demographic groups and geographic locations. These interactions address several alternative explanations. For instance, attorneys may prefer to work near their home state or law school, and because Washington hosts a large share of the federal workforce and is geographically closer to Democratic-leaning states and liberal-leaning law schools, local hiring could generate partisan differences. The inclusion of state of origin \times cohort and law school state \times cohort fixed effects mitigates this concern. Likewise, race \times cohort interactions address the possibility that the government’s tendency to hire minorities explains the results, given that minorities are disproportionately Democratic. Columns 5 and 6 add an indicator for Top 14 law schools, accounting for the possibility that the government recruits disproportionately from elite law schools with more liberal graduates. Finally, the most stringent specification in column 7 includes law school \times cohort fixed effects, allowing us to compare graduates from the same law school and cohort (e.g., Yale Law Class of 2000) who share similar educational backgrounds but differ in political affiliation. This specification controls for many unobserved differences, such as institutional prestige and networks.

Across all specifications, the coefficient on $Dem\ Voter$ is positive and statistically significant at 1%. Democrats are 7.2 to 12.6 p.p. more likely than Republicans to enter public service, corresponding to 11.2–19.7% higher likelihood relative to the sample mean.

Next, we ask whether partisan sorting into public service extends to the SEC. Panel B re-estimates the same specification with the outcome redefined as an indicator for SEC entry, restricting the sample to attorneys

⁷ Our results are almost identical after including a separate dummy variable for independent/other affiliation in our analysis.

who either work at the SEC at some point throughout their career or work exclusively in the private sector during their entire career. We find that Democrats are 0.80–1.43 p.p. more likely to join the SEC. This effect represents a 34–63% increase relative to the unconditional probability of SEC entry, an economically larger effect than that for entry into public service more broadly.

We then examine in Panel C how attorneys sort within the public service, including all government agencies and nonprofits. We focus on attorneys who ever worked in the public service, and study the probability of them joining the SEC versus other organizations. We continue to find a positive and statistically significant partisan gap, though the magnitude attenuates as additional controls are introduced. In particular, once law school \times cohort fixed effects are included, the partisan gap is not statistically significant. This suggests that conditional on selecting into public service, law school characteristics play an important role in determining which government agency attorneys join.

Panel D assesses all entry paths jointly using a multinomial logit model that simultaneously considers entry into the SEC, other public service, and the private sector (omitted category). Consistent with the earlier results, Democrats are more likely than Republicans to enter both the SEC and other public service organizations relative to the private sector. The economic magnitude of the partisan differential is roughly twice as large for SEC entry as for other public service positions (32% versus 14%).

4.1.2 Job Tenure and Exit from the SEC

Next, we test whether Democrats remain at the SEC longer than Republicans by estimating the following model:

$$Exit_{it+1} = \beta_1 Dem_{it} + \gamma X_{it} + FE_{i(t)} + \epsilon_{it} \quad (2)$$

Where the outcome variable, $Exit_{it+1}$, equals 100 if an attorney i leaves the SEC in year $t + 1$. The variable of interest, Dem_{it} , equals one if an attorney is Democratic in year t and zero otherwise.⁸ X_{it} represents a vector of attorney attributes such as gender, immigrant status, and local origin (whether the attorney’s home state matches the state of their SEC office). FE_{it} denotes various combinations of fixed effects, as discussed below.

Table 4 reports the results. Column 1 includes year fixed effects to control for macroeconomic conditions (e.g., labor market trends) and political administrations. Column 2 adds controls for gender and office \times year fixed

⁸ Party affiliation can change over time because attorneys may update their voter registration. In our data, such changes are extremely rare: only 93 instances of switching are observed, representing less than 0.3% of attorney–year observations. Among these, 33 involve a change from Democrat to Republican, 31 from Republican to Democrat, 20 from Independent to Democrat, and 10 from Independent to Republican. Our results are virtually unchanged when we exclude these switchers from the analysis.

effects, capturing unobservable time-varying factors at the office level, such as regional office policies or local labor market thickness. Column 3 further adds immigrant status and local origin. Column 4 introduces office \times rank \times year fixed effects, comparing attorneys who work in the same office, in the same year, and at the same rank, but differ in political affiliation. Finally, column 5 incorporates law school \times cohort fixed effects, which account for differences in ability, networks, and job prospects associated with law school status.

Across all specifications, Democrats are 1.4–1.9 p.p. less likely to exit the SEC, corresponding to a 21–27% lower exit rate compared to the mean. Male attorneys have higher exit rates, while local attorneys are marginally less likely to exit. Immigrant status has no consistent relationship with departures. The coefficient on the indicator *Dem* remains stable in magnitude as the model is saturated with tighter controls and fixed effects. This pattern suggests the partisan affiliation may capture persistent individual job preferences in career choices.

4.1.3 Career Advancement and Leadership Roles

Next, we examine focus on career advancement at the SEC. If Democrats remain at the SEC longer, they may have a higher likelihood of advancing into leadership roles. Table 5 reports these results. The outcome variables capture attainment of managerial status (Supervisory Attorney-Advisor: columns 1–2) and executive status (Assistant Regional Director, Chief Counsel: columns 3–4). We estimate linear probability models with SEC cohort fixed effects, comparing attorneys who enter the SEC in the same year. We find that Democrats are 3.1–4.3 p.p. more likely than Republicans to reach managerial or executive ranks at the SEC, reflecting a 15–17% higher probability relative to the sample mean. Graduating from a top 14 law school is positively associated with promotion, while gender, geography, and regional office experience have mixed effects. Overall, these findings suggest that Democrats remain at the SEC longer and advance to managerial and executive positions.

4.1.4 Post-SEC Careers

To the extent that Democratic attorneys' entry into the SEC reflects stronger alignment with the agency's mission, they should be more likely to transition into similar organizations after leaving the SEC. We test this prediction in Table 6 by estimating a linear probability model. In columns 1–4, the dependent variable is a binary indicator equal to 100 if an attorney joins a nonprofit organization immediately after leaving the SEC, and 0 otherwise. In columns 5–8, the dependent variable equals 100 if the departing attorney joins a nonprofit financial regulator (e.g., PCAOB or FINRA) immediately after leaving the SEC, and 0 otherwise.

Relative to Republicans, Democrats are 4.3–5.2 p.p. more likely to join a nonprofit organization after leaving the SEC, representing a 29–34% higher likelihood relative to the sample mean. Democrats are also 2.3–2.8 p.p. more likely to join a nonprofit financial regulator. Although the statistical significance is weaker, the economic magnitude remains large: the partisan gap in joining financial regulators represents a 46–56% increase relative to the mean. These results hold after including office \times exit year fixed effects, which compare attorneys who leave the SEC in the same year and from the same office but differ in political affiliation.

In summary, Democrats are more likely to join the SEC, stay longer, and achieve leadership roles. After leaving the agency, they continue to sort into nonprofit organizations, suggesting that their intrinsic job preferences likely contribute to the SEC’s liberal tilt.

4.2 Pecuniary Motives

Another explanation for the liberal tilt among SEC attorneys is the difference in compensation between the private and public sectors. If Republican attorneys place a greater weight on financial returns, an increase in the pay gap will reduce their appetite for a career at the SEC. To test this hypothesis, we examine whether changes in the pay gap affect career transitions: entry into the SEC, exit from the SEC, and career choices after the SEC exit.

To measure private sector pay, we use the salary scale for associates at the largest law firms (“BigLaw”), as the top ten private sector post-SEC destinations in our data are BigLaw firms (e.g., WilmerHale; Skadden Arps). We obtain annual associate salary data from Biglaw Investors, which reports the prevailing industry pay scale for year 1 to year 8 associates between 2000 and 2023. Compensation at top law firms appears standardized: when industry leaders such as Cravath, Swaine & Moore announce annual adjustments to associate salaries, other elite firms often match these pay levels. These benchmark announcements are widely covered in the legal trade press (e.g., *American Lawyer*, *Above the Law*), which tracks BigLaw compensation across firms and over time.⁹ A key advantage of these data is that they vary by seniority, allowing us to estimate an attorney’s private sector earning potential based on their SEC rank. We map entry-level SEC attorneys (SK-11/12) to third-year BigLaw associates, mid-level attorneys (SK-13) to fifth-year associates, and so on, and crosscheck this mapping against contemporaneous SEC disclosures. The SEC’s Pay Parity Implementation Plan and Report (2002) notes that

⁹ See [here](#), [here](#), and [here](#) for justification.

private sector offers for senior professional staff departing in 2000–2001 range from \$185,000 to \$250,000, closely matching our approximation of \$154,000 to \$250,000 for attorneys leaving the SEC at that time (SEC, 2002).

4.2.1 Career Stage of SEC Entry

If Republican attorneys are more focused on financial gains, they are likely to join the SEC when the private–public pay differential is smaller. Panel A of Table 7 reports the results, where we restrict the sample to the entry year of each SEC attorney. In columns 1–3, the dependent variable is the pay differential between the private sector and the SEC for that attorney in the year of entry. We regress this outcome on a Republican indicator (*Rep*), controlling for office and graduation year fixed effects to account for time-invariant differences across SEC offices and macroeconomic conditions in the job market. We also include observable attorney characteristics such as gender, immigrant status, local origin, and law school rank. We find that Republicans enter the SEC when the pay gap is \$9,000–\$11,400 smaller compared to their Democratic counterparts. This difference is economically significant, representing 15–19% of the standard deviation of the pay gap.

The next three columns focus on career transitions. If Republican attorneys are more sensitive to financial gains, we expect them to enter the SEC earlier in their legal careers. This would help them accumulate government experience and human capital that can be monetized later in the private sector. Columns 4–6 examine whether attorneys join the SEC immediately after graduation, and columns 7–9 examine whether they enter following a judicial clerkship, a common path that allows the candidate to acquire additional legal training for the SEC.¹⁰ Across all specifications, we find that Republicans are more likely to join the SEC earlier in their careers – that is, immediately after law school or after a clerkship. The partisan gap ranges between 33%–42% and 33%–44% relative to the sample means, respectively. These findings are consistent with the interpretation that Republican attorneys view SEC employment as a means of acquiring training and credentials that can be used later in the private sector, in line with financial incentives.

4.2.2 Career Stage of SEC Exit

If Republican attorneys place greater weight on financial returns, their propensity to leave the SEC should increase when the private–public pay gap widens. Also, if Democrats’ retention is associated with intrinsic alignment with the agency’s mission, their exit behavior should be less sensitive to outside pay opportunities.

¹⁰ For a description of law clerkship as a stepping stone for the SEC, please see: <https://www.sec.gov/about/careers-securitys-exchange-commission/students-recent-graduates-programs/chairs-attorney-honors-program>.

We test these predictions by augmenting the exit regressions in equation (2) with *Private–Public Pay Gap (%)*, defined as the percentage salary increase an attorney is expected to obtain by leaving the SEC for BigLaw, calculated as the attorney’s potential private sector pay divided by the attorney’s current SEC pay, minus 1. To facilitate a comparison of magnitudes, we standardize this variable by subtracting its mean and dividing by its standard deviation. Finally, we add the indicator *Dem*, which equals one if the attorney is a registered Democratic voter or donor, and the interaction of *Dem* with *Private–Public Pay Gap (%)*.

Panel B of Table 7 reports the results. The standalone coefficient on *Private–Public Pay Gap (%)* captures Republican attorneys’ responsiveness to changes in the potential pay premium in the private sector. Across all specifications, the coefficient is positive and significant. In particular, a one–standard-deviation increase in the pay gap relative to its mean is associated with a 1–2 p.p. increase in the probability of leaving the SEC, corresponding to a 15%–30% increase relative to the mean exit rate. Focusing on Democrats, the negative coefficient on *Dem* indicates that at the mean pay gap, where *Private–Public Pay Gap* equals zero, Democratic attorneys are less likely to leave the SEC than Republicans. The interaction term $Dem \times Private–Public Pay Gap$ is also negative, suggesting that Democratic attorneys are less sensitive to increases in the pay differential between BigLaw and the SEC. Finally, we compute the total effect of a one–standard-deviation increase in the private sector pay premium on Democrats’ propensity to leave the SEC, corresponding to the sum of coefficients on *Private–Public Pay Gap* and $Dem \times Private–Public Pay Gap$. This effect, reported at the bottom of the Panel B, is positive but statistically indistinguishable in two of the three specifications. It suggests that large pay gaps have a subdued effect on Democrats’ likelihood of exiting the agency. This is consistent with the prediction that mission alignment attenuates the role of financial incentives (Bénabou and Tirole, 2003).

4.2.3 Evidence from an SEC Compensation Reform

As a supplementary analysis of pecuniary incentives, we exploit a compensation reform at the SEC in 2001–2002. During this period, the SEC received special pay authority and broadly increased compensation for professional staff, including attorneys, relative to standard federal pay scales. The reform was explicitly motivated by retention concerns and aimed to reduce the growing pay disparities between the SEC and the private sector. Figure 4 shows that the reform increases the SEC attorney pay by 33% over the course of 2001–2002 (14.9% followed by 18.2%). By increasing SEC salaries, the reform compressed the private–public pay gap and temporarily weakened financial incentives to exit for the private sector. We use this compensation reform to study whether the effect of monetary

rewards on attorney retention differs by their political leaning. We estimate the following difference-in-differences specification:

$$Exit_{i,t} = \beta_1 Rep_i + \beta_2 Rep_i \times Post_t + \lambda \quad (3)$$

The dependent variable equals 100 if an attorney exits the SEC in a given year, and 0 otherwise. We restrict the sample to a pre- and post-period around the reform (1998-2003) and include only attorneys employed at the SEC prior to 2001, thereby avoiding concerns of self-selection into the agency in response to the pay increase. *Post* is an indicator that equals 1 for the years after the reform: 2001–2003. The indicator *Rep* (β_1) captures baseline partisan differences in exit propensities prior to the reform, while the interaction term *Rep* × *Post* (β_2) captures potential excess decline in exits among Republicans after the pay increase. We include progressively tighter fixed effects: year, office × year, and office × rank × year to absorb common shocks, office-specific trends, and career-stage differences, respectively.

Panel C of Table 7 reports the results. Across all specifications, Republican attorneys are significantly more likely to exit the SEC prior to the reform. However, this pattern reverses after the pay increase: the coefficient on *Rep* × *Post* is negative and statistically significant in all columns, indicating that Republicans' exit rates fall more than Democrats' after the reform. The magnitude of the interaction implies a large reduction in exits among Republican attorneys relative to their Democratic-leaning peers after the pay increase. Thus, the SEC's objective of slowing the revolving door was achieved primarily among Republican attorneys, who are generally more sensitive to private sector pay incentives.

In summary, Republican attorneys' exit decisions are sensitive to pay incentives, and larger private–public pay gaps are associated with significantly higher exit rates. By contrast, Democratic attorneys are less sensitive to changes in the outside pay, and increases in the private sector premium have modest effects on their exits.

4.2.4 Destination Choice and Monetary Rewards

If financial considerations matter more for Republican attorneys, they should be more likely to take for-profit jobs when the private–public pay premium is large. In contrast, if Democratic attorneys are less sensitive to pay, their choice between for-profit and nonprofit jobs should be less sensitive to the pay differentials.

We test these predictions in Panel D of Table 7. The specification is similar to the ones we use in Panel B of Table 7, except that now the sample is limited to attorneys who leave the agency, and the dependent variable equals 100 if the attorney joins a nonprofit upon leaving the SEC and 0 otherwise. As in Panel B, the key

independent variables are *Private–Public Pay Gap (%)*, the indicator *Dem*, and the interaction of *Dem* with *Private–Public Pay Gap (%)*. We find that the coefficient on *Private–Public Pay Gap (%)* is negative and statistically significant across all specifications, indicating that Republican attorneys are less likely to choose nonprofit employment when the private sector pay premium rises. In contrast, the effect is much weaker for Democrats, as shown by the positive and significant interaction term $Dem \times Private–Public Pay Gap (%)$. The total effect of a rise in private sector pay premium on Democrats is statistically insignificant in two of the three specifications.

In summary, Republicans appear more sensitive to monetary incentives in their career decisions. They are more likely to enter the SEC when pay gaps are smaller, exit when the outside pay improves, and transition to for-profit employment. These patterns suggest that the lower pay at the SEC relative to the private sector appears to attract candidates less focused on monetary incentives.

4.3 Hiring Practices

4.3.1 Local Hiring

SEC offices are located in large metropolitan areas that lean Democratic, and attorneys may exhibit a preference for working closer to the area where they grew up. Figure 5 provides evidence consistent with this mechanism by tracing the county-level origins of SEC attorneys. Each circle represents a county, with size proportional to the share of SEC attorneys originating there and color-coded by local political leaning, measured as the fraction of voters supporting the Democratic presidential nominee in 2008. The map shows that SEC attorneys disproportionately originate from major metropolitan areas, particularly in the Northeast (including New York City and the Washington, D.C. region), as well as urban centers such as Los Angeles, San Francisco, Chicago, and Miami. Consistent with this visual evidence, 65% of SEC attorneys grew up within 100 miles of SEC headquarters or a regional office, and the median attorney’s parental home is just 37 miles from the nearest SEC office. This geographic clustering mirrors patterns documented in other segments of the managerial labor market (Yonker, 2017; Duchin and Sosyura, forthcoming). As the map demonstrates, because SEC headquarters and most of its regional offices are in Democratic-leaning counties, local hiring increases the representation of Democrats at the SEC.

4.3.2 Feeder Schools

Another possible contributing factor to the SEC’s liberal tilt is its tendency to hire from elite “feeder” law schools, which themselves lean progressive. Figure 6 plots each school’s ideology score against the fraction of SEC attorneys who graduated from that institution. Political leaning is measured by the *CFscore* metric from Bonica (2014), which captures the average ideology of the school’s graduates. Conservative-leaning schools contribute very few SEC attorneys, while progressive-leaning schools account for a substantial share. This pattern may reflect institutional prestige and geographic proximity, as well as educational ties. The SEC draws heavily from elite programs such as Yale, Harvard, and NYU, which have predominantly liberal student bodies, and from schools located closer to Washington, D.C., such as Georgetown and the University of Virginia. Consistent with this feeder schools channel, more than 37% of SEC attorneys graduated from the top 14 law schools, which are significantly more liberal than others, while only 1.7% come from schools classified as conservative.

4.3.3 Quantifying the Economic Mechanisms at SEC Entry

We quantify the importance of local hiring and feeder-school channels in explaining the liberal tilt using a decomposition framework akin to Oaxaca–Blinder (Fairlie, 1999) and report the results in Table 8. Column 1 shows that Democrats are 1.43 p.p. more likely to join the SEC than Republicans after finishing law school. This corresponds to the estimates from Table 3, Panel B, Column 1. Column 2 decomposes this gap into various factors, which we group into three categories: law school, state-of-origin, and demographics.

Law school characteristics explain the largest share of the partisan gap at SEC entry. Within this category, attendance of a top 14 law school (8.4%) and differences in LSAT percentiles (3.7%) account for the bulk of the gap. Geographic proximity also matters: the distance between an attorney’s law school and the nearest SEC office explains 3%. Taken together, law school characteristics account for 16.1% of the partisan gap.

Geographic factors related to the attorney’s origins also explain a nontrivial share of the gap. Differences in representation from states near Washington, D.C. account for 1.59%, while variation in representation from states hosting major SEC regional offices contributes 3.63%. Combined, state-of-origin factors account for 6.5% of the partisan gap.

Finally, demographic differences explain an economically meaningful share of the gap. Gender and minority status play offsetting roles. Gender differences reduce the partisan gap by 3.9%, and equalizing gender representation would therefore increase the partisan gap because women (who are more likely to be Democrats in

our sample) are underrepresented at the SEC. By contrast, differences in minority representation widen the partisan gap: minority status accounts for 14.4% of the difference in SEC entry, reflecting the fact that minorities are both more likely to be Democrats and overrepresented at the SEC relative to the private sector.

Overall, the decomposition shows that educational background and geographic proximity to the SEC's office locations, two key features of the SEC's hiring practices, account for a substantial portion of the liberal tilt in its hiring.

5 Time-Series Evidence and the Liberal Drift

Section 3.2 shows that SEC attorneys exhibit not only a pronounced liberal tilt, but also a liberal drift over time, with the Democratic share increasing after the financial crisis. In this section, we explore several possible explanations for this temporal pattern.

One possibility is an uneven expansion of attorney headcount across SEC offices, with faster growth concentrated in more Democratic-leaning locations. Figure IA.3 documents substantial heterogeneity in office-level headcount growth between 2008 and 2023. The top panel plots changes in each office's share of the SEC attorney workforce, highlighting the three most Democratic offices (blue), the three least Democratic offices (red), and all others (gray). The New York office experiences the largest increase in the workforce share, consistent with its central role in the post-crisis enforcement. By contrast, the workforce shares of the most conservative offices – Salt Lake City, Fort Worth, and Miami – decline over this period.

The bottom panel depicts the percentage growth in the number of attorneys by office. The SEC attorney headcount increases by 38% during this period, but unevenly across locations. The most liberal-leaning offices such as New York, Boston, and San Francisco experience a headcount growth of 60–75%, whereas more conservative offices, such as Miami and Salt Lake City grow by only 22–36%. These patterns suggest that an expansion of staffing in more liberal-leaning regional offices contributed to the observed liberal drift at the SEC. In June 2024, the SEC announced the closure of its Salt Lake City Office, citing organizational efficiency as the motivation.¹¹ While this decision was not framed in ideological terms, the closure of an office with a relatively higher share of Republican-leaning attorneys suggests that the liberal drift may persist in the near term.

¹¹ According to the press release about the office closure: <https://www.sec.gov/newsroom/press-releases/2024-67>.

Next, we consider whether the SEC increases recruiting from elite law schools after the financial crisis to enhance the quality of its workforce. Because these institutions are themselves more progressive (Bonica et al. 2016), a shift toward elite hiring could contribute to the observed liberal drift. Figure IA.4 provides no support for this channel. The figure plots two-year rolling averages of the share of new SEC attorney hires graduating from top 14 law schools and shows no discernible upward trend following the financial crisis.

Finally, we examine the possibility that the liberal drift is driven by an expansion in the private sector pay premium following the financial crisis. As discussed, Republican attorneys are less likely to join and more likely to leave the SEC during periods of a higher pay premium in the private sector. Thus, an expansion of this pay differential over time could lead to a gradual increase in the share of Democratic-leaning attorneys. Figure IA.5 plots the average inflation-adjusted BigLaw–SEC pay premium over time. We compute each individual’s BigLaw pay premium and then average across the workforce each year. The figure shows a substantial increase in the private sector pay premium following the financial crisis, rising from just over \$180,000 in 2009 to approximately \$300,000 by 2023 (in 2023 dollars). This suggests that the liberal drift in the SEC workforce unfolded concurrently with the expansion of the private sector pay premium.

In summary, the liberal drift in the composition of the SEC attorneys likely reflects a combination of complementary factors. The proportion of Democrats at the SEC increases with the SEC’s expansion of regional offices in Democratic-leaning areas and a widening of the pay gap between the SEC and the private sector.

6 Enforcement Outcomes

This section studies enforcement, one of the SEC’s core regulatory actions with large consequences for executives and firms. After the announcement of SEC enforcement actions, 72% of sanctioned firms replace at least one top executive, and 81% face shareholder lawsuits (Feroz, Park, and Pastena, 1991). Firms also incur substantial reputational costs (Karpoff, Lee, and Martin, 2008). We examine whether political alignment with the President is associated with enforcement intensity and whether the alignment between enforcement attorneys and defendants is associated with the severity of monetary and non-monetary sanctions.

6.1 Attorney Discretion in SEC Enforcement

This section describes the institutional features of SEC enforcement, and Internet Appendix IA.4 offers additional detail. SEC enforcement follows a multi-stage process in which enforcement attorneys exercise substantial

discretion. They shape case outcomes through the pace and scale of the investigation, the strength of evidence collected, the classification of misconduct, and the method of grouping and counting the violations. These factors provide important inputs for case resolution and the determination of sanctions.

Investigations typically originate from tips, referrals, whistle blowers, or market surveillance and are initially assessed by career staff, who may open a preliminary Matter Under Inquiry (MUI). The threshold for opening an MUI is intentionally low, and the SEC staff has broad latitude to evaluate evidence, conduct interviews, and determine whether escalation is warranted. If the initial inquiry points to sufficient preliminary evidence of wrongdoing, a more rigorous stage of investigation follows. This stage may be accompanied by a formal subpoena authority, allowing SEC attorneys to take sworn testimony and compel production of a variety of records such as financial data, emails, phone logs, travel itineraries, and social media communications.

When SEC attorneys conclude that enforcement action is appropriate, they prepare a formal recommendation to the Commission specifying proposed charges and sanctions. These recommendations involve substantial discretion. Monetary penalties are governed by statutory tiers with maximum limits but no binding formulas, leaving the SEC staff with flexibility in classifying and counting violations, selecting penalty tiers, and calculating penalty amounts. The calculation of disgorgement also involves discretion in defining ill-gotten gains and determining whether, and to what extent, legitimate expenses are offset. In this process, enforcement attorneys may recommend reductions or waivers based on the defendant's cooperation or demonstrated inability to pay. Finally, in addition to monetary sanctions, enforcement staff may recommend industry and associational bars, including officer-and-director bars and prohibitions on participation in regulated financial activities.

These sanctions involve subjective judgments about the strength of the evidence and the nature of the underlying misconduct. For example, the SEC attorneys need to make subjective determinations as to whether the defendant's behavior demonstrates "unfitness" to serve in a leadership or regulated role. As a result, the attorneys' judgments play an important role in determining whether such bars are sought and how broadly they are framed, making the imposed sanctions sensitive to the enforcement attorneys' legal characterizations.

All sanctions require approval by a majority vote of the five SEC Commissioners. While the Commissioners may modify or reject staff recommendations, their discretion is constrained by the evidence collected by the enforcement team, as well as transparency requirements imposed on the Commission under the

Government in the Sunshine Act of 1976. In contrast, the investigative actions and internal judgments of enforcement attorneys remain largely outside the public view.

6.2 Partisan Alignment with the U.S. President

We begin by examining whether partisan alignment with the President is associated with enforcement intensity. If SEC attorneys are mission-motivated, changes in presidential administration that shift enforcement priorities may either dampen or amplify the attorneys' intrinsic motivation, generating systematic variation in enforcement activity. Such variation may arise not only through differences in pursued cases but also through decisions to discontinue or drop investigative leads.

Table 9 examines whether an enforcement attorney's partisan alignment with the U.S. President predicts the attorney's enforcement output. The dependent variable is one of the four measures of enforcement output: (1) the number of enforcement cases handled in a year (columns 1–3), (2) an indicator for enforcement case activity in a year (columns 4–6), (3) the number of criminal cases (columns 7–9);¹² and (4) an indicator for serving as lead attorney (columns 10–12). We multiply the indicator outcome variables by 100 for ease of interpretation. The main independent variable is the indicator *Same Party as President*, which equals 1 if an attorney's partisan affiliation matches that of the incumbent U.S. President, and 0 otherwise. We estimate Poisson models for count outcomes and linear probability models for indicators. Within each outcome group, we progressively add controls and fixed effects. Covariates include male, log(tenure), Top-14 law school, and an indicator for being assigned to rulemaking (rather than enforcement). Our most stringent specification includes office \times year \times rank fixed effects, which absorb office-level policy or workload shocks that differentially affect seniority (e.g., a New York office initiative that raises the caseload for senior attorneys). Attorney fixed effects absorb time-persistent attorney traits, such as innate ability, demographics, or education, as well as persistent differences between Democrat and Republican attorneys. Thus, our estimates compare the enforcement activity by the same attorney during periods when the attorney is politically aligned or misaligned with the incumbent U.S. President.

We find that partisan alignment with the President is positively associated with enforcement activity. In columns 1–3, partisan alignment corresponds to a 17–21% increase in investigated cases. In columns 4–6, partisan alignment is associated with a 3.5–4.2 p.p. (or 8–10%) increase in the probability of enforcing a case. In columns

¹² As mentioned, the SEC does not pursue criminal cases, and we view this as a proxy for the severity of the underlying allegations.

7–9, aligned attorneys handle approximately 30–35% more criminal cases. The associations between partisan alignment and the attorney’s role as a case lead (columns 10–12) do not reveal a statistically significant effect.

While these patterns are consistent with greater attorney effort when their party aligns with the President, interpretation warrants caution: the same correlation could arise if administrations systematically allocate more (or higher intensity) cases to co-partisan attorneys. Our office \times year \times rank fixed effects mitigate broad assignment shifts but cannot fully rule out within-office-rank reallocation over time. However, under either interpretation, the results indicate that attorneys’ political ideology matters for SEC enforcement.

6.3 Partisan Alignment with Case Defendants

We next examine whether partisan alignment between SEC enforcement attorneys and defendants is associated with enforcement outcomes. Internet Appendix IA.3.5 provides additional details on the defendants and the classification of their political affiliations. Figure 7 provides descriptive evidence on the political composition of the defendants (CEOs, directors, and top executives) and SEC enforcement teams. The figure reveals a pronounced contrast between the political affiliation of defendants and SEC attorneys: defendants are predominantly Republican (59%), whereas enforcement teams are majority-Democratic (71%).

The enforcement staff is likely aware of the defendants’ ideological leanings. During the investigative process, SEC attorneys examine a wide range of data about the defendants, including their communications (emails, phone records, and text messages), social media activity, professional connections (including political contributions and lobbying activity), and financial and accounting records. This information can reveal political orientation directly (e.g., donations, party registrations, or membership in partisan organizations) or indirectly (e.g., commentary on social issues). Even if a CEO’s ideological stance is missing from these sources, it may be revealed via various interactions and interviews during the investigative process. As a result, the enforcement team typically may form an (imperfect) assessment of the defendant’s ideology.

We hypothesize that political misalignment between enforcement attorneys and defendants may heighten enforcement effort, increase disagreement, and reduce the scope for compromise (Prendergast, 2007). For example, when regulators and defendants are ideologically distant, they are more likely to disagree on the interpretation of case facts and less likely to cooperate with one another. Cookson, Engelberg, and Mullins (2020) show that Republicans and Democrats make different interpretations of the same public information. Similarly, political distance could increase attorneys’ monitoring intensity and investigative effort on sensitive issues.

Finally, greater ideological distance from the defendant can reduce the enforcement attorneys' trust in the defendants' testimonies and stated motives, leading to a more severe classification of their misconduct and malicious intent. These subjective decisions need not reflect a deliberate partisan divide. Rather, they may operate subconsciously and capture an inherent divergence on core values and interpretations.

To investigate the association between political misalignment and enforcement outcomes, we estimate the following case-defendant level regression:

$$Enforcement\ Outcome_{c,d,t} = Dem_{c,t}^{\%} + \beta \cdot Rep\ Def_d \times Dem_{c,t}^{\%} + FE + \epsilon_{c,d,t} \quad (4)$$

We employ two measures of enforcement outcomes: (i) monetary sanctions, measured as the combined dollar value of civil penalties, disgorgement, and prejudgment interest, and (ii) an indicator for whether the defendant is subject to an industry or director/officer bar. Because monetary sanctions are highly skewed, we follow the guidelines in Cohn, Liu, and Wardlaw (2022) and estimate Poisson regressions in the analysis of monetary sanctions. We use linear probability models to study the likelihood of an industry or officer bar. The main independent variable is the interaction term between the share of Democratic attorneys on the enforcement team, $Dem_{c,t}^{\%}$, and an indicator for a Republican defendant, $Rep\ Def_d$, capturing how enforcement severity for Republican defendants varies with the partisan composition of the enforcement team.

Our baseline specification controls for case- and defendant-level characteristics that predict sanction severity. As discussed above, sanctions vary systematically with the statutes violated and the seriousness of the alleged misconduct; we therefore include statute fixed effects, indicators for fraud violations and DoJ involvement, an indicator for whether the SEC issues a press release,¹³ and the number of defendants in the case. To capture heterogeneity in the defendants' roles and exposure to specific sanctions, we include indicators for firms, CEOs, accountants, and brokers. We further include year fixed effects to absorb macro-level factors (e.g., changes in the presidential administration) that may influence the overall intensity of SEC enforcement. In tighter specifications, we augment the model with the enforcement team attributes (average tenure, salary, managerial share, elite education, and gender composition) to capture the role of experience, authority, and human capital that may affect enforcement outcomes. We also include defendant characteristics to account for possible aggravating factors (such as prior criminal history) and mitigating factors (such as senior age) in case outcomes, as well as for

¹³ The SEC is more likely to issue press releases for cases involving more severe violations, a pattern we confirm in the data.

the defendant's partisan alignment with the SEC Chair at the time of the case, to account for the role of SEC Commissioners in the ultimate approval of the sanctions proposed by the enforcement team. In the tightest specification – column (3) and (6) – we replace year FE with office \times year fixed effects, to absorb systematic variation in case assignment across offices with specialized expertise; and add district court fixed effects, to capture judicial environments that may affect litigation outcomes.

Table 10 shows that political misalignment between the defendants and the enforcement team is associated with more severe monetary and non-monetary sanctions. In columns (1), a higher Democratic share on the enforcement team is associated with larger monetary penalties imposed on Republican defendants relative to Democratic defendants. The estimated coefficients on $Dem_{c,t}^{\%} \times Rep Def_d$ imply that a one-standard-deviation increase in Democratic representation is associated with an average increase of \$15 million in monetary sanctions for Republican defendants relative to Democratic defendants (19% of their standard deviation). For comparison, this effect is somewhat smaller than an increase in case severity (proxied by the DOJ involvement). The point estimates remain stable after adding additional controls and fixed effects in columns (2) and (3), suggesting that the effect of political misalignment appears distinct from a wide array of defendant and case attributes.¹⁴ In contrast, the interaction terms involving independent defendants are small and statistically insignificant, indicating that the association is concentrated among partisan defendants.

Columns (4)–(6) show that Republican defendants are significantly more likely to receive bars when the enforcement team has a higher fraction of Democratic attorneys. The estimated coefficients imply that a one-standard-deviation increase in Democratic representation is associated with a 21-22% increase (relative to the mean) in the likelihood of a bar for Republican defendants relative to Democratic defendants. Consistent with the penalty results, we find no significant differences for independent defendants.

In summary, political misalignment between the defendants and the SEC enforcement attorneys is associated with stricter monetary and non-monetary sanctions. These effects hold for similar-statute violations and cases investigated by the same SEC office and under the same SEC Commissioners.

¹⁴ Note that administrative case dummy is subsumed by court fixed effects.

6.4 Selection in Case Assignments

It is possible that the association between defendants' partisan alignment with the enforcement attorneys and subsequent case outcomes is driven by the attorneys' selection into specific cases. For example, if Democratic attorneys are more likely to be assigned to egregious cases with Republican defendants, the association between partisan misalignment and penalties could be driven by selection on case severity. While we include controls for observable case characteristics, they could miss unobserved case attributes relevant for outcomes.

To investigate the role of partisan alignment in case selection, Table 11 studies the allocation of legal cases to SEC offices (Panel A) and attorneys (Panel B). In Panel A, the unit of observation is an office–case, and the dependent variable is an indicator equal to 100 if an office is selected to litigate a given enforcement action, and 0 otherwise. The variable of interest is the interaction term between the indicator for an SEC office with an above-median share of Democrat attorneys, *High Dem Office*, and the fraction of Republican defendants, *%Rep Def*. The latter variable is standardized by subtracting its mean and dividing by its standard error. Other independent variables include institutional office characteristics that matter in SEC litigation, such as the office headcount, geographic jurisdiction, education credentials, and experience with the case type, among others.

We find no evidence that offices with a greater Democratic tilt are assigned cases with Republican defendants. The coefficients on the interaction term *High Dem Office* \times *%Rep Def* are small and statistically insignificant. Instead, the evidence indicates that the assignment of cases to SEC offices is strongly related to institutional and organizational characteristics, such as the SEC office's geographic jurisdiction, prior experience with the case type, headquarters status, and involvement in non-disclosure-related allegations.

Panel B of Table 11 studies the assignment of cases to litigating attorneys within an SEC office. The unit of observation is a case–defendant–attorney, and the dependent variable is an indicator that equals 100 if an attorney is assigned to the case, and 0 otherwise. The key independent variable, *Misaligned Party*, indicates whether the attorney and defendant have opposing political affiliations. Other independent variables measure the attorney's professional and personal characteristics, such as seniority, tenure, expertise with the case type, compensation, and demographics. We find no evidence that attorneys are systematically assigned to cases with politically misaligned defendants. Instead, case assignments appear to be strongly related to an attorney's expertise and professional credentials. In particular, the likelihood of a case assignment is positively related to an attorney's subject matter expertise, seniority, managerial role, and prior activity in case investigations.

In summary, we do not find evidence that partisan affiliation affects case assignments to regional offices or to individual attorneys. In contrast, case assignments reflect the office's jurisdiction and staffing, as well as the attorney's expertise and professional credentials. While this evidence does not support partisan sorting in case assignments, it does not resolve all forms of endogenous selection. A perfect treatment of endogeneity in case outcomes would require a random assignment of SEC attorneys to cases. Since this is difficult to achieve in the field under the current institutional regime, our evidence should be interpreted as associations.

7 Conclusion

This paper studies the partisan composition of government personnel tasked with enforcing financial regulation. Focusing on SEC, we find that Democratic-leaning attorneys far outnumber their Republican-leaning counterparts under every political regime over the past few decades. This pattern reflects a combination of institutional features, such as the agency's tendency to hire locally and from certain feeder schools, as well as the attributes of government jobs that appear to induce partisan selection. We find that the political ideology of government bureaucrats has implications for financial regulation beyond the role of political appointees and is associated with changes in enforcement volume and the severity of sanctions.

The U.S. federal government employs over two million civil servants responsible for day-to-day decisions that permeate most spheres of the economy, ranging from agriculture and transportation to trade and defense. By looking inside one government agency, our paper makes a step towards a better understanding of the sources and consequences of the partisan composition of unelected government agents. Our results highlight the important role of individual civil servants in policy enforcement. While we focus on an agency tasked with capital market regulation, we hope that future work will expand this scope of inquiry and provide novel insights into the inner workings of other government institutions.

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Figure 1: Initial Placements After Law School

This figure shows the distribution of initial job placements of SEC attorneys after graduating from law school.

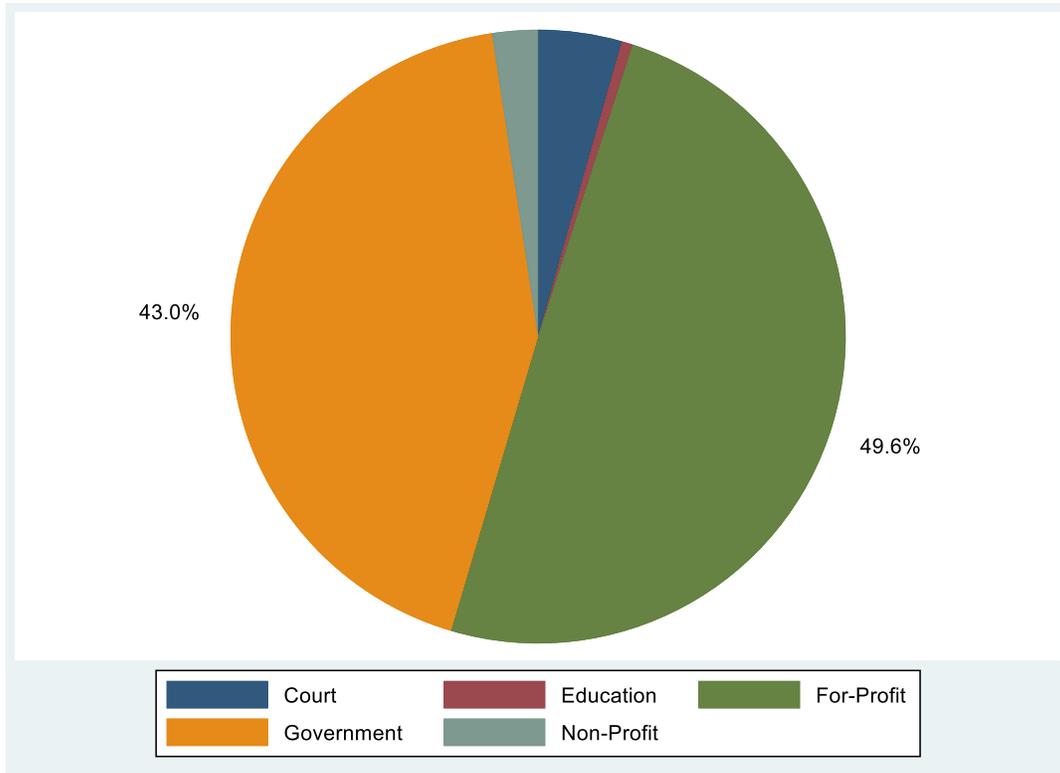
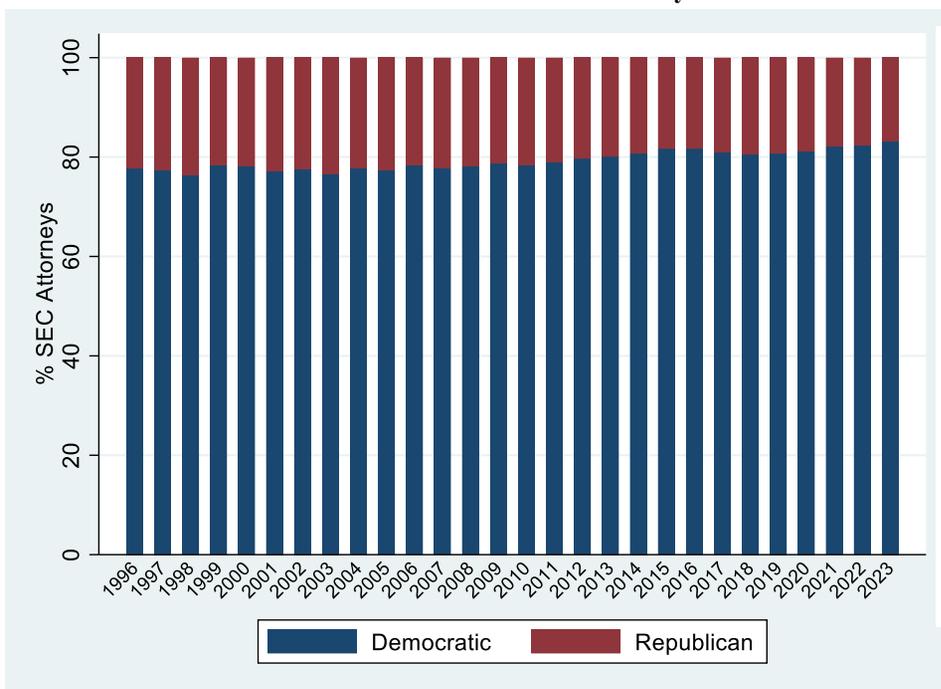


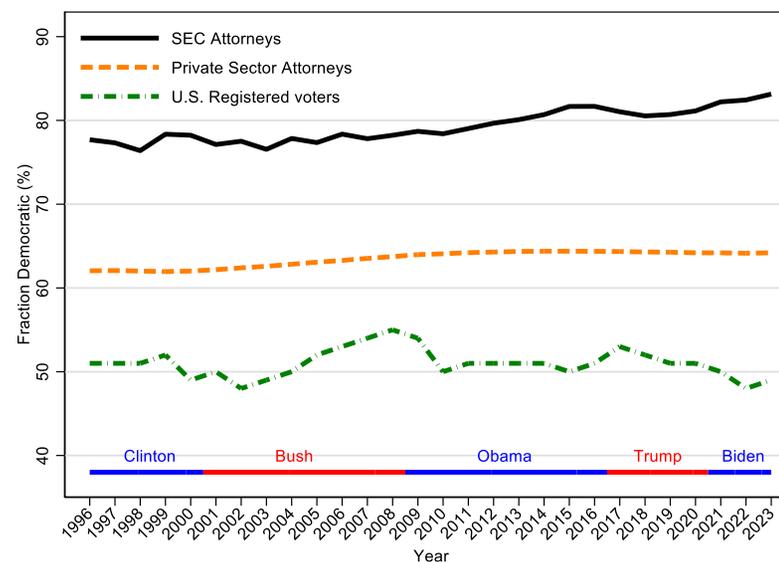
Figure 2: Party Affiliation from Voter Records

Panel A shows the annual share of SEC attorneys registered as Democrats or Republicans from 1996 to 2023. The blue portion of each bar represents the percentage of SEC attorneys registered as Democrats, and the red portion represents the percentage registered as Republicans. Panel B compares the annual share of Democrats among SEC attorneys (black solid line); private sector attorneys, who have never worked in the public sector or for a nonprofit (orange dashed line); and registered U.S. voters (green dashed line). Presidential administrations are indicated along the horizontal axis. Panel C shows the political leaning of SEC attorneys by office location. For each SEC office, the blue portion of the bar represents the percentage of attorneys registered as Democrats, and the red portion represents the percentage registered as Republicans. Panel D reports the political leaning of new SEC attorney hires across presidential administrations.

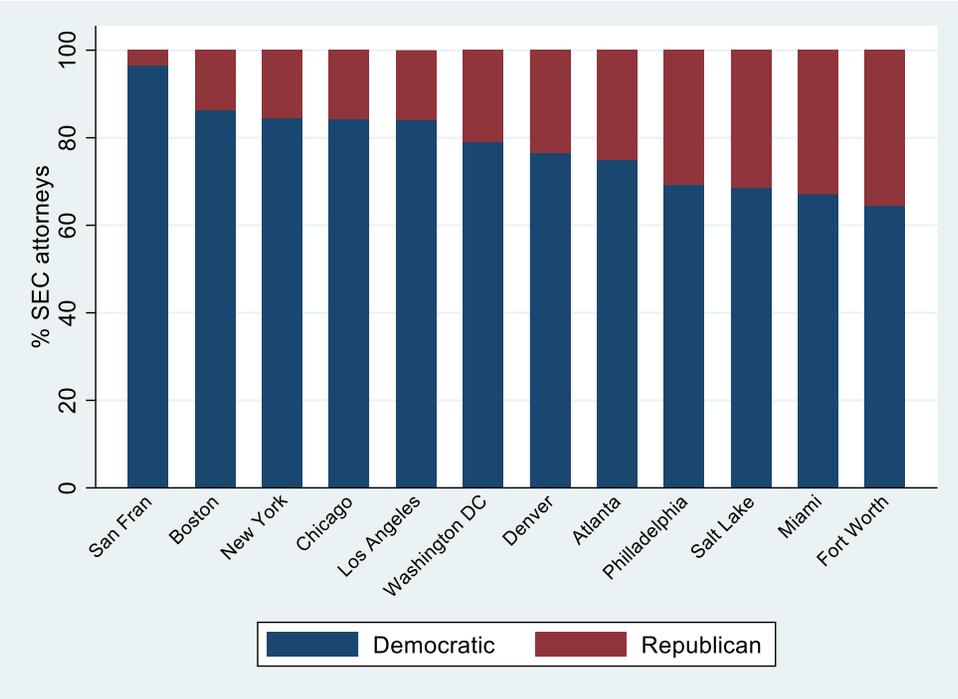
Panel A: Political Affiliation of SEC Attorneys Over Time



Panel B: Political Affiliation vs Private Sector Attorneys, & U.S. Voters



Panel C: Political Affiliation by Office



Panel D: Political Affiliation of New Hires

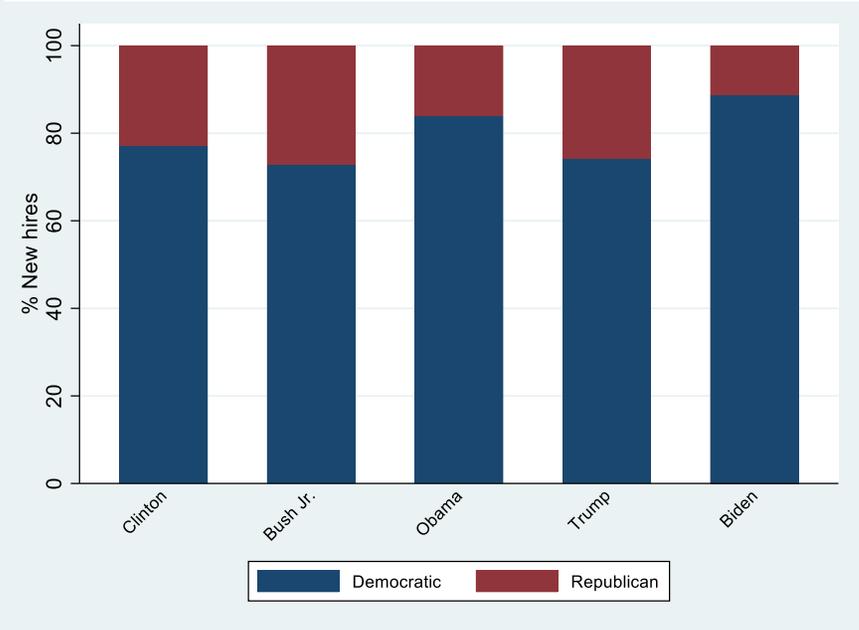
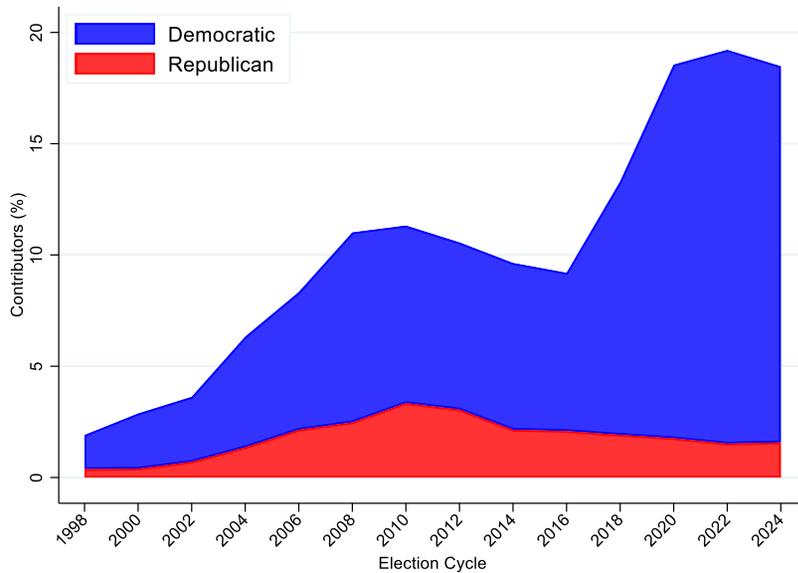


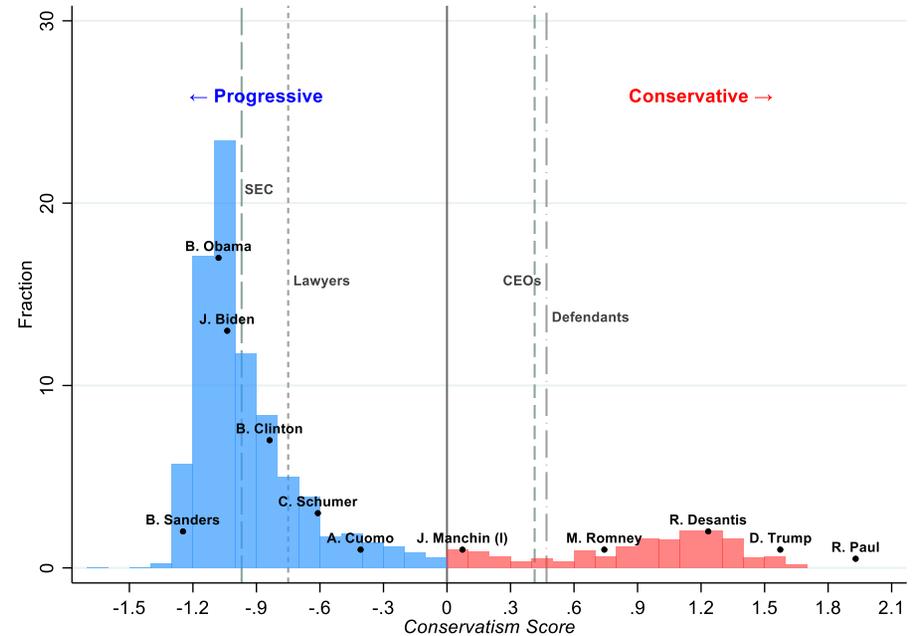
Figure 3: Political Donations of SEC Attorneys

This figure illustrates the political leaning of SEC attorneys based on political donations. Panel A shows the share of attorneys making political contributions over time. The blue shaded area represents the percentage of contributors donating to Democratic candidates, while the red shaded area represents the percentage donating to Republican candidates. Values are smoothed using a two-election-cycle rolling average to reduce short-term variation and highlight longer-term trends. Panel B displays the distribution of SEC donors across the conservatism score (CFscore) developed by Bonica (2014), with negative values indicating a more progressive orientation and positive values indicating a more conservative orientation. Panel C plots the change in the composition of SEC donors between 1996 and 2023 across different CFscores. Panel D plots the political leaning of the median SEC attorney over time, using the progressive score defined as CFscore multiplied by -1.

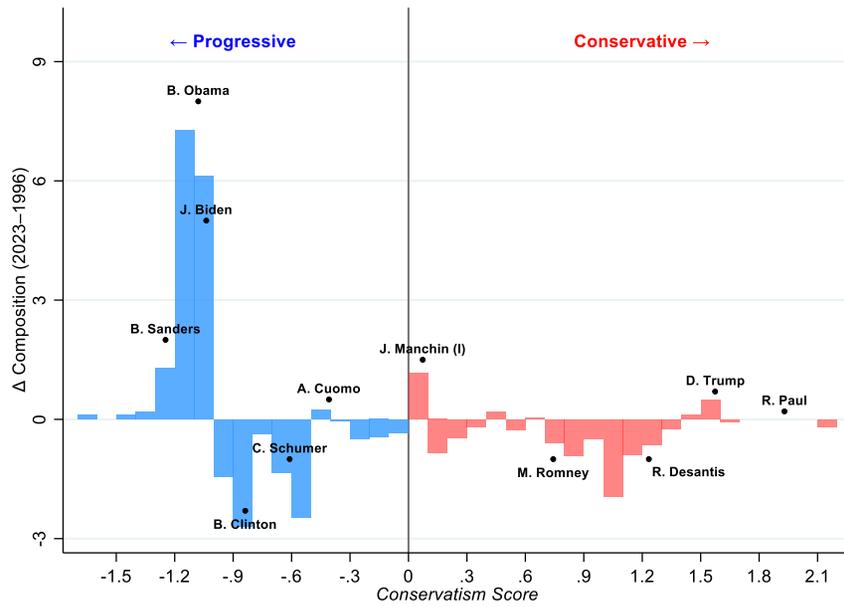
Panel A: Extent and Composition of SEC Donations



Panel B: Distribution of SEC Ideology



Panel C: Changes in the Distribution of SEC Ideology



Panel D: Political Leaning of the Median SEC Attorney Over Time

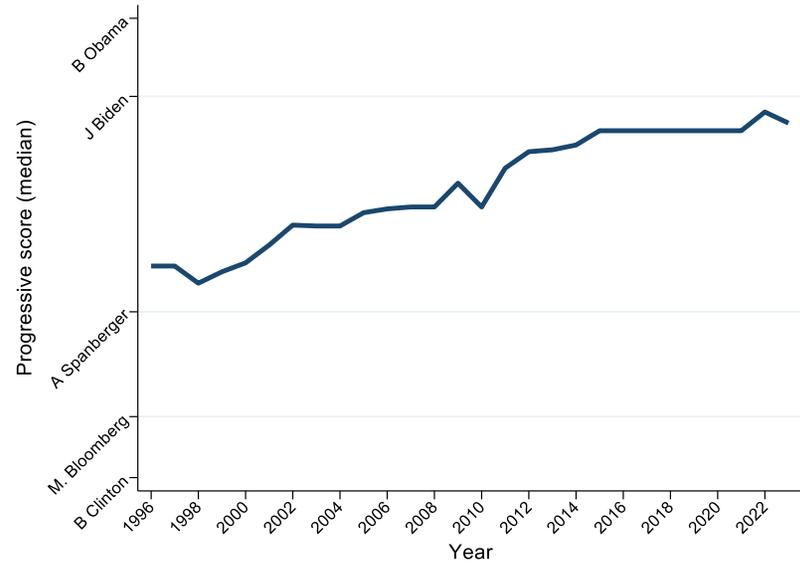


Figure 4: Annual Pay Growth Before and After the SEC's Pay Reform

This figure plots the average annual percentage increase in SEC attorney pay from 1998 to 2005. The vertical dashed lines mark the introduction of special pay authority in 2001 and the implementation of pay parity in 2002.

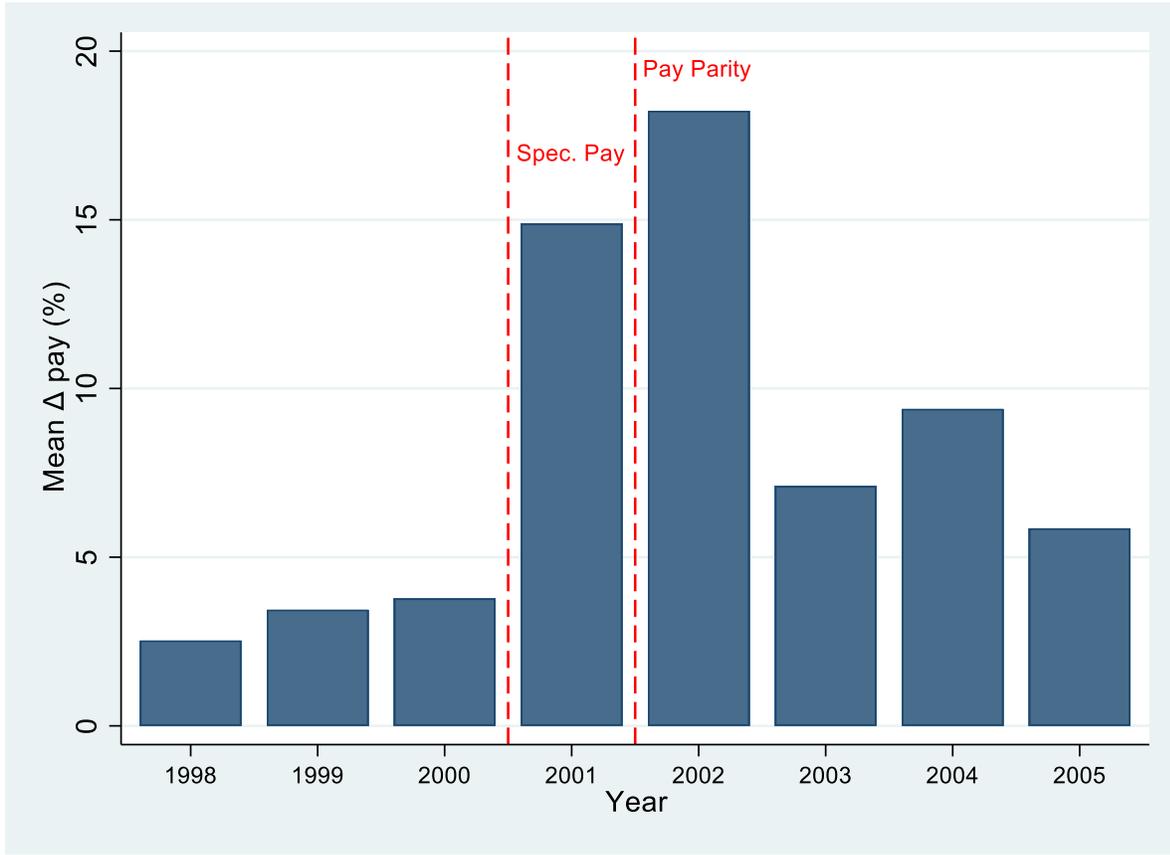


Figure 5: Origin of SEC Attorneys

This figure presents county-level origins of SEC attorneys. A circle size is proportional to the number of SEC attorneys from that county. Counties with a majority of Democratic voters (based on the 2008 presidential elections) are shaded in blue, and those with a majority of Republican voters are shaded in red; darker shades indicate stronger partisan leanings. For example, a county with a strong Democratic majority appears in darker blue, while one with a strong Republican majority appears in darker red. The SEC logos indicate the location of SEC offices.

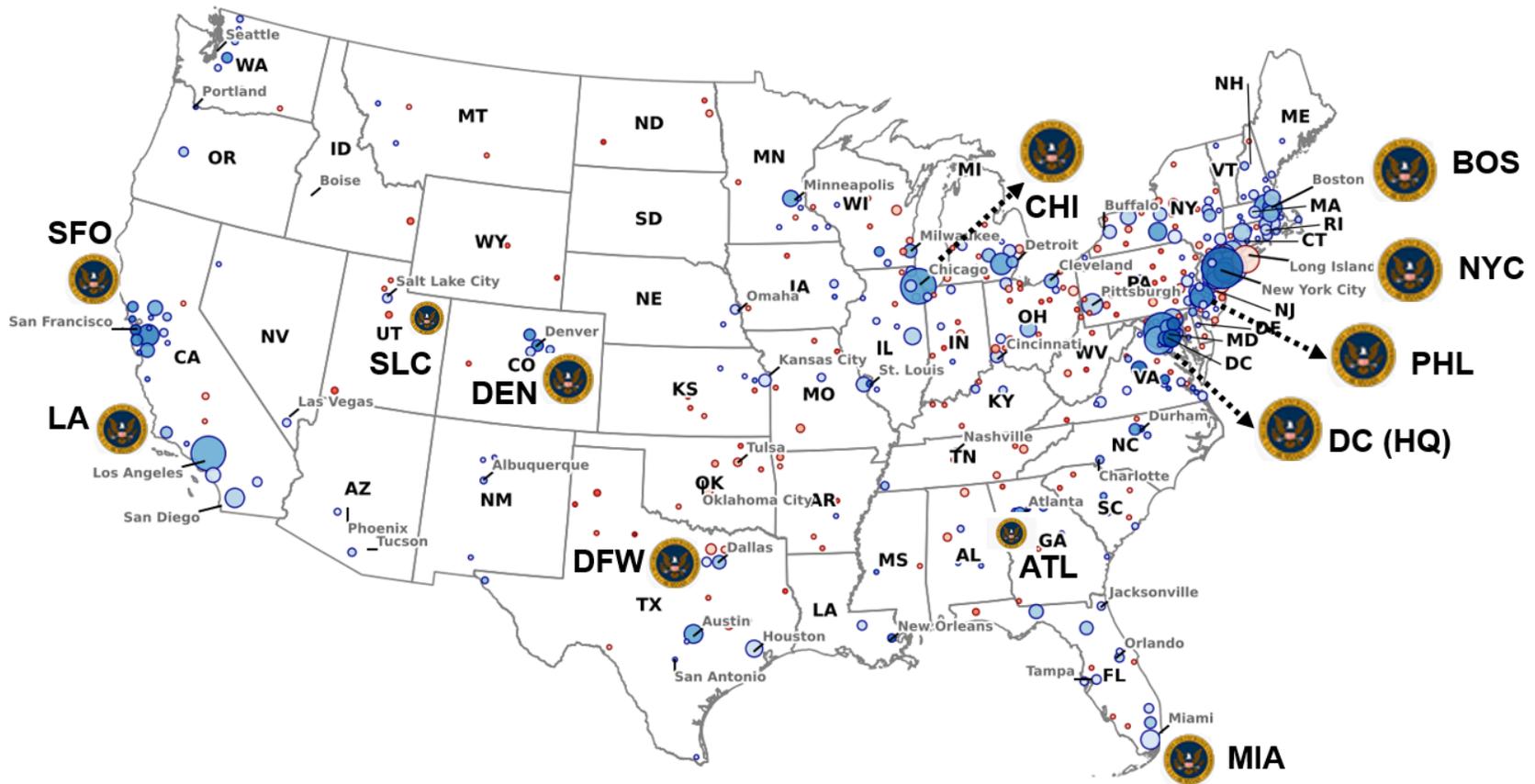


Figure 6: Law School Ideology and Representation among SEC Attorneys

This figure illustrates the relationship between the political leaning of law schools and their representation among the population of SEC attorneys. The horizontal axis reports each law school's progressive score, and the vertical axis shows the fraction of SEC attorneys in the sample who graduated from that school. Schools with a strong Democratic tilt are shaded in blue, and those with a strong Republican tilt are shaded in red.

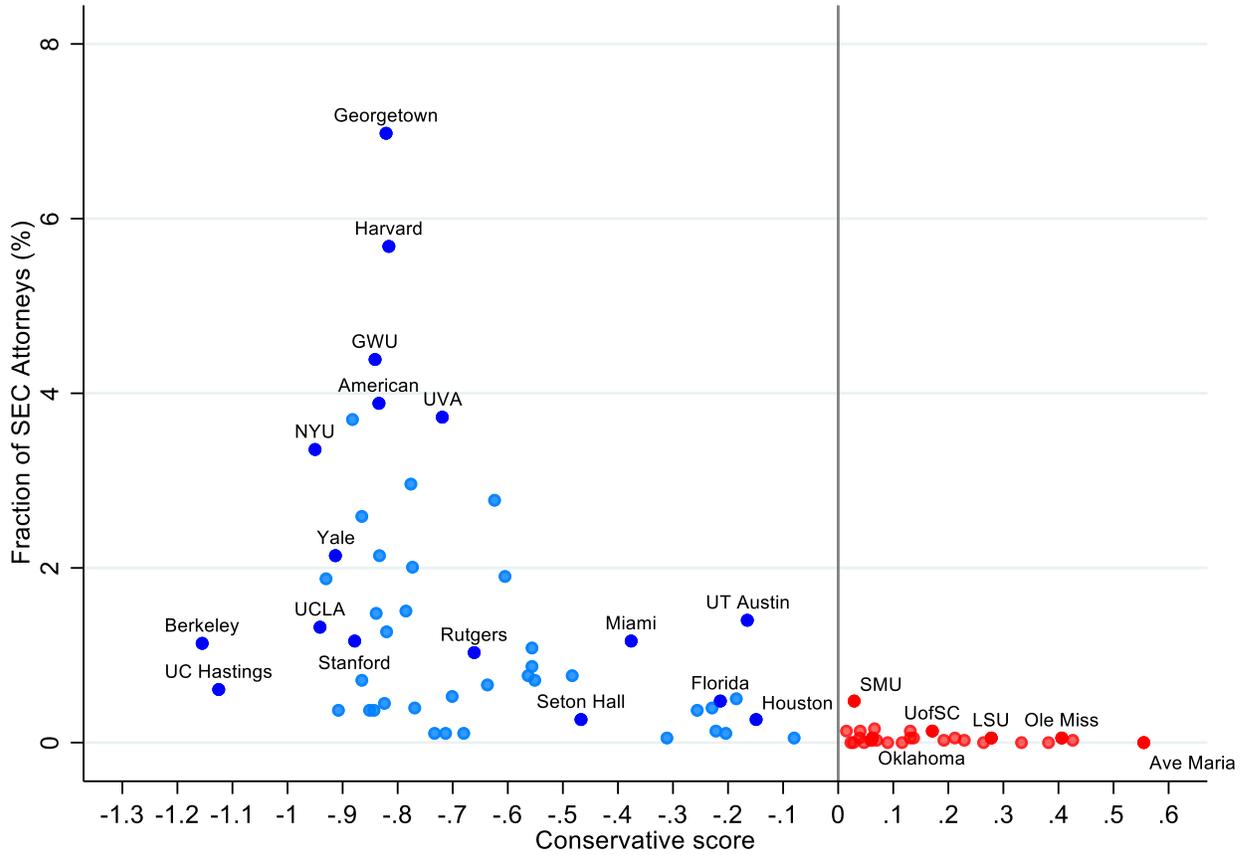


Figure 7: Political Affiliation of Defendants and Enforcement Attorneys

This figure reports the political affiliation of defendants and SEC enforcement attorneys. Individual defendant's political affiliation is measured using voter registration records and political contribution data. Firm defendant's political affiliation is proxied using the political leaning of its CEO. The political affiliation of SEC enforcement teams reflects the political leaning of all attorneys listed in complaints or SEC press releases for each case. Values represent shares within each group.

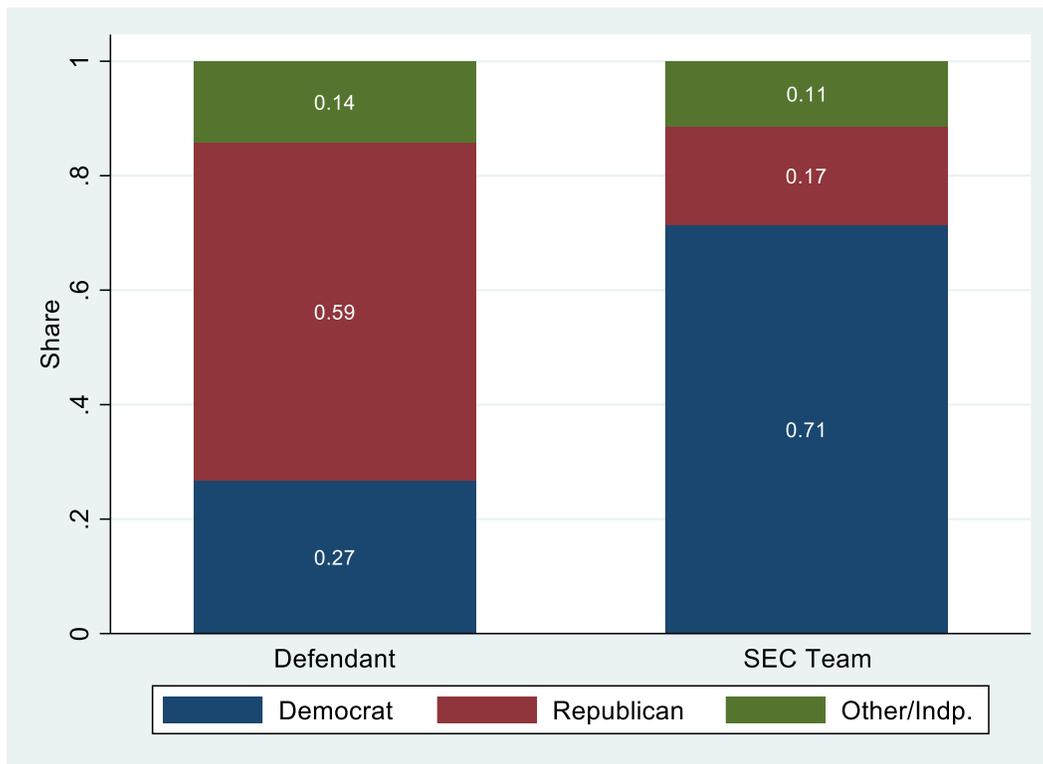


Table 1: Summary Statistics – SEC Attorneys

This table presents summary statistics for 4,457 SEC attorneys in the sample. Variables are grouped into five categories: demographics, education, career trajectory, financial attributes, and political leaning. For each variable, we report the mean, the 25th, 50th, and 75th percentiles, and the standard deviation. Variable definitions are in Table A1.

	Mean	P25	P50	P75	SD
Panel A: Demographics, Education, Career					
<i>Demographics</i>					
Male	0.58	0.00	1.00	1.00	0.49
Age	40.44	34.50	39.00	45.00	8.38
Immigrant	0.02	0.00	0.00	0.00	0.13
Minority	0.24	0.00	0.00	0.00	0.43
<i>Education</i>					
Top14 Law School	0.37	0.00	0.00	1.00	0.48
LSAT percentile	80.80	71.60	89.80	94.50	17.34
PhD	0.01	0.00	0.00	0.00	0.09
MBA	0.05	0.00	0.00	0.00	0.21
Other Master	0.11	0.00	0.00	0.00	0.32
Ivy League (Bachelor)	0.13	0.00	0.00	0.00	0.33
Top 20 (Bachelor)	0.19	0.00	0.00	0.00	0.40
<i>Professional career</i>					
SEC Tenure (Years)	11.65	4.00	8.00	17.00	9.82
Rulemaker	0.16	0.00	0.00	0.00	0.37
Max Rank	14.38	14.00	14.00	15.00	1.01
Regional Office Experience	0.39	0.00	0.00	1.00	0.49
Only SEC	0.09	0.00	0.00	0.00	0.29
1st Placement SEC	0.16	0.00	0.00	0.00	0.37
<i>Financial attributes</i>					
Median Salary (\$000s)	210.83	168.96	217.55	247.48	51.94
Avg Bonus (\$000s)	3.07	1.44	2.20	3.72	3.06
% Years with Bonus	0.34	0.09	0.33	0.50	0.27
Homeowner	0.75	1.00	1.00	1.00	0.43
#Properties currently owned	1.79	1.00	1.00	2.00	1.31
Primary home purchase price (\$000s)	838.68	390.00	638.00	951.25	3235.90
Mkt value RE assets (\$000s)	1524.54	696.90	1057.75	1678.34	3036.42
Panel B: Political attributes					
Registered Voter	0.85	1.00	1.00	1.00	0.36
Donor	0.50	0.00	1.00	1.00	0.50
\$ Total Contributions (\$000s)	16.91	0.41	1.73	7.58	89.44
# Total Contributions	40.19	3.00	9.00	30.00	231.23
\$ Contributed at SEC (\$000s)	2.65	0.17	0.48	1.49	14.89
# Contributed at SEC	7.25	1.00	3.00	7.00	15.28
% Donated to Democrat (\$)	0.73	0.50	0.97	1.00	0.38
% Donated to Republican (\$)	0.15	0.00	0.00	0.03	0.32
Dem Voter	0.62	0.00	1.00	1.00	0.49
Rep Voter	0.17	0.00	0.00	0.00	0.37

Table 2: Comparison of SEC and Private Sector Attorneys

This table compares the characteristics of 4,457 SEC attorneys with 161,452 private sector attorneys, where the latter are defined as attorneys who have never worked for the government nor for a nonprofit organization. Variables are grouped into five categories: demographics, education, career trajectory, financial attributes, and political leaning. For each variable, the table reports the mean for SEC attorneys, the mean for private sector attorneys, the difference in means, and the corresponding t-statistics. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Variable definitions are in Table A1.

	SEC	Private Sector	Difference
Panel A: Demographics, Education, Career			
<i>Demographics</i>			
Male	0.583	0.550	0.032***
Immigrant	0.015	0.009	0.007***
Minority	0.242	0.167	0.075***
Age Grad Law School	26.830	27.376	-0.547***
<i>Professional career</i>			
LSAT percentile	80.797	70.120	10.677***
Top 14 Law School	0.372	0.136	0.236***
Ivy League (Bachelor)	0.128	0.064	0.065***
Top 20 (Bachelor)	0.194	0.128	0.066***
PhD	0.008	0.003	0.004***
MBA	0.047	0.045	0.002
Other Master	0.111	0.077	0.034***
<i>Career trajectory</i>			
1 st Job placement in home state	0.261	0.428	-0.167***
Tenure per employer	7.354	10.671	-3.317***
Panel B: Political attributes			
Dem Voter	0.617	0.462	0.155***
Rep Voter	0.169	0.255	-0.086***
Inde/Other/Switcher Voter	0.214	0.282	-0.069***

Table 3: Political Leaning and Post–Law School Career Paths

This table examines how political leaning is associated with career choices after law school. The key independent variable is *Dem Voter*, an indicator equal to one if an attorney is a registered Democratic voter and zero otherwise. The sample excludes independent voters, voters affiliated with other parties, and party switchers. *Top 14 Law School* is an indicator equal to one if the attorney graduated from a Top 14 law school and zero otherwise. Panels A, B, and C report estimates from linear probability models. Panel A presents results for the full sample, where the dependent variable equals 100 if an attorney joined the government or a nonprofit organization in any year after graduating from law school and zero otherwise. Panel B restricts the sample to attorneys who either joined the SEC or worked only in the private sector after graduation, with the dependent variable equal to 100 if the attorney joined the SEC post-graduation. Panel C restricts the sample to attorneys who joined the public or nonprofit sector after graduation, with the dependent variable equal to 100 if the attorney joined the SEC post-graduation. Panel D reports estimates from a multinomial logit model, where the omitted category is joining the private sector post-graduation. Magnitude (% of Mean) is the percentage effect of *Dem Voter* relative to the sample mean of the dependent variable. Standard errors, clustered by the state of the attorney’s law school, are reported in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A: Full Sample							
Outcome:	I(Public service)						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>Dem Voter</i>	12.62***	10.13***	8.82***	8.31***	8.04***	7.69***	7.16***
	(0.56)	(0.47)	(0.50)	(0.47)	(0.43)	(0.46)	(0.38)
<i>Top 14 Law School</i>					3.68***	3.07*	
					(1.26)	(1.64)	
R2	0.014	0.123	0.131	0.147	0.148	0.163	0.198
N	245,574	245,574	245,574	209,023	209,023	209,023	209,023
Magnitude (% of Mean)	19.72	15.82	13.78	12.67	12.26	11.72	11.18
Panel B: SEC vs Private Sector							
Outcome:	I(SEC)						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>Dem Voter</i>	1.43***	1.46***	1.41***	1.38***	1.11***	0.98***	0.80***
	(0.24)	(0.24)	(0.22)	(0.22)	(0.20)	(0.16)	(0.14)
<i>Top 14 Law School</i>					4.23***	3.33***	
					(0.45)	(0.63)	
R2	0.002	0.005	0.049	0.080	0.089	0.122	0.178
N	88,691	88,691	88,691	72,334	72,334	72,334	72,334
Magnitude (% of Mean)	61.77	63.09	61.08	54.57	43.91	38.99	34.28
Panel C: SEC vs Other Public Service/Nonprofit							
Outcome:	I(SEC)						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>Dem Voter</i>	0.24***	0.35***	0.46***	0.40***	0.26***	0.18**	0.05
	(0.08)	(0.08)	(0.09)	(0.10)	(0.09)	(0.09)	(0.09)
<i>Top 14 Law School</i>					1.99***	1.66***	
					(0.35)	(0.37)	
R2	0.000	0.009	0.054	0.082	0.086	0.111	0.159
N	153,345	153,345	153,345	133,816	133,816	133,816	133,816
Magnitude (% of Mean)	17.93	26.48	34.18	29.20	18.98	13.54	3.87
Cohort FE	No	Yes	No	No	No	No	No
Cohort x Gender FE	No	No	Yes	Yes	Yes	Yes	Yes
Cohort x Race FE	No	No	Yes	Yes	Yes	Yes	Yes
Cohort x State Origin FE	No	No	No	Yes	Yes	Yes	Yes
Cohort x JD State FE	No	No	No	No	No	Yes	No
Cohort x Law School FE	No	No	No	No	No	No	Yes
Panel D: Multinomial Logit							
Outcome:	I(non-SEC Public service)			I(SEC)			
	(1)			(2)			
<i>Democratic</i>	0.459***			0.591***			
	(0.0203)			(0.056)			
Magnitude (% of Mean)	14.32%			32.41%			
Cohort	Yes			Yes			
Top14	Yes			Yes			
N	239,974			239,974			
Pseudo R2	0.1013			0.1013			

Table 4: Political Affiliation and Exit

This table examines the relationship between political leaning and the likelihood of exiting the SEC. The dependent variable equals 100 if an attorney left the SEC in the following year and zero otherwise. The key independent variable is *Dem*, an indicator equal to one if an attorney is a registered Democratic voter or donor and zero otherwise. The sample excludes attorneys whose political affiliation is neither Democratic nor Republican. *Male* is an indicator equal to one if the attorney is male; *Immigrant* is an indicator equal to one if the attorney obtained a Social Security number after age 20; and *Local Origin* is an indicator equal to one if the attorney's home state matches the state of the SEC office where they work. Magnitude (% of Mean) is the percentage effect of *Dem* relative to the sample mean of the dependent variable. Standard errors, clustered at the attorney level, are reported in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Outcome	<i>Exit</i>				
	(1)	(2)	(3)	(4)	(5)
<i>Dem</i>	-1.56*** (0.40)	-1.55*** (0.41)	-1.50*** (0.47)	-1.40*** (0.48)	-1.93** (0.96)
<i>Male</i>		0.85*** (0.29)	0.98*** (0.34)	0.93*** (0.35)	1.53** (0.72)
<i>Immigrant</i>			1.63 (1.65)	1.86 (1.69)	2.37 (2.55)
<i>Local Origin</i>			-0.93* (0.50)	-0.91* (0.53)	-0.61 (1.14)
Year FE	Yes	No	No	No	No
Office x Year FE	No	Yes	Yes	No	No
Office x Rank x Year FE	No	No	No	Yes	Yes
Law School x SEC Cohort FE	No	No	No	No	Yes
R2	0.015	0.025	0.031	0.068	0.181
N	31,346	31,240	23,752	23,745	18,792
Magnitude (% of Mean)	-23.42	-23.25	-22.56	-20.97	-26.54

Table 5: Political Affiliation and Career Achievement

This table examines the relationship between political leaning and career achievement at the SEC. We report estimates from ordinary least squares (OLS) models. In columns 1 and 2, the dependent variable equals 100 if an attorney achieved entry-level managerial status during their SEC career and zero otherwise. In columns 3 and 4, the dependent variable equals 100 if an attorney achieved executive status during their SEC career and zero otherwise. The key independent variable is *Dem*, an indicator equal to one if an attorney is a registered Democratic voter or donor and zero otherwise. The sample excludes attorneys whose political affiliation is neither Democratic nor Republican. *Male* is an indicator equal to one if the attorney is male; *Top 14 Law School* is an indicator for an elite law school; *Near DC Origin* is an indicator equal to one if the attorney's home state is in Washington, D.C., Maryland, or Virginia; and *Regional Office* is an indicator equal to one if the attorney has ever worked at an SEC regional office. Magnitude (% of Mean) is the percentage effect of *Dem* relative to the sample mean of the dependent variable. Standard errors, clustered at the attorney level, are reported in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Outcome	<i>Manager</i>		<i>Executive</i>	
	(1)	(2)	(3)	(4)
<i>Dem</i>	4.26** (1.88)	3.73* (2.02)	3.48** (1.67)	3.06* (1.80)
<i>Male</i>	2.79* (1.51)	1.15 (1.63)	1.90 (1.35)	1.42 (1.45)
<i>Top 14 Law School</i>		6.22*** (1.67)		7.82*** (1.55)
<i>Near DC Origin</i>		0.95 (2.70)		-0.08 (2.41)
<i>Regional Office</i>		-0.21 (1.66)		1.66 (1.51)
SEC Cohort FE	Yes	Yes	Yes	Yes
R2	0.150	0.162	0.094	0.112
N	3,395	2,923	3,395	2,923
Magnitude (% of Mean)	15.59	15.12	16.97	15.44

Table 6: Political Affiliation and Post-SEC Destination

This table examines the relationship between political affiliation and post-SEC career choices, excluding internal transfers within the government. In Columns 1–4, the dependent variable equals 100 if an attorney joins a nonprofit organization after leaving the SEC. In Columns 5–8, the dependent variable equals 100 if an attorney joins a nonprofit financial regulator (i.e., the PCAOB or FINRA). The key independent variable is *Dem*, an indicator equal to one if an attorney is a registered Democratic voter or donor and zero otherwise. Attorneys with neither Democratic nor Republican affiliation are excluded from the sample. *Male* equals one if the attorney is male. *Log(Tenure)* is the natural logarithm of years worked at the SEC. *Top 14 Law school* equals one if the attorney graduated from a top 14 law school. *Immigrant* equals one if the attorney obtained a Social Security number after age 20. Magnitude (% of Mean) is the percentage effect of *Dem* relative to the sample mean of the dependent variable. Standard errors, clustered at the attorney level, are reported in parentheses. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

Outcome:	<i>NonProfit</i>				<i>FinRegulator</i>			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Dem</i>	5.22** (2.28)	5.00** (2.31)	4.38* (2.37)	4.34* (2.62)	2.33 (1.42)	2.68* (1.44)	2.84* (1.47)	2.76* (1.60)
<i>Male</i>			-3.67 (2.31)	-3.86 (2.48)			-0.42 (1.41)	-1.08 (1.58)
<i>Log(Tenure)</i>			4.47*** (1.63)	5.17*** (1.76)			2.82*** (0.86)	3.00*** (0.96)
<i>Top 14 Law School</i>			1.96 (2.22)	1.61 (2.43)			-1.32 (1.35)	-2.27 (1.51)
<i>Immigrant</i>			-10.05* (5.56)	-10.82* (6.55)			0.84 (5.14)	1.31 (5.61)
Office FE	Yes	Yes	Yes	No	Yes	Yes	Yes	No
Exit Year FE	No	Yes	Yes	No	No	Yes	Yes	No
Office x Exit Year FE	No	No	No	Yes	No	No	No	Yes
R2	0.017	0.039	0.054	0.114	0.018	0.039	0.048	0.084
N	1,209	1,209	1,177	1,177	1,209	1,209	1,177	1,177
Magnitude (% of Mean)	34.27	32.85	28.79	28.55	46.10	53.06	56.30	54.73

Table 7: The Role of Pecuniary Motives

This table examines how pecuniary incentives shape the SEC’s liberal tilt. In all panels, *Dem (Rep)* equals one if the attorney is a registered Democratic (Republican) voter or donor. In Panel A, the outcome is the pay differential between the private sector and the SEC at the time of entry (columns 1–3); an indicator multiplied by 100 for joining the SEC immediately after law school (columns 4–6); or an indicator multiplied by 100 for joining the SEC as a law clerk (columns 7–9). Magnitude (% of SD) and Magnitude (% of Mean) report the size of the estimated Republican effect relative to the sample standard deviation and mean of the dependent variable, respectively. In Panel B, the outcome equals 100 if the attorney leaves the SEC in the following year. *Private–Public Pay Gap (%)* is calculated as $Private\ pay_{it+1}/SEC\ Pay_{it} - 1$ and standardized by subtracting the mean and dividing by the standard deviation. *Effect on Dem* and *P-value of effect on* report the change in Democratic attorneys’ outcome propensity, as *Private–Public Pay Gap (%)* increases by 1-SD relative to its mean, and the corresponding p-value of a test of equality to zero. In Panel C, the outcome variable is similar to Panel B, but the sample is restricted to attorneys employed at the SEC prior to 2001 and to a ± 3 -year window around the pay reform, and *Post* equals one for years 2001 and later. In Panel D, the outcome equals 100 if the attorney joins a nonprofit rather than the private sector. Variable definitions are in Table A1. Standard errors, clustered at the attorney level, are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Entry Timing									
Outcome:	Private Sector – SEC Pay			Fresh Graduate			Law Clerk		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Rep</i>	-9,001.0** (4128.9)	-9,871.5** (4,970.4)	-11,427.7** (5,133.6)	8.3*** (3.1)	9.4*** (3.6)	10.5*** (3.6)	8.2*** (2.6)	11.0*** (3.1)	9.4*** (3.1)
<i>Male</i>		-2,763.5 (4,565.6)	-1,181.4 (4,663.4)		-3.7 (3.0)	-5.7* (3.1)		-4.0 (2.5)	-1.7 (2.5)
<i>Local Origin</i>		4,598.9 (6,273.6)	5,066.1 (6,465.3)		4.1 (4.5)	-0.5 (4.4)		-1.6 (3.9)	-1.2 (3.8)
<i>Immigrant</i>		13,435.1 (24,350.6)	13,688.3 (21,380.6)		-11.5 (12.5)	-9.1 (16.3)		-16.0*** (3.2)	-11.4** (5.8)
<i>Top 14 Law School</i>			-135.4 (5286.2)			-11.6*** (3.0)			-16.5*** (2.3)
Office FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Graduation year FE	No	No	Yes	No	No	Yes	No	No	Yes
R2	0.032	0.040	0.205	0.032	0.040	0.271	0.060	0.081	0.234
N	1,043	714	640	1,266	913	805	1,318	943	835
Magnitude (% of SD)	-14.84	-16.27	-18.98						
Magnitude (% of Mean)				32.87	37.52	41.90	32.67	43.99	37.54

Panel B: Exit Timing			
Outcome:		Exit	
<i>Private-Public Pay Gap (%)</i>	0.99** (0.43)	1.08* (0.61)	2.18*** (0.65)
<i>Dem x Private-Public Pay Gap (%)</i>	-0.92** (0.45)	-1.16** (0.55)	-1.16** (0.55)
<i>Dem</i>	-1.32*** (0.41)	-1.45*** (0.48)	-1.33*** (0.49)
<i>Male</i>	1.00*** (0.29)	1.02*** (0.35)	1.02*** (0.35)
<i>Immigrant</i>		2.71 (1.90)	2.93 (1.87)
<i>Local Origin</i>		-0.91* (0.52)	-0.78 (0.54)
Controls x Private-Public Pay Gap (%)	No	Yes	Yes
Year FE	Yes	No	No
Office x Year FE	No	Yes	No
Office x Rank x Year FE	No	No	Yes
R2	0.011	0.027	0.063
N	28,766	21,694	21,694
<i>Effect on Dem</i>	0.06	-0.08	1.02
<i>P-value of effect on Dem</i>	0.78	0.83	0.01
Panel C: SEC Pay Reform and Exits			
Outcome:		Exit	
	(1)	(2)	(3)
<i>Rep</i>	5.74*** (1.70)	6.08*** (1.72)	5.86*** (1.77)
<i>Rep x Post</i>	-4.11** (2.09)	-4.45** (2.12)	-4.17* (2.17)
Year FE	Yes	No	No
Office x Year FE	No	Yes	No
Office x Rank x Year FE	No	No	Yes
R2	0.017	0.033	0.089
N	5,532	5,532	5,532
Panel D: Destination Choice Timing			
Outcome:		NonProfit	
	(1)	(2)	(3)
<i>Private-Public Pay Gap (%)</i>	-8.21*** (2.31)	-10.19*** (2.61)	-8.83*** (2.93)
<i>Dem x Private-Public Pay Gap (%)</i>	5.61** (2.21)	6.73*** (2.50)	6.76*** (2.55)
<i>Dem</i>	1.71 (2.68)	1.80 (2.95)	1.81 (3.04)
<i>Male</i>	-4.46* (2.55)	-4.30 (2.80)	-4.86* (2.81)
<i>Log(Tenure)</i>			3.73* (2.11)
<i>Top 14 Law School</i>			1.83 (2.87)
<i>Immigrant</i>			-11.74* (6.89)
Year FE	Yes	No	No
Office x Year FE	No	Yes	Yes
R2	0.037	0.115	0.126
N	1,013	1,013	992
<i>Effect on Dem</i>	-2.61	-3.46	-2.07
<i>P-value of effect on Dem</i>	0.15	0.10	0.39

Table 8: Decompositions of the Partisan Gap

This table reports the decomposition of the gap between Democratic and Republican attorneys entering the SEC using the technique developed in Fairlie (1999). Column 1 presents the raw gap in the propensity of Democratic versus Republican attorneys to join the SEC, corresponding to the estimates from Table 3, Panel B, Column 1. Column 2 shows the share of this gap that can be explained by observable characteristics. Contributing factors are grouped into three categories: (1) Law School factors: whether the attorney attended a Top 14 law school, their LSAT percentile, law school distance to the nearest SEC office, and whether the law school was private; (2) State-of-origin factors: whether the attorney originates from a state near Washington, DC (VA, DC, MD), a state with a large regional office (NY, CA, IL), or a state with high poverty rate (LA, MS, NM, VW, KY, OK, AR, AL; source: Census (2023)); and (3) Demographic factors: gender and minority status. Subtotals for each group are reported. Equalizing contributing factors (%) reports the share of the partisan gap that would be eliminated if Democratic and Republican attorneys had identical distributions of these characteristics.

	(1)	(2)
	Partisan Entry GAP	
%Dem SEC (%)	2.823%	
%Rep SEC (%)	1.395%	
%Dem - %Rep	1.434%	
Contributing factors:		
Top 14 Law School		8.42%
LSAT Percentile		3.70%
Law School Distance to SEC Office		2.96%
Private Law School		1.03%
Law school factors (subtotal):		16.11%
State Near DC		1.59%
State with Large SEC Regional Offices		3.63%
State with High Poverty Rate		1.32%
State-of-origin factors (subtotal):		6.54%
Male		-3.93%
Minority		14.44%
Demographic factors (subtotal):		10.51%
Equalizing contributing factors (%)		33.16%

Table 9: Political Alignment and Enforcement Activity

This table examines the relationship between political alignment and enforcement activity. In Columns 1–3, the outcome is the number of enforcement cases filed by an attorney each year. In Columns 4–6, the outcome equals 100 if an attorney filed at least one enforcement case in year t and zero otherwise. In Columns 7–9, the outcome is the number of enforcement cases related to criminal charges. In Columns 10–12, the outcome equals 100 if an attorney served as the lead attorney in at least one enforcement case in year t and zero otherwise. The key independent variable is *Same Party as President*, an indicator equal to one if an attorney’s political affiliation matches that of the sitting President and zero otherwise. The sample excludes attorneys whose political affiliation is neither Democratic nor Republican. *Male* is an indicator equal to one if the attorney is male; *Log(Tenure)* is the natural logarithm of the number of years the attorney has worked at the SEC; *Top 14 Law School* is an indicator equal to one if the attorney graduated from a Top 14 law school; and *Rulemaker* is an indicator equal to one if the attorney has participated in rulemaking. Magnitude (% of Mean) measures the effect of *Same Party as President* relative to the sample mean of the dependent variable. Standard errors, clustered at the attorney level, are reported in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Outcome:	#Enforcements Cases			Enforcement Case			#Criminal Cases			Lead		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<i>Same Party as President</i>	0.16*** (0.06)	0.19*** (0.06)	0.16*** (0.05)	4.12** (1.64)	4.15** (1.64)	3.46** (1.73)	0.26*** (0.10)	0.30*** (0.10)	0.27** (0.11)	1.48 (1.18)	1.34 (1.15)	1.40 (1.03)
<i>Male</i>	0.23** (0.09)	0.27*** (0.08)		4.29** (1.81)	5.47*** (1.75)		0.17 (0.11)	0.19* (0.11)		2.42* (1.37)	3.38** (1.36)	
<i>Log(Tenure)</i>	-0.04 (0.06)	-0.03 (0.06)	0.36*** (0.08)	-3.69*** (1.34)	-4.15*** (1.37)	8.10*** (2.40)	-0.05 (0.08)	-0.04 (0.08)	0.50*** (0.13)	-0.23 (1.08)	0.24 (1.08)	3.67*** (1.34)
<i>Rulemaker</i>	-0.90*** (0.24)	-0.86*** (0.22)		-18.53*** (3.98)	-16.76*** (3.93)		-1.26*** (0.38)	-1.25*** (0.37)		-6.62*** (1.82)	-6.28*** (1.84)	
<i>T14 Law School</i>	0.22** (0.09)	0.27*** (0.09)		2.04 (1.89)	2.68 (1.79)		0.25** (0.12)	0.27** (0.11)		2.79** (1.35)	3.19** (1.27)	
Rank FE	Yes	No	No	Yes	No	No	Yes	No	No	Yes	No	No
Office x Year FE	Yes	No	No	Yes	No	No	Yes	No	No	Yes	No	No
Office x Year x Rank FE	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Attorney FE	No	No	Yes	No	No	Yes	No	No	Yes	No	No	Yes
R2				0.112	0.182	0.383				0.098	0.216	0.481
N	7,345	7,345	7,345	7,345	7,345	7,345	7,345	7,345	7,345	7,345	7,345	7,345
Magnitude (% of Mean)				9.74	9.82	8.20				12.40	11.21	11.71
Model		Poisson			OLS			Poisson			OLS	

Table 10: Political Composition of Enforcement Teams and Case Outcomes

This table examines how case outcomes relate to political misalignment between enforcement teams and defendants. In columns (1)-(3), the outcome is the total monetary sanctions (civil penalties + disgorgement + prejudgment interest) and we report estimates from Poisson regressions. In column (4) – (6), the outcome equals one if the defendant is barred and we use OLS. *% Dem* is the share of Democratic attorneys on the enforcement team. *Rep. def.* (*Ind. def.*) equals one if the defendant is Republican (Independent); Democratic defendants are the omitted group. Controls include defendant type (firm, CEO, accountants, brokers), number of defendants, whether the SEC had a press release for the case, administrative cases (civil cases omitted), DOJ involvement (direct or parallel), fraud indicator, defendant gender, age, and number of criminal violations (e.g., traffic violations), and enforcement team characteristics (median tenure and salary; shares of managers, Top-14 law school graduates, and males). Court fixed effects are defined by district court; administrative cases are litigated within the SEC. Office fixed effects are based on the majority office of the litigating team. Statute fixed effects are defined by combinations of the Securities Act, the Exchange Act, or other statutes. Standard errors are clustered at the case level. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Outcome:	Penalties ^{\$}				l(Bar)	
	(1)	(2)	(3)	(4)	(5)	(6)
%Dem	-0.34 (0.27)	-0.30 (0.24)	-0.31 (0.38)	-0.07* (0.04)	-0.08* (0.04)	-0.05 (0.06)
%Dem x Rep. def.	0.65** (0.30)	0.66** (0.27)	0.79** (0.40)	0.12*** (0.04)	0.11** (0.05)	0.12** (0.05)
Rep. def.	-0.85* (0.44)	-0.91* (0.49)	-0.71* (0.42)	-0.03 (0.05)	-0.03 (0.05)	-0.03 (0.06)
%Dem x Ind. def.	0.13 (0.39)	0.07 (0.40)	-0.55 (0.68)	0.00 (0.07)	0.01 (0.07)	-0.02 (0.09)
Ind. def.	-0.60 (0.41)	-0.59 (0.44)	-0.86 (0.57)	0.12* (0.08)	0.10 (0.08)	0.14 (0.10)
l(Firm)	2.70*** (0.54)	2.68*** (0.50)	2.86*** (0.67)			
l(CEO)	1.64*** (0.54)	1.60*** (0.53)	1.79*** (0.66)	-0.04 (0.05)	-0.04 (0.06)	-0.14* (0.07)
l(Accountant)	-1.18** (0.53)	-1.20** (0.55)	-1.25* (0.74)	0.06 (0.08)	0.05 (0.08)	0.08 (0.09)
l(Broker)	0.67 (0.52)	0.68 (0.51)	1.57** (0.75)	0.01 (0.10)	0.01 (0.09)	0.00 (0.15)
l(Administrative)	0.68* (0.36)	0.66* (0.38)		0.51*** (0.06)	0.50*** (0.06)	
#Defendants	-0.43** (0.20)	-0.47** (0.21)	-0.27 (0.27)	0.11*** (0.02)	0.11*** (0.03)	0.21*** (0.07)
l(Press Release)	1.62*** (0.39)	1.62*** (0.39)	1.71*** (0.45)	-0.02 (0.19)	-0.01 (0.18)	0.21 (0.21)
l(Fraud)	0.29 (0.26)	0.27 (0.29)	0.21 (0.37)	0.34* (0.18)	0.36* (0.19)	0.36 (0.24)
l(DoJ)	0.72** (0.31)	0.73* (0.38)	1.23** (0.52)	0.01 (0.11)	0.03 (0.12)	0.25* (0.13)
%Managers		0.37 (0.64)	-0.04 (1.17)		0.03 (0.03)	0.01 (0.05)
Avg. Tenure		-0.02 (0.04)	0.00 (0.04)		-0.03 (0.03)	-0.04 (0.05)
%Top14		-0.21 (0.42)	-0.10 (0.73)		0.01 (0.03)	-0.00 (0.04)
Avg. Salary		-0.00 (0.00)	-0.00 (0.00)		0.01 (0.07)	0.03 (0.15)
%Male		0.38 (0.60)	2.48** (0.97)		-0.03 (0.03)	-0.15*** (0.05)
Defendant Male			1.28* (0.72)			-0.02 (0.11)
Defendant Age			-0.02 (0.01)			0.00 (0.00)
#Crim viol			0.26** (0.10)			-0.02 (0.01)
Same Party as SEC Chair			-0.25 (0.52)			0.01 (0.06)
Year FE	Yes	Yes	No	Yes	Yes	No
Statute FE	Yes	Yes	Yes	Yes	Yes	Yes
Office x Year FE	No	No	Yes	No	No	Yes
Court FE	No	No	Yes	No	No	Yes
R2				0.288	0.294	0.623
N	681	678	670	421	419	413
Magnitude (% of Mean)				22.26	21.00	22.46

Table 11: Office and Attorney Selection

Panel A examines the determinants of which SEC office is selected to litigate an enforcement case. The unit of observation is the office \times case. The dependent variable equals 100 if at least one attorney from a given office is selected onto a particular case. *High Dem Office* is an indicator equal to one if the fraction of Democratic-leaning attorneys in the office is above the sample mean. *%Rep Def* is the fraction of defendants in the case who are Republicans. *#Attorneys* is the total number of enforcement attorneys in the office. *I(In Jurisdiction)* equals one if at least one defendant is located within the office's jurisdiction. *I(Exp. on case type)* equals one if at least one attorney in the office has prior experience litigating the same allegation type. *I(Administrative)* indicates administrative proceedings. *HQ* indicates DC. *I(Non-Disclosure)* equals one if the case is not related to disclosure or reporting requirements. *Avg. Manager*, *Avg. Tenure*, *%Top-14 Law School*, *Salary*, and *%Male* capture average attorney characteristics at the office level. Panel B examines attorney selection conditional on a case drawing at least one attorney from a given office. The sample is restricted to cases in which at least one attorney from an office is selected, and the unit of observation is the case \times defendant \times attorney. The dependent variable equals one if a given attorney from that office is selected onto the case. *Misaligned Party* is an indicator equal to one if the attorney and defendant have opposing political affiliations (e.g., a Democratic defendant matched with a Republican attorney, and vice versa). *Team Size* is the total number of attorneys assigned to the enforcement team. *Administrative* indicates administrative proceedings. *Tenure* is the attorney's tenure. *Manager* equals one if the attorney holds a managerial rank. *Top-14 Law School* indicates whether the attorney received a JD from a top-14 law school. *Salary* is the attorney's salary, and *Gender* is the attorney's gender. *Same Gender* indicates whether the attorney and defendant share the same gender. *I(CEO)* equals one if the defendant is a CEO. *I(Lag Case)* indicates whether the attorney worked on an enforcement case in the previous year. *I(Exp. on Case Type)* equals one if the attorney has prior experience with the same case type (e.g., insider trading). All specifications include office \times year fixed effects. Panel A and B clusters standard errors at the office and case level respectively. Magnitude (% of Mean) reports coefficients scaled by the mean selection probability.

Panel A: Office Selection			
Outcome:	<i>Office Selected</i>		
	(1)	(2)	(3)
<i>High Dem Office</i>	9.79*	1.06	-0.57
	(5.04)	(1.37)	(1.59)
<i>High Dem Office x %Rep Def</i>	-0.81	-0.09	-0.09
	(1.11)	(1.07)	(1.09)
<i>%Rep Def</i>	0.26	-0.09	-0.09
	(0.38)	(0.42)	(0.44)
<i>#Attorneys</i>		3.04*	2.26**
		(1.39)	(0.94)
<i>I(In Jurisdiction)</i>		22.21***	22.57***
		(3.33)	(3.29)
<i>I(Exp. on case type)</i>		4.73***	4.51**
		(1.48)	(1.62)
<i>I(Administrative)</i>		0.87	0.87
		(0.77)	(0.77)
<i>HQ</i>		21.87***	25.60***
		(4.07)	(3.16)
<i>I(Non-Disclosure)</i>		2.01*	1.94*
		(0.96)	(0.96)
<i>I(Non-Disclosure) x HQ</i>		8.72***	8.63***
		(1.09)	(1.09)
<i>Avg. Manager</i>			-0.22
			(0.58)
<i>Avg Tenure</i>			-2.93***
			(0.85)
<i>%Top 14 Law School</i>			1.79
			(1.07)
<i>Salary</i>			-3.99
			(3.74)
<i>%Male</i>			-0.36
			(0.55)
<i>Year FE</i>	Yes	Yes	Yes
R2	0.028	0.179	0.182
N	5,748	5,748	5,748
Magnitude (% of Mean)	-8.71	-1.00	-1.01

Panel B: Attorney Selection			
Outcome:	Attorney Selected		
	(1)	(2)	(3)
<i>Misaligned Party</i>	0.09 (0.18)	0.25 (0.20)	0.19 (0.20)
<i>Team Size</i>		0.75*** (0.12)	0.74*** (0.12)
<i>Administrative</i>		-0.07 (0.17)	-0.08 (0.17)
<i>Tenure</i>		-0.97*** (0.22)	-1.00*** (0.20)
<i>Manager</i>		2.14*** (0.50)	1.61*** (0.44)
<i>Top 14 Law School</i>		0.48 (0.36)	0.37 (0.32)
<i>Salary</i>		2.32*** (0.36)	1.87*** (0.32)
<i>Gender</i>		0.47 (0.35)	0.40 (0.34)
<i>Age Gap</i>			0.14 (0.10)
<i>Same Gender</i>			0.09 (0.24)
<i>I(CEO)</i>			-0.15 (0.16)
<i>I(Lag Case)</i>			2.71*** (0.65)
<i>I(Exp. on case type)</i>			3.12*** (0.47)
Year x Office FE	Yes	Yes	Yes
R2	0.025	0.042	0.051
N	89,872	73,329	72,804
Magnitude (% of Mean)	2.87	8.28	6.46

Appendix

Table A1: Variable Definition

Variable	Definition
Demographics	
Male	Indicator equal to 1 if the attorney is male, and 0 otherwise.
Age	Attorney age (in years), measured in a given year.
Immigrant	Indicator equal to 1 if the attorney obtained a Social Security number after age 20, and 0 otherwise.
Minority	Indicator equal to 1 if the attorney belongs to a racial or ethnic minority group, and 0 otherwise.
Local Origin	Indicator equal to 1 if the attorney's home state matches the state of the SEC office where they work, and 0 otherwise.
Education	
Top 14 Law School	Indicator equal to 1 if the attorney received a JD from a top 14 law school, and 0 otherwise. The list includes Yale, Stanford, Harvard, Chicago, Columbia, NYU, UPenn, Michigan, Virginia, Duke, Northwestern, Cornell, Berkeley, and Georgetown.
LSAT Percentile	Percentile rank of the attorney's LSAT score, proxied using the law school's median LSAT percentile.
PhD	Indicator equal to 1 if the attorney holds a PhD degree, and 0 otherwise.
MBA	Indicator equal to 1 if the attorney holds an MBA degree, and 0 otherwise.
Other Master	Indicator equal to 1 if the attorney holds a non-MBA master's degree, and 0 otherwise.
Ivy League (Bachelor)	Indicator equal to 1 if the attorney received a bachelor's degree from an Ivy League institution, and 0 otherwise.
Top 20 (Bachelor)	Indicator equal to 1 if the attorney received a bachelor's degree from a Top-20 undergraduate institution, and 0 otherwise. The list includes Yale, Stanford, Harvard, Chicago, Columbia, NYU, UPenn, Michigan, Virginia, Duke, Northwestern, Cornell, Berkeley, and Georgetown.
Age Grad Law School	Attorney age at the time of law school graduation.
Professional Career	
SEC Tenure (Years)	Total number of years the attorney has worked at the SEC.
Tenure	Number of years the attorney has worked at the SEC as of year t .
Rulemaker	Indicator equal to 1 if the attorney has participated in SEC rulemaking, and 0 otherwise.
Max Rank	Highest internal rank attained by the attorney at the SEC.
Manager	Indicator equal to 1 if the attorney holds a managerial rank, and 0 otherwise.
Regional Office Experience	Indicator equal to 1 if the attorney has worked in a regional SEC office, and 0 otherwise.
Only SEC	Indicator equal to 1 if the attorney has worked exclusively at the SEC since law school, and 0 otherwise.
1st Placement SEC	Indicator equal to 1 if the attorney's first post-JD job was at the SEC, and 0 otherwise.
1st Job Placement in Home State	Indicator equal to 1 if the attorney's first job after law school was located in their home state, and 0 otherwise.
Tenure per Employer	Average tenure (in years) per employer over the attorney's career.

Variable	Definition
SEC	Indicator variable equal to 100 if the attorney joined the SEC in any year post-graduation.
Public Service	Indicator variable equal to 100 if an attorney joined the government or a nonprofit organization in any year after graduating from law school and 0 otherwise.
non-SEC Public service	Indicator variable equal to 100 if the attorney joined a non-SEC public service in any year post-graduation.
FinRegulator	Indicator variable equal to 100 if an attorney joined FINRA or PCAOB after leaving the SEC and 0 otherwise.
NonProfit	Indicator variable equal to 100 if an attorney joined a nonprofit organization after leaving the SEC and 0 otherwise.
Fresh Graduate	Indicator for whether an SEC attorney joined the SEC right after law school
Law Clerk	Indicator for whether an SEC attorney joined the SEC as a law clerk/para-legal
Exit	Indicator variable equal to 100 if an attorney exited SEC in the following year and 0 otherwise.
Financial Attributes	
Median Salary (\$000s)	Median annual salary of the attorney at the SEC, expressed in thousands of dollars.
Salary	Annual salary of the attorney at the SEC.
Avg Bonus (\$000s)	Average annual bonus received by the attorney, expressed in thousands of dollars.
% Years with Bonus	Fraction of years in which the attorney received a bonus.
Homeowner	Indicator equal to 1 if the attorney owns at least one residential property, and 0 otherwise.
# Properties Currently Owned	Number of real estate properties currently owned by the attorney.
Primary Home Purchase Price (\$000s)	Purchase price of the attorney's primary residence, expressed in thousands of dollars.
Market Value of Real Estate Assets (\$000s)	Total estimated market value of the attorney's real estate holdings, expressed in thousands of dollars.
Political Affiliation and Contributions	
Registered Voter	Indicator equal to 1 if the attorney is a registered voter, and 0 otherwise.
Donor	Indicator equal to 1 if the attorney has made at least one political contribution, and 0 otherwise.
Dem Voter	Indicator equal to 1 if the attorney is a registered Democratic voter, and 0 otherwise.
Rep Voter	Indicator equal to 1 if the attorney is a registered Republican voter, and 0 otherwise.
Inde/Other/Switcher Voter	Indicator equal to 1 if the attorney is independent, affiliated with another party, or switches party affiliation over time, and 0 otherwise.
Dem	Indicator equal to 1 if the attorney is a registered Democratic voter or Democratic donor, and 0 if Republican.
Rep	Indicator equal to 1 if the attorney is a registered Republican voter or Republican donor, and 0 otherwise.
% Donated to Democrat (\$)	Fraction of the attorney's total political contributions (by dollar amount) donated to Democratic candidates or committees.
% Donated to Republican (\$)	Fraction of the attorney's total political contributions (by dollar amount) donated to Republican candidates or committees.
\$ Total Contributions (\$000s)	Total dollar amount of political contributions made by the attorney, expressed in thousands of dollars.
# Total Contributions	Total number of political contributions made by the attorney.
\$ Contributed at SEC (\$000s)	Total dollar amount of political contributions made while employed at the SEC, expressed in thousands of dollars.

Variable	Definition
# Contributed at SEC	Total number of political contributions made while employed at the SEC.
Same Party as President	Indicator equal to 1 if the attorney's political affiliation matches that of the sitting U.S. President, and 0 otherwise.
Misaligned Party	Indicator equal to 1 if the attorney and defendant have opposing political affiliations, and 0 otherwise.
Enforcement Activity and Case Outcomes	
# Enforcement Cases	Number of enforcement cases filed by an attorney in a given year.
Enforcement Case	Indicator equal to 1 if the attorney filed at least one enforcement case in year t , and 0 otherwise.
# Criminal Cases	Number of enforcement cases involving criminal charges handled by the attorney.
Lead	Indicator equal to 1 if the attorney served as lead attorney on at least one enforcement case in a given year, and 0 otherwise.
% Democratic	Share of Democratic attorneys on the enforcement team for a given case.
<i>Penalties</i> ^{\$}	Total monetary penalties imposed in a case, including civil penalties, disgorgement, and prejudgment interest.
1(Bar)	Indicator equal to 1 if the defendant is barred as part of the enforcement outcome, and 0 otherwise.
Rep. Def.	Indicator equal to 1 if the defendant is Republican, and 0 otherwise.
Ind. Def.	Indicator equal to 1 if the defendant is independent, and 0 otherwise.
# Defendants	Number of defendants named in the enforcement case.
1(Administrative)	Indicator equal to 1 if the enforcement action is an administrative proceeding, and 0 otherwise.
1(DOJ)	Indicator equal to 1 if the Department of Justice is directly or jointly involved in the case, and 0 otherwise.
1(Fraud)	Indicator equal to 1 if the case involves fraud allegations, and 0 otherwise.
1(SEC Press Release)	Indicator equal to 1 if the SEC issued a press release for the case, and 0 otherwise.
Office and Selection Variables	
High Dem Office	Indicator equal to 1 if the fraction of Democratic-leaning attorneys in an SEC office is above the sample mean, and 0 otherwise.
% Rep Def	Fraction of defendants in a case who are Republicans.
# Attorneys	Total number of enforcement attorneys in the SEC office.
1(In Jurisdiction)	Indicator equal to 1 if at least one defendant is located within the office's jurisdiction, and 0 otherwise.
1(Exp. on case type)	Indicator equal to 1 if at least one attorney (office- or individual-level) has prior experience litigating the same allegation type, and 0 otherwise.
HQ	Indicator equal to 1 if the SEC office is headquartered in Washington, DC, and 0 otherwise.
1(Non-Disclosure)	Indicator equal to 1 if the case does not involve disclosure or reporting violations, and 0 otherwise.
Team Size	Total number of attorneys assigned to the enforcement team.
1(Lag Case)	Indicator equal to 1 if the attorney worked on an enforcement case in the previous year, and 0 otherwise.
%Manager	Fraction of enforcement team members with managerial rank.
%Male	Fraction of enforcement team members who are male.
%Top 14 Law School (Team)	Fraction of enforcement team members who graduated from a top 14 law school.

Internet Appendix

IA.1 Political Affiliation

This section describes in detail how we match SEC attorneys to voter registration and political donation records.

IA.1.1 Voter Registration

Our primary source of voter registration information is LexisNexis, a leading aggregator of public records. LexisNexis collects data on voter registration, residential addresses, contact details, employment history, professional licenses, property ownership, and related variables. We begin by manually searching for 4,754 SEC attorneys using first and last names and states of residence. To account for commuting across state borders, we search not only in the state of employment but also in adjacent states (e.g., SEC employees working in Washington, DC often reside in Virginia or Maryland).

We identify the relevant LexisNexis profile by confirming SEC employment history, SEC email addresses, or other professional identifiers. When LexisNexis employment information is incomplete, we supplement the search with external sources such as resumes, LinkedIn profiles, or law firm biographies. We further verify consistency between age and employment timelines. To ensure accuracy, we cross-check professional licenses, prior employers, and educational histories. Once a profile is confirmed, we record the individual's unique LexID, which allows us to track name changes and maintain consistent identification across records. This process yields LexIDs for 4,457 attorneys (93.8% of the original sample). For each identified attorney, we download and parse the LexisNexis record using a Python script, extracting residential address information necessary for matching to political affiliation data.

Because LexisNexis voter registration data is incomplete, particularly in states where many SEC employees reside, such as Maryland and Virginia, we obtain additional voter files directly from states through FOIA requests and data purchases. In states where party affiliation is not explicitly recorded (e.g., Virginia), we infer it from primary election participation. We match SEC employees to voter registration records using first and last names, age, and residential address. For each state, we extract all individuals with the same first and last name as SEC employees who have lived in that state. We then compare addresses in voter files with those obtained from LexisNexis. To facilitate this step, we use the ChatGPT API to assess address similarity. Recognizing that automated matching can generate errors, we implement targeted manual reviews. Specifically, to minimize false negatives, we manually inspect cases where the first two characters of the address match, but ChatGPT classifies them as non-matches. Conversely, to minimize false positives, we review cases where the first two characters differ, but ChatGPT classifies them as matches.

IA.1.2 Political Donations

We use the Database on Ideology, Money in Politics, and Elections (DIME), which contains records of over 850 million contributions by individuals and organizations to federal, state, and local elections between 1979. For each SEC employee, we extract individuals with the same name and an address in any state where the employee has resided. We manually inspect each address to confirm correct matches. Because addresses are sometimes missing, we also leverage employer information reported in DIME. We extract all donations associated with employers containing the string "SEC" and manually inspect them to identify 219 variations of the Securities and Exchange Commission (e.g., SEC & Exchange Comm). We then retain only records where the donor's name matches an SEC employee in our sample.

Each donation is classified as Democratic, Republican, or Independent based on the political affiliation of the recipient. In 1,617 recipient–election cycle observations, political affiliation is missing because the

recipient is a PAC, the donation supports a judicial election, or candidate information is incomplete. For PACs, we search donation records in OpenSecrets (or relevant state-level disclosures). A PAC is classified as Democratic (Republican) if, in a given cycle, at least 60% of its donations support Democratic (Republican) candidates; otherwise, it is classified as Independent. For judicial elections and incomplete data, we manually identify candidate affiliation using public sources.

We aggregate donation records to the attorney level. An SEC attorney is classified as Democratic (Republican) if at least 60% of their contributions (by inflation-adjusted dollar amount) between 1979 and 2024 support Democratic (Republican) candidates. All other employees are classified as Independent.

IA.1.3 Validation

We use participation in Virginia’s primary elections in 2008, 2016, and 2024 to validate whether party registration reflects underlying political ideology. Virginia operates under an open primary system, allowing unaffiliated voters – and even registered Democrats – to participate in Republican primaries (and vice versa). We begin with a sample of 128 attorneys who participated in at least one Virginia primary election and for whom we observe party affiliation information from outside Virginia. Based on this information, we classify individuals into three groups: (1) Democrats, (2) Republicans, and (3) Other/Independent/Switchers. For each individual, we compute the fraction of primary elections in which they participated that were Democratic versus Republican. Figure IA.1 reports average participation shares for each ideological group. We find that individuals classified as Democrats overwhelmingly participate in Democratic primaries. For example, among Democratic donors 83% of their primary voting aligned with their affiliation. Similarly, 81% of Republicans participate in Republican primaries. In contrast, individuals classified as Other/Independent exhibit balanced participation (50%) across the two parties, consistent with weaker or mixed partisan attachment. The results confirm that declared party affiliation is strongly predictive of primary participation behavior.

IA.2 Law School Information

This section details how we compile law school data for SEC attorneys.

IA.2.1 Revelio Labs Data

Our primary dataset is from Revelio Labs, a workforce intelligence firm that collects résumé data from LinkedIn profiles. Revelio provides names, employment histories, education backgrounds, and geographic locations, and is particularly suitable for our study given its strong coverage of white-collar occupations (Li, Lourie, Nekrasov, and Shevlin, 2021).

Step 1: Direct LinkedIn URL matches. As part of our LexisNexis matching process, we collected 1,724 LinkedIn URLs. Using these URLs, we directly match 1,678 SEC attorneys to Revelio profiles.

Step 2: Name–employer matches. For employees without LinkedIn URLs, we match by name and employer. We begin by extracting all Revelio profiles that list SEC employment, accounting for variations in employer naming conventions (e.g., Securities and Exchange Commission, SEC & Exchange Comm). We then require an exact match on last name and first initial. If there is also an exact match on first name, we code the observation as a successful match. For cases without an exact first-name match, we manually inspect each profile to account for nicknames (e.g., Jim vs. James, Robert vs. Bob) and use SEC employment dates to verify accuracy.

Step 3: Google-assisted LinkedIn searches. For the remaining unmatched employees, we conduct targeted Google searches to identify additional LinkedIn URLs. This procedure yields 160 new URLs, of which 138 correspond to Revelio profiles.

Step 4: Resolving multiple profiles. To address cases in which an individual has multiple LinkedIn profiles or multiple SEC employees share the same name, we inspect 279 instances manually. We select the correct match based on SEC tenure and corroborating education or work history from external sources (e.g., Martindale, law firm biographies).

Across these steps, we identify Revelio profiles for 3,204 SEC attorneys, of which 2,992 have law school information.

IA.2.2 Avvo Data

To further increase coverage, we supplement with data from Avvo, an online legal directory containing detailed profiles for U.S. attorneys. Avvo records include current work address, practice areas, years licensed, law school attended, and (less frequently) employment history. Our scraping of Avvo by state and practice area yields 648,818 unique profiles, of which 88.5% report education information and 22.5% include work history.

We match Avvo profiles to SEC employees in two steps. First, we require an exact match on last name, first initial, and state, followed by manual inspection of each potential match, mirroring our Revelio procedure. Second, when collecting LinkedIn URLs for unmatched individuals, we also record available Avvo profiles and link them directly. These steps yield 1,039 successful Avvo matches, 302 of which are not captured by Revelio.

For employees without Revelio or Avvo profiles, we manually collect education information using Google searches, drawing from SEC press releases, state bar websites, law firm biographies, obituaries, and other professional directories. For employees with a LinkedIn URL not included in Revelio, we also manually extract education information from their profiles. These procedures add education data for 490 additional SEC attorneys.

Our final coverage rate for law school attendance is 85%. Since school names are often spelled differently across sources, we harmonize them by mapping all names to Revelio’s standardized school identifiers. Specifically, we fuzzy match school names from Avvo and other sources to Revelio’s school list and assign the corresponding Revelio school ID.

IA.3 SEED Enforcement Data

This section details how we gather data on enforcement cases and identify the attorneys assigned to each case.

IA.3.1 Sample Construction

We obtain all civil enforcement cases from the Securities Enforcement Empirical Database (SEED), as well as administrative proceedings that are linked to civil actions. This yields 1,392 case-defendants, which comprises 795 unique cases and 1,183 unique defendants between 2002 and 2023. We identify civil cases based on legal case names beginning with “SEC v.” and include administrative cases that are explicitly related to these civil actions. For example, the civil case “SEC v. Cooper J. Morgenthau” is linked to the administrative proceeding “*In the Matter of African Gold Acquisition Corp.*” We compile the list of attorneys working on both types of cases. We then collect basic information on each case from SEED, including the defendant’s name and type (individual, public company, or subsidiary of a public company), the date of the first document, case type, case number, violation alleged, defendant’s role in each case, and related documents. We use case judgment documents to collect information on the penalties imposed on each defendant. Specifically, we record both pecuniary penalties (such as fines) and non-pecuniary penalties (such as bars) for each case (see below). We also gather information about whether the case was dismissed using text described under each document:

IA.3.2 Enforcement Team Members

We compile the list of attorneys assigned to each case using two sources: legal complaints and SEC press releases. Because complaints are formal legal filings that consistently list the attorneys of record, we treat them as the primary source. When complaints are not available (typically for Administrative cases), we rely on SEC press releases to identify the enforcement team members.

Since SEED does not provide the underlying legal documents, we retrieve them directly from the SEC's website using the document names listed in SEED. For example, in the case SEC v. Cooper J. Morgenthau, the complaint file is labeled "comp-pr2023-101." This document is available on the [SEC's website](#) and, as in most complaints, the attorney names appear either on the first page or at the end. In this case, they are listed at the end of the document (see screenshot below). For example, the enforcement team for SEC v. Cooper J. Morgenthau consists of twelve attorneys: Jennifer L. Farer, J. Emmett Murphy, Matthew Scarlato, Jennifer L. Farer, J. Emmett Murphy, Jorge G. Tenreiro, David L. Hirsch, David A. Nasse, Michael Baker, Kathleen Hitchens, Donna Norman, Ann Rosenfield, Colby Steele, and Martin Zerwitz. In some cases, attorney names appear on the first page of the document. However, while a single attorney may be listed at the front, the full enforcement team is often provided at the end. To ensure accuracy, we carefully inspect each document in its entirety to capture all attorneys working on a given case.

There are some cases where a complaint document is not present on SEED. We explain how we identify the enforcement team below:

- 1. SEC files both Civil and Administrative Proceedings.** In certain instances, the SEC initiates both a civil action and an administrative proceeding against the same defendant. The civil case typically seeks monetary penalties and injunctive relief, while the administrative proceeding focuses on professional sanctions, such as bars from serving as an officer or director or from practicing before the SEC. Because both proceedings stem from the same underlying misconduct, they are generally handled by the same enforcement team, which investigates the allegations and then pursues different procedural avenues to impose sanctions.
- 2. SEC pursues both civil and administrative cases against different defendants for the same underlying violation.** The SEC may also pursue a civil proceeding against certain defendants while initiating administrative proceedings against others. Continuing with the Corba and Treadway matter as an example, the Commission pursued administrative actions against PA Fund Management and PEA Capital Management, where Stephen J. Treadway and Kenneth W. Corba served as CEOs, based on the same underlying violation. In such cases, the enforcement team is also likely the same, since the misconduct is identical, and the individual defendants held key leadership positions in the firms. Accordingly, we assume that when a complaint lists an entity as a related party, the same enforcement team is responsible across proceedings. We verify this assumption by comparing SEC press releases that describe both the civil and administrative actions for the same underlying violation; in these instances, the enforcement team named in the press release overlaps significantly with the team listed in the complaint, suggesting that both proceedings have the same enforcement team (see [here](#) for an example).
- 3. Administrative proceedings without any related complaint files.** For cases without a related complaint file, we rely on press releases or litigation releases to identify the attorneys involved. We are confident in this approach because, in cases where both complaints and press releases are available, the two sources typically list the same enforcement team or show a high degree of

overlap.¹⁵ An example of this is the case against Oppenheimer & Co. Inc., the [press release](#) below mentions the attorneys responsible for this case.

IA.3.3 Enforcement outcomes

In some cases, the SEED database does not contain complete information on case outcomes. For example, in the case of *SEC v. Syndicated Food Service International Inc., et al*, SEED includes only the complaint document but omits the outcome, which is described in the corresponding [litigation release](#). To ensure the completeness of our dataset, we manually review 589 case-defendant pairs for which SEED reports zero penalties to verify whether the penalties are indeed zero. In 87 of these instances, we find penalties that were not recorded in SEED. For each case, we also record whether the defendant was subject to any bars, whether the case was dismissed or resulted in a favorable ruling, and other reasons for zero penalties (e.g., defendant deceased, asset freeze, ongoing case). In addition, we identify cases where penalties were reported in related administrative or civil proceedings. Our primary sources for this manual validation are SEC press releases and court docket filings.

IA.3.4 Sample and Filters

We construct two separate samples to analyze different outcomes. The first, the *penalties sample*, includes both firms and individual defendants and uses penalties and dismissals as the outcome. The second, the *bar sample*, includes only individual defendants and uses bar sanctions as the outcome. We apply the following cumulative filters to both samples: (1) Exclude ongoing cases, as outcomes are not yet available (4 observations); (2) Exclude cases involving deceased defendants, as the absence of penalties does not reflect a lack of SEC enforcement (3 observations); and (3) Exclude cases whose primary purpose was not to seek penalties, such as freezing assets or transferring proceedings to another court, as these cases would not result in monetary sanctions (17 observations).

To avoid double counting of penalties, we retain only one firm (typically the parent company) when multiple entities within the same organization are listed as defendants but share a single monetary penalty. For example, in *SEC v. Bank of America, N.A., Banc of America Mortgage Securities, Inc., and Merrill Lynch, Pierce, Fenner & Smith LLC*, the three defendants jointly paid a total penalty of \$225 million. In other cases, the penalty is recorded only for one entity, usually the parent company. For instance, in *In the Matter of Hertz Global Holdings, Inc. and The Hertz Corporation*, a \$16 million fine is recorded solely under Hertz Global Holdings.

IA.3.5 Political Affiliation of Defendants

We use both political donations and voter registration records to measure the political leaning of each defendant, following the same procedure used for SEC attorneys. We begin by searching 727 unique individual defendants in LNRP using their first and last names, together with their city of residence and age as disclosed in SEC documents. We successfully identify 576 individuals in LNRP. Most unmatched individuals (71.5%) are foreign nationals. We then match each identified individual, using Lexis IDs, to voter records and to DIME based on name and address. Following the same approach as for SEC attorneys, we are able to classify the political leaning of 570 individual defendants (99% of those identified).

We next turn to 498 case-by-firm-defendants (corresponding to 456 unique firms), for which we classify the firm's political stance based on the political affiliation of its CEO. Because firms may have different

¹⁵ For example, the case against Katsuchi Fusamae the [press release](#) and the [complaint](#) list the same attorneys: Jeffrey A. Shank, Kevin A. Wisniewski, and Daniel J. Hayes.

CEOs over time, we apply the following rule to select the relevant executive. If the CEO is named as a defendant in the same or a related case, we use that individual as the firm's CEO; this applies to 103 case-by-firm-defendants, for which we use the CEO's political leaning from individual defendants described above. For the remaining firm defendants whose CEOs are not named as co-defendants, we identify the CEO in office at the time the SEC initiated the first enforcement action. We then classify their political leaning using voter registration data from LNRP and political contribution records from DIME. This procedure yields political classifications for 324 (65%) firm-defendant cases; unmatched cases are almost entirely foreign firms.

IA.4 Institutional background on Enforcement

In this section, we outline the institutional structure of SEC enforcement. Figure IA.6 depicts the typical investigative and enforcement sequence. The process often begins with a lead, such as tips from whistleblowers, referrals from other regulators (e.g., FINRA or PCAOB), market surveillance alerts, press coverage, or investor complaints. Once a lead is received, career enforcement attorneys assess whether it warrants opening a Matter Under Inquiry (MUI), which is a preliminary step to evaluate whether a formal investigation is justified. The threshold for opening an MUI is low: the matter must merely "have the potential to address conduct that violates the federal securities laws" and fall within the office's available resources ([SEC Enforcement Manual, 2017](#)). During the MUI, staff may review voluntarily provided documents, conduct interviews, and rely on public sources. MUIs are intended to be short-lived - typically resolved or escalated within 60 days. In urgent or particularly well-substantiated cases, the SEC can bypass the MUI entirely and proceed directly to the next stage.

If the initial inquiry points to sufficient preliminary evidence of wrongdoing, a more rigorous stage of investigation follows. This stage may be accompanied by a formal subpoena authority, allowing SEC staff to compel production of documents such as financial records, emails, phone logs, travel data, social media evidence, and take sworn testimony. At this stage, career attorneys also develop the legal theories underlying the case (e.g., fraud, accounting violations), which shape what types of sanctions which may ultimately be pursued. Importantly, defendants have limited ability to challenge the opening of an investigation ([Latham & Watkins LLP, 2022](#)). This grants SEC career staff considerable autonomy in pursuing investigative leads, shaping legal theories, and building cases.

Once the staff believes enforcement action is warranted, they draft a formal recommendation to the Commission which includes proposed charges and sanctions, especially monetary sanctions and officer-and-director bars. There are two primary types of monetary sanctions. The first is civil penalties, which are governed by published guidelines establishing tiers of severity and their statutory maximum. While the guidelines set upper limits, there is no fixed formula for determining precise amounts and enforcement staff retains substantial discretion within these bounds and. For example, staff can decide how to count violations (such as treating each misstated financial entry as a separate act), thereby multiplying the potential penalty. They also exercise judgment in selecting the appropriate penalty tier, based on factors such as scienter, investor harm, repetition, and deterrence. As [Latham & Watkins LLP, 2022](#) notes, "the SEC can usually find as many violations as it needs to." The second type of monetary sanction is disgorgement (plus prejudgment interest), designed to recapture ill-gotten gains. Given the difficulty of calculating the exact amount of the ill-gotten gains and the net profits connected to the violation, SEC staff naturally has considerable discretion over this issue. Finally, for both civil penalties and disgorgement, enforcement staff may recommend reductions or waivers based for example on demonstrated inability to pay or substantial cooperation.

Another significant category of sanctions the SEC may pursue is industry and associational bars, prohibiting individuals from serving in various capacities such as broker-dealers, investment advisers, or officers and directors of public companies. The imposition of such bars depends to a large extent on subjective, fact-specific assessments. For instance, an officer-and-director (O&D) bar requires a showing that the individual's conduct demonstrates "unfitness" to serve in such a leadership role (see [here](#)).

Ultimately, all recommended sanctions - including monetary sanctions and bars - must be approved by a majority vote of the SEC's five Commissioners. Commissioners may request modifications, raise legal or policy concerns, or reject proposed actions altogether. The Commission's deliberations depend crucially on evidence gathered and processed by career SEC staffers. Moreover, the Sunshine Act of 1976 requires that deliberations involving a quorum of Commissioners be made public or follow specific procedures for closed meetings. This law was designed to prevent backroom political bargaining and to ensure regulatory decisions are made with public accountability. As a result, Commissioners must be cautious when voting on enforcement actions, especially in high-profile or politically sensitive cases. Decisions that appear to show favoritism or undue leniency can provoke public backlash or invite scrutiny by the press, Congress, and watchdog groups. In contrast to the Commission, the visibility of the decisions made by career enforcement attorneys is substantially more limited.

In sum, career attorneys assemble evidence and recommend appropriate sanctions, and politically appointed Commissioners approve those sanctions. The outcome reflects both groups' institutional roles: staff shapes cases through effort, evidence gathering, and legal framing, while Commissioners authorize outcomes subject to legal, political, and public constraints. Whether variation in staff discretion influences case outcomes is ultimately an empirical question.

Figure IA.1: Validating Declared Party Affiliation Using Primary Election Participation

This figure shows primary election participation by attorneys' declared political affiliation. We use data on participation in Virginia's open primary system from 2008, 2016, and 2024. For each affiliation group, the blue portion of the bar represents the average share of primary elections in which individuals voted in Democratic primaries, and the red portion represents the share voted in Republican primaries. Democrats and Republicans overwhelmingly participate in their respective party primaries, while others (including independent and those switching affiliation) exhibit substantially more balanced participation across parties.

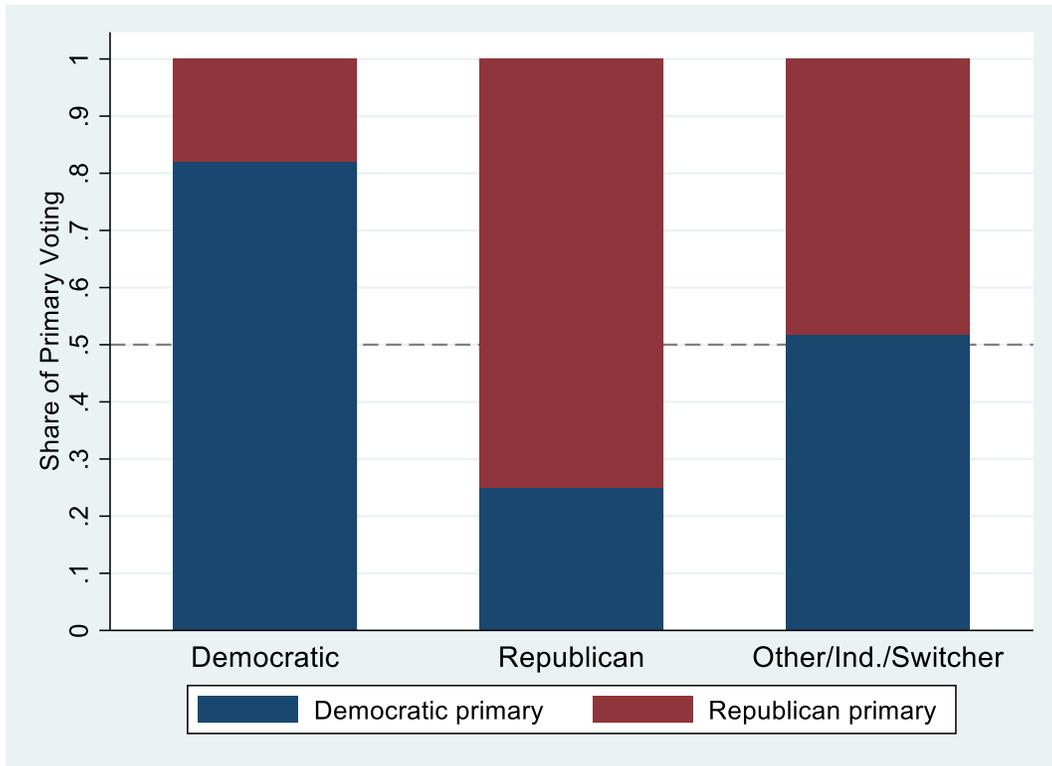
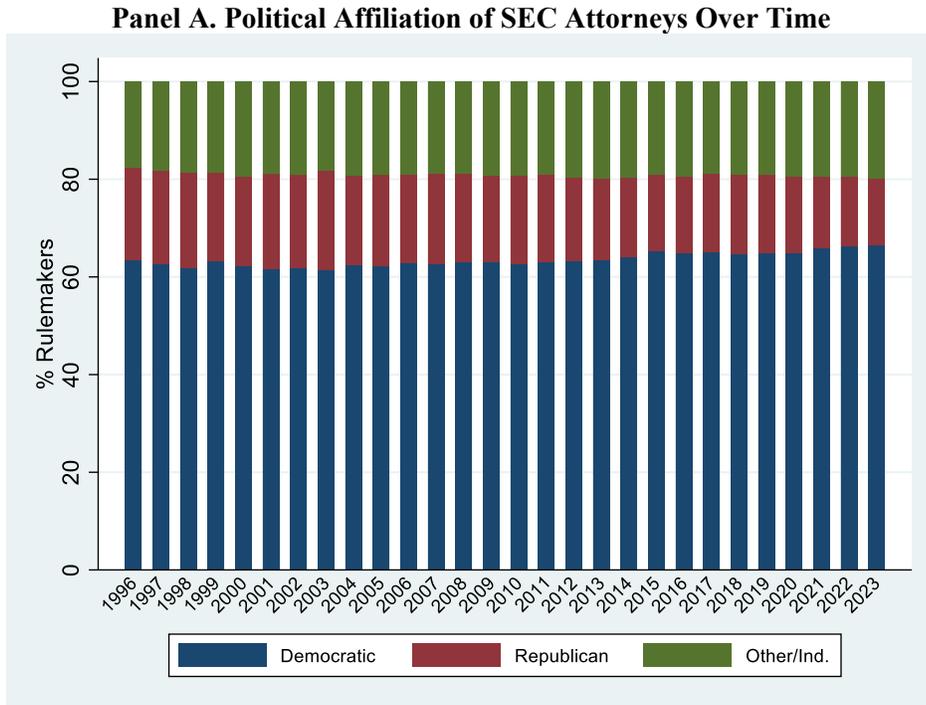
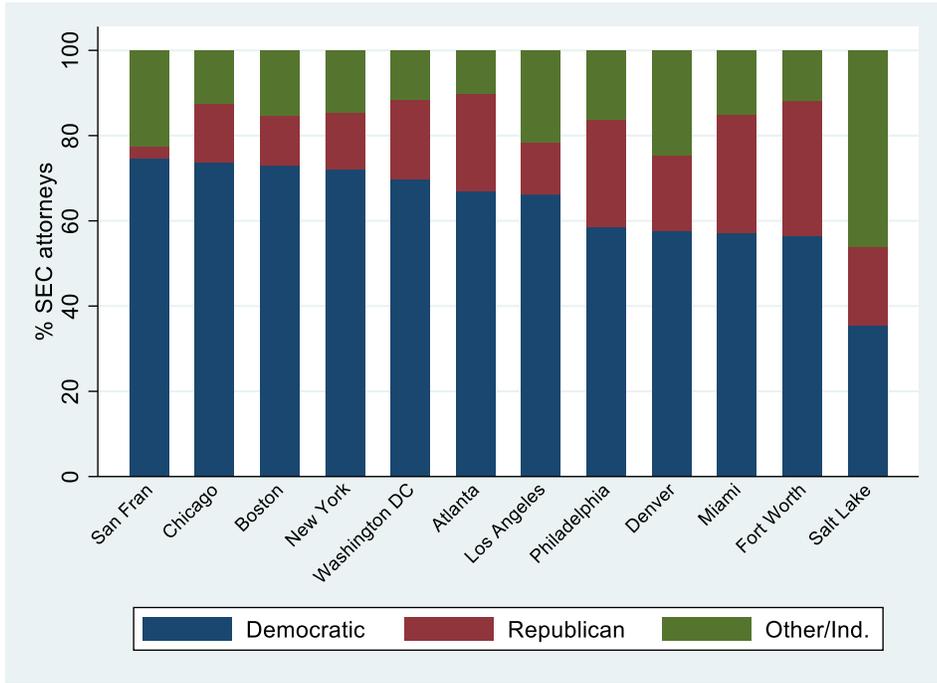


Figure IA.2: Party Affiliation from Voter Records (including Independents)

This figure replicates Panels A, C, and D of Figure 2, expanding the sample to include attorneys with independent or other declared political affiliations. Panel A shows the annual distribution of SEC attorneys' political affiliation from 1996 to 2023. Panel B reports the political composition of SEC attorneys by office location. Panel C reports the political affiliation of newly hired SEC attorneys across presidential administrations. In all panels, the blue portion of each bar represents the share registered as Democrats, the red portion represents the share registered as Republicans, and the green portion represents the share registered as Independent or other. Political affiliation is measured using voter registration records.



Panel B. Political Affiliation by Office



Panel C. Political Affiliation of New SEC Attorney Hires

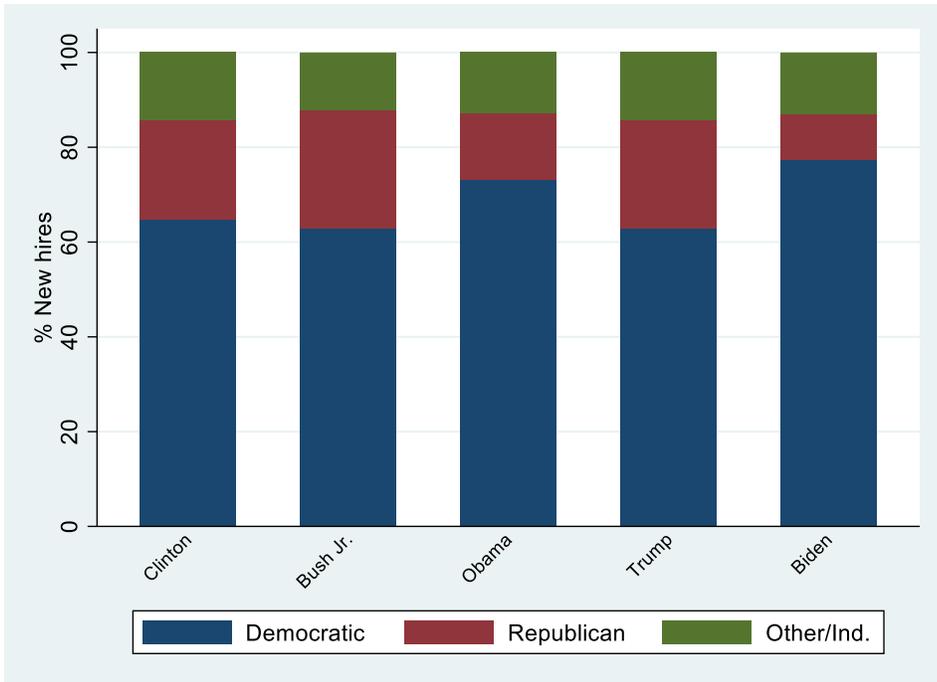
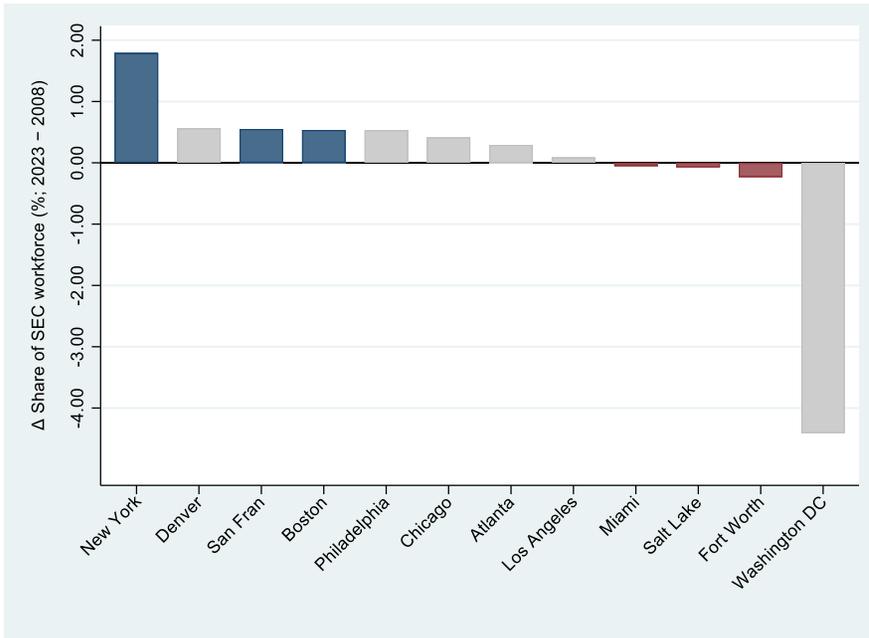


Figure IA.3: Office Headcount and the Liberal Drift

This figure shows changes in SEC attorney staffing across regional offices between 2008 and 2023. Panel A plots the change in each office’s share of the total SEC attorney workforce, highlighting the three most Democratic offices (blue), the three least Democratic offices (red), and all other offices (gray). Panel B shows percentage growth in the number of attorneys by office; the dashed horizontal line marks the percentage growth (38%) of total SEC attorney headcount over the period. Growth is concentrated in Democratic-leaning offices such as Boston and San Francisco, while more conservative offices expand more slowly.

Panel A: Change in Share



Panel B: Growth in workforce

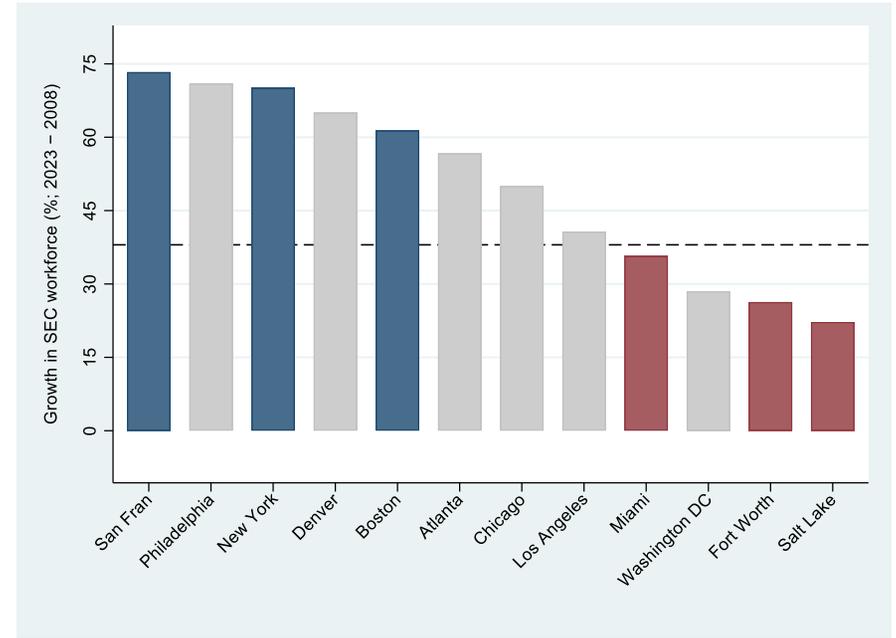


Figure IA.4: Law Schools and the Liberal Drift

This figure plots two-year rolling averages of the fraction of newly hired SEC attorneys graduating from top-14 law schools.

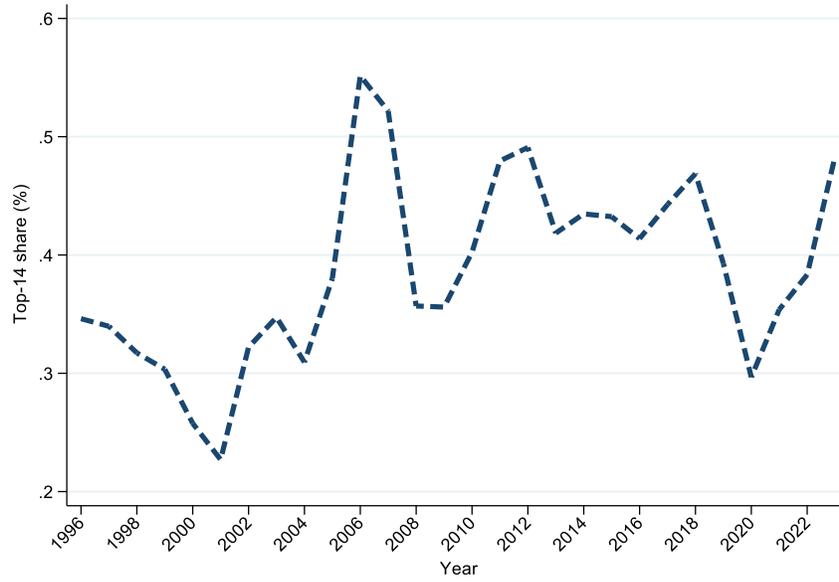


Figure IA.5: Pay Premium and the Liberal Drift

This figure examines whether growth in the private sector pay premium helps explain the liberal drift among SEC enforcement attorneys. The red line plots the average private sector pay premium (the difference between average BigLaw salaries and SEC attorney salaries) from 2000 to 2023.

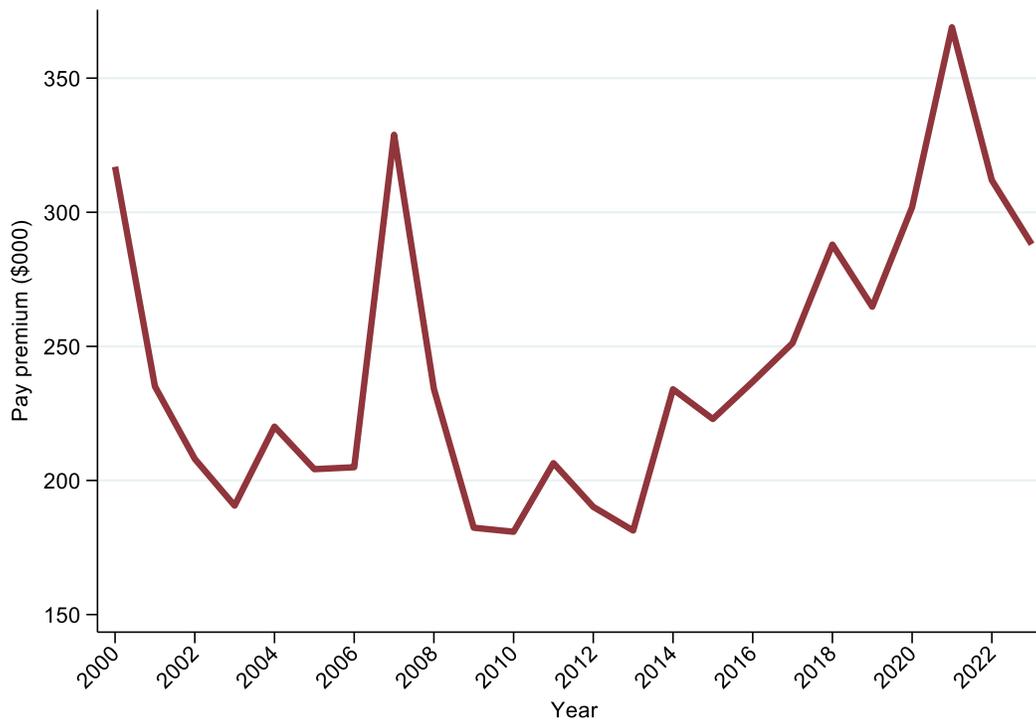


Figure IA.6: Investigation and Enforcement Process

This figure illustrates the SEC’s investigation and enforcement process, as summarized by the Government Accountability Office in its report to the U.S. Senate (GAO-07-830, August 2007).

