

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 104911 / March 2, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22309

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In the Matter of	:	ORDER APPOINTING FUND
	:	ADMINISTRATOR, SETTING
Elanco Animal Health Inc.,	:	ADMINISTRATOR’S BOND AMOUNT,
	:	AND AUTHORIZING THE APPROVAL
Respondent.	:	AND PAYMENT OF THE FEES AND
	:	EXPENSES OF ADMINISTRATION

On November 12, 2024, the Commission issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (the “Order”)¹ against Elanco Animal Health Inc. (the “Respondent”). In the Order, the Commission found that Elanco failed to disclose material information concerning its sales practices that rendered statements it made about its revenue growth misleading. From the first quarter of 2019 to the first quarter of 2020, Elanco relied on quarter-end incentives to its distributors so Elanco could make sales to meet its internal quarterly revenue and core revenue growth targets (“Incentivized Sales”). The Commission found that without these Incentivized Sales, Elanco would have missed its internal revenue and core growth targets in each quarter in 2019. Additionally, the Commission found that Elanco failed to disclose the use of Incentivized Sales

¹ Securities Act Rel. No. 11326 (Nov. 12, 2024).

publicly, rendering positive statements it made about revenue materially misleading, and it failed to warn investors of the impact Incentivized Sales could have on its future revenue. Elanco decided to stop offering Quarter-End Incentivized Sales to distributors and to reduce channel inventory in the first quarter of 2020, which impacted Elanco's revenue and profits for the quarter. On May 7, 2020, Elanco announced an expected \$160 million decline in revenue for the first and second quarters of 2020 that caused its share price to drop by over 13%.

As a result of the conduct described in the Order, Elanco violated Securities Act Sections 17(a)(2) and (3) and Exchange Act Section 13(a) and Rules 12b-20, 13a-1, 13a-11, 13a-13, and 13a-15(a) thereunder.

The Commission ordered the Respondent to pay a \$15,000,000.00 civil money penalty to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty collected can be distributed to harmed investors (the "Fair Fund").

The Fair Fund consists of the \$15,000,000.00 collected from the Respondent. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any accrued interest will be added to the Fair Fund.

The Division of Enforcement (the "Division") now seeks the appointment of Epiq Class Action and Claims Solutions, Inc. ("Epiq") as the fund administrator and requests that the administrator's bond be set at \$15,000,000.00. Epiq is included in the Commission's approved pool of administrators.

The Division further requests that the Commission authorize the Office of Financial Management ("OFM"), at the direction of an Assistant Director of the Office of Distributions, to pay the Fund Administrator's fees and expenses from the Fair Fund, so long as the total amount

paid to the Fund Administrator, including the invoice to be paid, does not exceed the total amount of the approved cost proposal submitted by the Fund Administrator.

Accordingly, IT IS HEREBY ORDERED that:

- A. Epiq is appointed as the Fund Administrator, pursuant to Rule 1105(a) of the Commission's Rules on Fair Fund and Disgorgement Plans ("Commission's Rules");²
- B. Epiq shall obtain a bond in accordance with Rule 1105(c) of the Commission's Rules,³ in the amount of \$15,000,000.00;
- C. the Fund Administrator will submit invoices to the Commission staff for services rendered, in accordance with Rule 1105(d) of the Commission's Rules;⁴ and
- D. at the direction of an Assistant Director of the Office of Distributions, OFM is authorized to pay the Fund Administrator's fees and expenses from the Fair Fund, in accordance with Rule 1105(e) of the Commission's Rules,⁵ so long as the total amount paid to the Fund Administrator, including the invoice to be paid, does not exceed the total amount of the approved cost proposal submitted by the Fund Administrator.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁶

Vanessa A. Countryman
Secretary

² 17 C.F.R. § 201.1105(a).

³ 17 C.F.R. § 201.1105(c).

⁴ 17 C.F.R. § 201.1105(d).

⁵ 17 C.F.R. § 201.1105(e).

⁶ 17 C.F.R. § 200.30-4(a)(17) and 17 C.F.R. § 200.30-4(a)(21)(vi).