Steptoe provides legal advice on all aspects of anti-money laundering (AML) rules and regulations. With its deep bench of US-, UK-, EU-, and Hong Kong-based lawyers, Steptoe helps companies navigate this complex and overlapping legal and regulatory AML landscape – from the implementation of robust compliance measures to robust responses to red flags or to regulators.

AML requirements, counter-terrorist financing (CTF) regimes, know-your-customer (KYC) rules, Suspicious Activity Reporting (SAR) obligations, and Office of Foreign Assets Controls (OFAC) asset blocking and reporting requirements are increasingly complicated and comprehensive. The requirements of statutes such as the Bank Secrecy Act, the Money Laundering Control Act, the USA PATRIOT Act, and the UK Proceeds of Crime Act as well as international standards, including those arising from the work of the Financial Action Task Force (FATF) and EU Directives, such as the 4th Money Laundering Directive, create a complex, global legal and regulatory regime that poses challenges for financial and non-financial institutions alike.

Steptoe lawyers regularly interface with the US Department of Justice (DOJ), the Financial Crimes Enforcement Network (FinCEN), OFAC, and the bank regulatory agencies including the Federal Reserve System (the Fed) and the Office of the Comptroller of the Currency (the OCC).

State and national regulatory authorities are aggressively enforcing regulatory requirements and cooperating with other regulators on an unparalleled level. Cross-border transactions also risk infringing money laundering as well as data protection laws of other sovereign jurisdictions, especially in the European Union.

Our lawyers regularly:

• Evaluate and enhance existing AML, CTF and economic sanctions policies, procedures, and internal controls consistent with regulatory expectations and industry best practices
• Furnish legal advice in connection with risk-based procedures such as KYC and enhanced due diligence of customers, financial counterparties, and other business venture partners
• Confront enforcement challenges in the administrative or law enforcement context

In complement to our AML practice, lawyers in our nationally recognized FCPA/Anti-Corruption and White-Collar Defense practices represent financial and non-financial institutions and their officers and directors facing allegations of money laundering and other alleged violations of law.

Our financial services team has expertise in a number of financial industry, commodities trading and emerging technology sectors, services, and products. In the evolving area of electronic transactions, blockchain and digital currency, our firm regularly advises clients on AML risks and the implementation of best practices to address those risks. These areas where we have engaged with national and international law enforcement authorities to successfully resolve enforcement actions and/or remove special measure restrictions.

Finally, we often draw on the experience of our tax and corporate professionals who assist clients in creating efficient structures and transactions that comply with regulatory requirements in connection with implementing or enhancing AML-compliant internal controls.
Noteworthy

- *Chambers Asia-Pacific*, International Trade/WTO, China (2011-2020)
- *Chambers USA*, FCPA, Nationwide (2014-2020)
- *Chambers USA*, International Trade, Nationwide (2005-2016)
Representative Matters

AML Risk Assessments and Gap Analysis:

- Assist private equity and institutional investment funds in conducting due diligence and undertaking risk assessments in relation to both contemplated and prior investments. In conducting these assessments, which encompass the full panoply of international regulatory risk, including AML risk, we consider past and future activity, as well as assess the sufficiency of target company compliance programs.

- Undertake a comprehensive AML, CTF, and OFAC compliance program assessment for a major non-US financial institution with operations in the United States; assess sufficiency of its compliance program for meeting DOJ criteria under the US Sentencing Guidelines.

AML Compliance Advisory:

- Provide advice to financial institutions subject to USA PATRIOT Act KYC requirements and OFAC anti-terrorism/asset-blocking regimes, including with respect to due diligence, screening, and reporting expectations and requirements. We also developed independent audit plans for institutions required to test their AML and OFAC compliance systems.

- Represent several major European financial groups — including insurers and intermediaries — regarding effective use of the single license to write insurance on a cross-border basis in the EU. We addressed compliance with the basic regulatory regimes set out in the EU Directives and national implementing provisions, as well as European AML and KYC practices and protocols.

- Advise several US-based money transmitters, regulated as Money Services Businesses (MSB), who are evaluating the use of virtual currencies and alternative payment mechanisms to fund their businesses, issue digital tokens or coins, conduct trading of fiat and virtual currencies, enable peer-to-peer transactions of data and information, and engage in arbitrage-related transactions.

- Provide AML compliance advice to companies that could be considered MSBs through the issuance of prepaid access devices (formerly known as stored value) in the US; assessed whether such business would require registration with FinCEN and the adoption of an AML compliance program, or in the alternative, could rely on established exemptions from certain Bank Secrecy Act (BSA) requirements.

- Assist several multinational companies by drafting AML compliance programs with regard to dealers of precious metals, precious stones, and jewelry, including drafting a compliance program, policy, and basic procedures that integrate the laws of the US, UK, and EU. Provided training to senior staff to assist with program implementation, including KYC due diligence requirements and AML risk assessments.

- Assist a non-US mining company with the revision of an AML/anti-terrorism financing compliance policy and program for consistency with US legal developments.

- Provided advice about the types of insurance institutions required to adopt an AML/anti-terrorism financing compliance program under the USA PATRIOT Act, as well as those required to share information about transactions among other financial institutions. We furnished guidance on the baseline standards to assess and remediate money laundering issues.

- Provided guidance to a US investment fund on the legal status and strength of AML compliance requirements implemented by foreign central banks and member financial institutions, as well as attendant anti-terrorism finance risks that could be heightened by investing in or with such institutions.

AML Investigations and Advocacy:

- Represent a US national bank in connection with ongoing civil, criminal, and congressional investigations centered on AML compliance. This representation brought Steptoe lawyers in close contact and coordination with the full community of regulatory, congressional, and criminal authorities in the US.

- Represent a US money transmitter in the emerging digital currency sector and regulated as an MSB by FinCEN, in a criminal investigation by the FBI and DOJ. Our AML and White-Collar practice teams conducted an internal review and communicated frequently with US government officials about enhanced compliance initiatives and cooperation with the DOJ to resolve the matter.

- Represented a major financial institution in connection with money laundering investigations related to Operation Car Wash in Brazil.

- Assisted a think tank in assessing a demand from the Chief Civil Asset Forfeiture US Attorney for the Southern District of New York to pay restitution for charitable contributions received from an individual who pleaded guilty to operating a Ponzi scheme. As a result, the US Attorney dropped its demands.

- Successfully represented a bank in the former Soviet Union before FinCEN to rescind a longstanding Section 311 special measures Notice of Proposed Rulemaking (NPRM), which was based on allegations of improper financial services involving a restricted country and extensive vulnerabilities in the bank’s AML regime. Several previously-
engaged law firms and DC-based consultants had failed to achieve the desired outcome.

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M. Jeffrey Beatrice
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