

# U.S. REGULATORY AGENCIES HAVE INVESTMENT FIRMS ON THEIR RADAR

Are you using the **best compliance tools** to avoid increased sanctions and enforcements?

## The regulatory climate for investment firms has grown increasingly turbulent

**200%** Securities Exchange Commission (SEC) enforcement actions in the first 6 months of the 2019 fiscal year are up over 200% in a year-over-year comparison to 2018<sup>1</sup>

**106** From October 2018 to March 2019, 106 actions were filed against investment firms, compared to 28 actions for the same period in fiscal 2018<sup>2</sup>

**\$15M** A multi-national investment bank was fined \$15 million for failure to detect and report suspicious activities in accounts that had moved money to potential shell companies in Mexico, Venezuela and Panama<sup>3</sup>

## Regulatory agencies have fortified their anti-money laundering policies and staggering fines have followed

For the last four consecutive years, 2016 to 2019, the SEC and Financial Industry Regulatory Authority (FINRA) have published **Examination Priorities** that included a **renewed, more rigorous focus on Anti-Money Laundering (AML) programs**<sup>4</sup>

**Increased scrutiny has resulted in escalating FINRA enforcements including:**

**\$10M** fine against a large U.S. multi-national bank for **multiple AML and Bank Secrecy Act (BSA) regulatory failures**, including failure to devote sufficient resources to review alerts<sup>5</sup>

**\$400K** BSA violation against a Midwest broker-dealer for the willful **failure to file a Suspicious Activity Report (SAR)**; this is the first instance of a BSA-related criminal charge against a broker<sup>6</sup>



## Stronger compliance starts with knowing exactly who you conduct business with

No firm can afford the **exposure to the exorbitant fines, extensive reputational damage and eroded shareholder value** that results from non-compliance

The current regulatory climate leaves **no room for error and demands full transparency** across every interaction within the customer lifecycle

**Effective compliance begins with a 360-degree view of customer risk across the compliance continuum**



Relevant and robust resources that support **Securities Due Diligence, Third-Party Due Diligence and deeper investigations** are another critical component of a comprehensive compliance strategy



## Fortify your compliance program by finding strength in numbers

Transform your compliance program with our **configurable, end-to-end tools** that deliver a **360-degree view of global compliance risk** across the entire customer lifecycle



**Count on our industry-proven solutions to manage complex regulatory oversight with confidence:**

Connect to relevant risk intelligence in over **4 million** global structured profiles of individuals and entities

Stay ahead of global risk realities with continuously updated, curated profiles that cover more than **60 risk categories** and subcategories covering PEPs, state-owned enterprises, registration lists and adverse media and over **1,600 watch lists** for global sanctions and enforcement actions

Utilize our proprietary database of profiles that have been linked to illicit activities from over **30,000 news sources** worldwide

Access the investigative reach of over **80 billion** U.S. public records on individuals and businesses

Trust compliance experts who are the preferred choice of seven of the world's **top 10 banks** and who enabled **100 billion** sanction screens in 2018 alone

Contact us to learn how you can benefit from our technology blended with human-curated data that enables more precise risk management and streamlined compliance operations.

**For more information: Call 866.858.7246 or visit [risk.lexisnexis.com/FCC](http://risk.lexisnexis.com/FCC)**



1. And 2. Hodgkins, Gerald; Hulnick, Blake and McGrath, Catherine, "SEC has been busy in 2019", [www.law360.com](http://www.law360.com), April 2019  
3. <https://news.law.com/related-broker-dealers-fined-us-15-million-by-the-sec-firna-and-fincen-for-alleged-aml-program-deficiencies-unrelated-bd-fined-us-5-5-million-for-purportedly-selling-ipos-to-industry-insiders/>  
4. Cadwalader, Wickersham & Taft LLP Webinar, "Cannabis, crypto and broker-dealers in the anti-money laundering hot seat," [www.cadwalader.com/uploads/media/Cannabis\\_Crypto\\_and\\_Broker-Dealers\\_in\\_the\\_AML\\_Hot\\_Seat\\_-\\_Final.pdf](http://www.cadwalader.com/uploads/media/Cannabis_Crypto_and_Broker-Dealers_in_the_AML_Hot_Seat_-_Final.pdf)  
5. <http://www.finra.org/newsroom>, December 2018  
6. [www.law360.com/articles](http://www.law360.com/articles), December 2018