



What's Been Happening?

Out with the old and in with the new. New penalties, that is. Regulators globally continued aggressively assessing AML fines. HSBC was fined EUR 63.9 million for ignoring repeated warnings of inadequate money laundering monitoring, and Swedbank's former CEO was charged with market manipulation, fraud, and misusing inside information after an investigation showed she repeatedly spread misleading information about Swedbank's AML processes. A reminder that officers, directors and employees can be held personally liable in addition to the financial institution for AML infractions.

Collaboration and Coordination Amongst Regulators



Earlier this month, acting Comptroller of the OCC, Michael Hsu, gave a thought-provoking speech before the British American Business Transatlantic Finance Forum. Comptroller Hsu discussed the mainstreaming of crypto despite regulatory and legal uncertainty and highlights the attention stablecoins are receiving from regulators, and the trust stablecoins users have in them.

He describes a scenario where there is a potential loss in that trust, potentially leading to a rise in run risk. To mitigate run risk, bank regulation is required. He notes, "Bank regulation would give credibility to the "stable" part of stablecoins". To support the need for more regulation Hsu presents an interesting parallel between stablecoins and pre-Civil War banknotes which underscores that "strong, targeted federal regulation of money and banking can help establish a solid foundation for the economy enabling healthy innovation and growth".

Crypto and Hollywood may not mix



It seemed like a great idea at the time. Pay some of the biggest social media influencers to promote a new digital token, and its success is ensured. Kim Kardashian, Floyd Mayweather, and Paul Peirce posted on their social media sites about the new token EMAX (EthereumMax, which is a different coin from Ethereum), in mid-2021. With 250 million followers, Kardashian has one of the largest social media followings in the world. Unfortunately, EthereumMax lost around 97% of its value since then, leading some investors to label it as a "pump and dump" scheme. As a result of their postings, a class action suit was filed in January in California claiming that the influencers did not give proper disclosures, violating California's unfair competition laws and Consumers Legal Remedies Act.

We often hear about the fines and penalties assessed against financial institutions for AML infractions. Don't forget officers, directors and employees of the financial institution can also be charged with civil and criminal penalties.

- In the U.S., depending on the severity of the crime, criminal penalties can lead to imprisonment up to 10 years and \$500,000 in fines. Civil penalties may also be assessed. The civil penalties can vary widely by amount and be assessed by multiple regulating agencies. See, for example, the BitMex case discussed in our [August 2021 Monthly Wrap](#).
- In the UK, a person convicted of money laundering could receive up to 14 years imprisonment, a fine, or both.
- In France, money laundering penalties for individuals can be up to 10 years imprisonment and EUR 750,000.

This continuing trend of holding individuals liable for corporate actions might be a useful talking point for AMLOs and CCOs seeking to launch new control initiatives in 2022.

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