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Compliance Officer Bulletin: Money Laundering and Financial Crime

By [Arun Srivastava](#), [Jonathan Pickworth](#), [Gesa Bukowski](#), [Nina Moffatt](#), [Konstantin Burkov](#) & William Knox

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The money laundering framework around the world is showing signs of maturing. In the U.K., money laundering has remained in focus for regulators, such as the Financial Conduct Authority and the Gambling Commission. The rise in crypto-currencies and other digital assets, as well as the increased attention being paid to environmental issues and sustainable investing, have brought new legal and regulatory challenges for regulators. Paul Hastings lawyers have written a number of articles about these recent financial crime developments. These articles were published in the U.K. Compliance Officer Bulletin, which we now make available free of charge.

The articles focused on a number of issues and a brief summary of each is set out below:

- **Outcomes from FATF June 2021 plenary meeting.** This article looks at the strategic initiatives and specific country processes that were discussed at the plenary Financial Action Task Force ("FATF") meeting in June 2021. The main focus of the FATF was aimed at improving risk-based supervision to prevent money laundering and terrorist financing.
- **FCA Dear CEO Letter: Areas to focus on and improve.** The Financial Conduct Authority ("FCA") wrote a "Dear CEO Letter" to retail banks concerning common failings in their anti-money laundering frameworks. This article discusses the common weaknesses detailed in the FCA letter and the follow-up suggested to remedy these.
- **Reporting suspicions of money laundering: Prosecution risk increases.** Despite the high volume of Suspicious Activity Reports ("SARs") received by the National Crime Agency ("NCA"), there remain concerns regarding under-reporting of suspicions of money laundering which led to the revision of the Crown Prosecution Service's guidance on SARs. This article looks at the increased prosecution risk stemming from the revised guidance.
- **FCA fines Sapien Capital in its first cum-ex trading case.** In this article, the fine imposed by the FCA on Sapien Capital, the first fine in relation to cum-ex trading, dividend arbitrage, and withholding tax schemes, is discussed.
- **Digitisation and decentralised finance.** This article takes stock of global developments relating to digitisation and decentralised finance in light of the recent exponential growth of the digital asset sector.
- **Sustainable investment, ESG, and money laundering.** Whilst ESG considerations were traditionally policed with non-binding requirements, this article examines the recent global

shift toward mandatory ESG disclosure, sustainable development goals, and FATF's concern with environmental crime.

- **A painting, a sculpture or proceeds of crime? HMRC designates the U.K. art market as "attractive for money launderers" in first money laundering assessment on art market participants.** This article considers the first money laundering assessment of the U.K. art market published by Her Majesty's Revenue and Customs ("HMRC") which details specific art market sector risks.
- **Ten years of the Bribery Act: Shifting the focus?** In this article we examine whether the Bribery Act 2010 has lived up to its expectations and discuss enforcement acuity under the Bribery Act, including Deferred Prosecution Agreements ("DPAs").
- **U.K. gets tougher in penalising financial sanctions breaches: New OFSI guidance.** The Office of Financial Sanctions Implementation ("OFSI") has published updated guidance on its approach to imposing monetary penalties. This article looks at the revised guidance and the approach of OFSI to penalties.

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If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings London lawyers:

Jonathan Pickworth
44.020.3023.5165
jonathanpickworth@paulhastings.com

Arun Srivastava
44.020.3023.5230
arunsrivastava@paulhastings.com

Gesa Bukowski
44.020.3023.5169
gesabukowski@paulhastings.com