

October 2020

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Compliance Officer Bulletin: Money Laundering and Financial Crime

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Throughout the COVID-19 crisis, government and regulatory attention has focused on the impact of the crisis and the measures that can be taken to alleviate the economic and financial impact of the crisis, particularly in relation to financial crime. In this regard, several financial crime enforcement actions were taken during the lockdown period, and Paul Hastings lawyers wrote a number of articles about the same and the wider financial crime developments during this period. These articles were published in this year's August edition of the Compliance Officer Bulletin, which is now being made available free of charge.

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

- **Financial Sanctions: U.K. Government targets human rights contraventions.** This article focuses on the newly established unilateral sanctions powers of the U.K. Government and examines the first-ever sanctions targeting human rights abuses under the Sanctions and Anti-Money Laundering Act 2018. As well as setting out when what kind of sanctions can be imposed under the new regime, and on whom, the article also analyses the impact of sanctions on businesses and gives an outlook.
- **Commerzbank fine: lessons to be learnt by all firms.** This article looks at the £37.8 million fine imposed by the FCA on Commerzbank AG's London branch for breaches of anti-money laundering obligations. The reasons why the fine was imposed and how the bank got it wrong are closely examined, as they provide valuable lessons for all firms.
- **U.K. courts review the scope of Unexplained Wealth Orders.** In this article, the legislative framework for Unexplained Wealth Orders ("UWOs") is set out and examined in light of the first-ever UWO made in the infamous "Harrods Case". The unsuccessful appeal of the Harrods Case in February 2020, upholding the UWO, seemed to open the door to more UWOs. However, the more recent decision to discharge three UWOs made against three individuals and properties in Kensington in April 2020 seemed to deal a blow to enforcement agencies that appeared to have been gearing up to use the regime more frequently. Last week, the National Crime Agency announced that it had secured an UWO against a businessman and eight properties with alleged links to serious criminals and organised crime. The individual subject to the UWO agreed to hand over properties in London, Cheshire, and Leeds, and other assets and cash, in an out-of-court settlement worth £9.8 million. Importantly, this UWO is noteworthy because it concerned a British citizen and not a Politically Exposed Person.

- **The new regulator on the block: How fining Standard Charter Bank (“SCB”) put the Office of Financial Sanctions Implementation (“OFSI”) on the map of the sanctions enforcement landscape.** This article examines the £20.4 million fine imposed by the OFSI on SCB, the largest fine since the establishment of the OFSI. The article sets out why the fine was imposed and sets out key learning takeaways for firms dealing with sanctions and the OFSI.
- **Zero Tolerance: The European Union’s AML & CTF Action Plan.** In this article, the EU’s ambitious Action Plan on improving AML and CTF standards and coordination across the EU is reviewed. Whilst its relevancy to the U.K. remains to be seen, developments in the EU may have an impact on the U.K. In this regard, the six pillars of the Action Plan are reviewed in detail and
- **Human Rights Diligence Catching Up To Anti-Corruption.** Following an announcement from the Commissioner of Justice of the EU that the Commission would in 2021 present a legislative proposal mandating human rights due diligence in companies and for supply chains, this article examined whether human rights due diligence will finally become a business imperative, akin to anti-corruption due diligence. How anti-corruption diligence has been shaped over the last years is closely examined in order to draw analogies for human rights due diligence. Human rights due diligence has already received backing from some national governments.



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