

Money Laundering Enforcement Trends: Spring 2019

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Introduction

For this edition of Miller & Chevalier's *Money Laundering Enforcement Trends* newsletter, we follow up on some key enforcement developments. Below we describe the increased use of money laundering charges in criminal cases involving [economic sanction violations](#); the government's continued focus on the importance of anti-money laundering (AML) [compliance programs](#); and the prosecution of [individuals](#) through the Money Laundering Control Act as a means of reaching bribe recipients. We also highlight key U.S. and foreign AML [regulatory developments](#) and provide an update on two of the high-profile [international money laundering scandals](#) currently making headlines: Danske Bank and the Mozambique Tuna Bond Scandal.

For the first time, we take a close look at one country's efforts to combat money laundering in our new [Spotlight](#) section. In this edition, we focus on Iran.

Money Laundering Charges for Sanctions-Related Crimes

As previously [covered](#), the U.S. government continues to use money laundering charges to prosecute sanctions violations, most notably in connection with sanctions on Iran. Two recent cases demonstrate the use of money laundering charges in connection with sanctions on Cuba, Sudan, and Hezbollah, as well.

- **Société Générale SA Agrees to Pay \$1.3 Billion to Resolve Sanctions, Money Laundering Allegations** . In November 2018, Société Générale SA (SocGen) reached agreements with the [Department of Justice \(DOJ\)](#), the [Federal Reserve](#), the [U.S. Office of Foreign Assets Control \(OFAC\)](#), and the [Manhattan District Attorney's Office](#) to settle allegations that it had processed and concealed transactions that violated U.S. sanctions in connection with Cuba, Sudan, and Iran. Most notably, the Paris-headquartered multinational investment bank allegedly financed transactions with a Cuban oil refining monopoly—a violation of U.S. sanctions law—and made inaccurate notations on payment messages that accompanied those transactions—a violation of U.S. anti-money laundering law. SocGen allegedly engaged in similar misconduct in connection with Sudanese and Iranian transactions. Altogether, SocGen agreed to pay \$1.3 billion to resolve charges brought by both federal and New York state authorities. SocGen's November 2018 settlement is separate from its prior June 2018 \$1.3 billion settlement with U.S. and French authorities to resolve allegations that SocGen had made unlawful payments to Libyan officials and manipulated the benchmark London InterBank Offered Rate (LIBOR), discussed in our [FCPA publication](#).

- **Hezbollah Financier Pleads Guilty to Avoiding U.S. Sanctions** . In December 2018, Kassim Tajideen, a Lebanese businessman who had been designated as a financial supporter to Hezbollah, [pled guilty](#) to money laundering while violating the International Emergency Economic Powers Act. Tajideen was a Specially Designated Global Terrorist in May 2009 because of the support he provided to Hezbollah. After that designation, Tajideen, Imad Hassoun (who was employed by Tajideen and [also charged](#)), and others, arranged more than a dozen commercial transactions totaling more than \$50 million with U.S. businesses that were owned, controlled, or for the benefit of Tajideen. The DOJ and Tajideen agreed to a sentence of 60 months incarceration and \$50 million in forfeiture, and also agreed that the government would not prosecute his wife and children. DOJ's [press release](#) provides more detail.

Emphasis on AML Compliance Programs

As discussed [previously](#), U.S. regulators continue to focus on and critique AML compliance programs, notably in the following cases:

- **MoneyGram Agrees to Extend DPA and Forfeit \$125 Million** . On November 8, 2018, MoneyGram International, Inc. (MoneyGram) agreed to extend its deferred prosecution agreement (DPA) and forfeit \$125 million to the DOJ to settle allegations arising from significant weaknesses in the company's anti-fraud and anti-money laundering program. Pursuant to the [Joint Motion to Amend and Extend the Deferred Prosecution Agreement](#) (Joint Motion), it is the DOJ's intent that the money to be "made available to victims under the Petition for Remission and/or Mitigation procedures." According to the motion (the latest in a series of joint motions for extensions), the company's [2012 DPA](#) will be extended for an additional 30 months. In 2012, MoneyGram was charged with a two-count criminal information for willfully failing to maintain an effective AML program and aiding and abetting wire fraud.

According to the Joint Motion, "despite making progress during the term of the Agreement, the Company has not implemented all of the required enhanced compliance undertakings set forth in the [DPA] ... More specifically, in April 2015, the Company implemented a new fraud interdiction system that ultimately proved to be ineffective." The Joint Motion also notes that "the Company did not adequately disclose these weaknesses to the [DOJ]." MoneyGram's program failures led to the company processing approximately \$125 million in consumer fraud transactions in 2015 and 2016. MoneyGram subsequently attempted to remediate these failures through a new fraud interdiction system that it introduced on October 11, 2016. Pursuant to the Joint Motion, the company will address any relevant deficiencies, continue to implement appropriate compliance measures (to detect and prevent violations), and enhance its AML and anti-fraud compliance programs.

In a related matter, MoneyGram agreed to a [Stipulated Order for Compensatory Relief and Modified Order for Permanent Injunction](#) (Stipulation) with the Federal Trade Commission (FTC). The Stipulation relates to a 2009 Stipulated Injunction and Final Order with the FTC and requires MoneyGram to pay \$125 million, for which it credits the company's above-referenced payment to the DOJ in connection with the Joint Motion.

- **Capital One Enters into a Consent Order with the Office of the Comptroller of the Currency (OCC) and Agrees to Pay a \$100 Million Civil Penalty for AML Deficiencies**. On October 23, 2018, the OCC entered into a [Consent Order](#) with Capital One, N.A. and Capital One Bank (USA), N.A. (collectively, Capital One or the bank). The Consent Order required the bank to pay a \$100 million civil penalty for deficiencies in the bank's Bank Secrecy Act (BSA)/AML program. This penalty arises from the bank's failure to comply with a [Consent Order from July 8, 2015](#). Specifically, the OCC alleged that the bank failed to adopt an adequate compliance program and failed to file necessary SARs. The Consent Order states that Capital One did not "adopt and implement a compliance program that adequately covered the required BSA/AML program elements due to an inadequate system of internal controls and ineffective independent testing, and the Bank failed to file all necessary [SARs] related to suspicious customer activity by not adequately addressing its compliance program's deficiencies and by not filing the required SARs." Capital One neither admitted nor denied the allegations.

- **FINRA Fines Morgan Stanley for AML Violations** . On December 24, 2018, the Financial Industry Regulatory Authority (FINRA) imposed a \$10 million fine on Morgan Stanley Smith Barney LLC (Morgan Stanley). According to the [Letter of Acceptance](#), FINRA found that Morgan Stanley (from 2010-2015) failed to develop and implement an anti-money laundering program that was compliant with the requirements of the BSA.

FINRA's focus and findings were largely surrounding legacy Morgan Stanley Smith Barney systems, staffing, and processes relating to the surveillance of wire transfers, and the deposit and sale of low priced securities. FINRA acknowledged in the settlement the extraordinary steps and the substantial resources Morgan Stanley has devoted to its AML program and enhancements made to the program since the legacy examination period, and also acknowledged that Morgan Stanley self-reported several of the issues to FINRA.

- **FINRA Fines LPL Financial \$2.75 Million Over Failure to Report Customer Complaints and AML Issues** . In October 2018, FINRA [announced](#) that it had fined LPL Financial, LLC (LPL), a Boston, Massachusetts-based independent broker-dealer, \$2.75 million in connection with alleged failures to disclose reportable customer complaints and file SARs following attempts to gain unauthorized access to its electronic systems. According to FINRA, LPL's failure to file SARs was due "primarily from the firm's use of a 'fraud case chart' that provided inaccurate guidance to its AML employees concerning investigation and reporting requirements when third parties used electronic means to attempt to compromise a customer's email or brokerage account."

A few recent settlements specifically drew attention to failures of compliance programs to adequately address heightened risk. For example:

- **New York Department of Financial Services Fines Mashreqbank PSC for Poor AML Controls** . In October 2018, the New York Department of Financial Services (DFS) [announced](#) a fine of \$40 million against Mashreqbank PSC (Mashreqbank), a Dubai, United Arab Emirates-based privately held bank, as well as its New York branch, for alleged violations of BSA and AML laws. Mashreqbank provides correspondent banking, trade finance, and U.S. dollar clearing services to clients located in Southeast Asia, the Middle East, and Northern Africa. Despite this environment of relatively high money laundering and sanctions risk, Mashreqbank's BSA/AML and economic sanctions policies lacked sufficient "detail, nuance or complexity," according to DFS. DFS also found fault with the bank's recordkeeping regarding specific alerts and dispositions (which reportedly lacked detailed information necessary to assess the adequacy of investigations conduct by compliance personnel) and assessment of certain transaction monitoring alerts (which were reportedly reviewed only once by a single reviewer, without adequate quality assurance reviews). In addition to the \$40 million fine, Mashreqbank agreed to enter into a consent order with DFS, requiring the bank to implement a new BSA/AML compliance program, a new enhanced customer due diligence program, and safeguards to ensure reporting of suspected violations of law or suspicious transactions to law enforcement and supervisory authorities.
- **UBS Settles AML Violations with SEC, FinCEN, and FINRA** . On December 17, 2018, the Securities and Exchange Commission (SEC) [announced](#) that UBS Financial Services Inc. (UBS) settled parallel AML allegations with the SEC, the [Financial Crimes Enforcement Network](#) (FinCEN), and [FINRA](#). UBS agreed to pay a penalty of \$15 million total (\$5 million to each of the agencies) for failing to report suspicious transactions in non-resident alien (NRA) customer accounts in its San Diego, California branch office.

According to the SEC's [Cease and Desist Order](#) (the SEC Order), UBS's AML program was not sufficient to address risks concerning their customers' use of wires, internal transfers between accounts, checks, ATM withdrawals, cash advance, and ACH transfers in their retail brokerage accounts. The SEC drew attention to the San Diego branch's focus on NRA accounts, stating that it was: "at increased risk for money laundering because its business model predominantly was to service NRA accounts." The SEC indicated that there may be an increased AML risk for NRA customers who engage in "i) cross-border money movements, including to and from high risk jurisdictions and/or ii) use of off-shore shell companies or personal investment companies for complicated fund movements." Specifically, the government argued that UBS did not have a reasonably designed AML program

to detect suspicious activity in NRA customer accounts with elevated AML risk, did not adequately review NRA account alerts, and failed to file SARs on suspicious movements of funds through some of its NRA accounts.

As stated in the SEC Order, prior to the settlement, UBS had undertaken the following remedial measures:

- Enhanced surveillance monitoring system and its oversight of AML
- Enhanced training and minimum standards for key AML monitoring staff
- Enhanced alert handling standards, documentation, and inventory tracking
- Developed a new efficient quality assurance system

Prosecution of Individuals

In addition to the [prosecution of Tajideen](#), developments in four other prosecutions of individuals illustrate the scope of AML charges. As we highlighted in the [inaugural issue](#), the DOJ uses the Money Laundering Control Act to bring charges against bribe recipients who fall outside the reach of the FCPA. Two more prosecutions in the last few months demonstrate the ongoing use of this tactic. In addition, the prosecution of a former DOJ official illustrates another common prosecution tactic: the falsification of bank documentation.

- **Former Venezuela National Treasurer Sentenced to 10 Years for Receipt of Bribes** . In November 2018, former Venezuela National Treasurer Alejandro Andrade Cedeno was [sentenced](#) to 10 years in prison for his role in a billion-dollar money laundering currency exchange program. According to the [plea agreement](#) that Andrade signed in 2017, he agreed to accept bribes from co-conspirators in exchange for selecting the co-conspirators to carry out large U.S. dollar to bolivar exchanges, which allowed the co-conspirators to obtain substantial profits on the exchange rates.
- **Anti-Corruption Official in Colombia Pleads Guilty and is Sentenced to Two Years in Connection with Proposed Bribes** . In January 2019, the former National Director of Anti-Corruption in Colombia, Luis Gustavo Moreno Rivera, was [sentenced](#) to 48 months in prison for conspiracy to launder money in furtherance of foreign bribery. Moreno and Colombian attorney Leonardo Luis Pinilla Gomez [pled guilty](#) in August 2018 for soliciting a bribe from a cooperating source in exchange for providing the source with statements from individuals who had testified against him. Pinilla [received](#) 24 months for his role in the conspiracy.
- **Former DOJ Official Pleads Guilty in Conspiracy to Hide the Source and Purpose of Foreign Transactions** . In November 2018, George Higginbotham, a Senior Congressional Affairs Specialist with the DOJ from 2016 to 2018, pled guilty for his role in an embezzlement and bribery scheme involving 1Malaysia Development Berhad (1MDB). In July 2016, the DOJ [filed](#) civil forfeiture complaints seeking forfeiture of more than \$1 billion in assets related to the 1MDB embezzlement scheme. According to the [factual basis](#) for the Higginbotham plea, an individual who was alleged to be one of the primary architects of the 1MDB embezzlement scheme sought to find someone to resolve his issues with the DOJ. When the person identified did not want to be associated with 1MDB or its architect, Higginbotham worked on retainer and consulting agreements to hide the true source of the funds by transferring the money through various entities. According to the factual basis, Higginbotham later played a similar role on a different transaction for the alleged architect of the 1MDB embezzlement scheme, preparing falsified paperwork to conceal the source of the funds used to pay a U.S.-based consultant. In his [plea](#), Higginbotham agreed to provide substantial assistance to the DOJ.

AML Actions Involving Cryptocurrency

Recent AML regulatory and enforcement actions have involved cryptocurrency (see our [prior coverage](#)). So far in 2019, a virtual currency founder was indicted for making false claims about coin value. Specifically, in February 2019, the founder and operator of virtual currency company My Big Coin was [arrested](#) and [indicted](#) for wire fraud for his role in a scheme to market and sell fraudulent virtual currency. According to the indictment, Randall Crater and at least two other individuals created My Big Coin and

represented to potential investors that the virtual currency was backed by gold and could be traded on a virtual currency exchange when neither of those representations were true. Through their marketing, Crater and others collected more than \$6 million from investors.

Regulatory Updates

U.S.

In the fourth quarter of 2018, the U.S. government issued an Interagency Statement on Sharing Bank Secrecy Act Resources and expanded beneficial owner reporting requirements for cash real estate deals.

- On November 15, 2018, FinCEN issued a [Geographic Testing Order](#) that requires the collection and reporting by U.S. title insurance companies of certain information involved in residential real estate transactions. FinCEN concluded that these additional requirements were necessary to properly implement the BSA. Generally, the order states that U.S. title companies must identify the natural persons that are behind shell companies for certain types of residential real estate transactions involving all-cash purchases. The purchase amount threshold for such transactions is set by metropolitan areas under the order, which now number 12, and include New York, Boston, Chicago, Los Angeles, Las Vegas, Miami, and San Francisco, among others. The Geographic Testing Order is part of a broader initiative to address the use of real estate transactions to launder illicit proceeds generally, and particularly with respect to government officials or their relatives and friends who may use the proceeds of corruption to purchase real estate. Similar initiatives have been undertaken in the U.K. (with the proposed Register of Beneficial Ownership) and elsewhere.
- On October 3, 2018, the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the OCC, and FinCEN joined together to issue an "[Interagency Statement on Sharing Bank Secrecy Act Resources](#)." The statement provided guidance on collaborative agreements between banks in order to share resources when managing their BSA and AML duties, with the aim of enabling banks to meet these duties in a more efficient manner. For example, the statement noted that such resource sharing could be appropriate for: internal controls processes (*e.g.*, reviewing, updating, and drafting BSA/AML policies and procedures), independent testing (*e.g.*, sharing personnel to conduct independent testing), training (*e.g.*, sharing the cost of hiring an employee to provide training). Under the statement, such collaborative agreements are best suited for banks that have a "community focus, less complex operations, and lower-risk profiles for money laundering or terrorist financing." This Interagency Statement is intended to address concerns raised by community banks which have argued that the cost of compliance resources exceeds their risk profile.

U.K. Developments

Following its creation in December 2017 to tackle money laundering as part of the U.K.'s broader anti-corruption strategy, the U.K.'s National Economic Crime Center (NECC) [began](#) operations in the fall of 2018. The NECC employs officers from various U.K. agencies, including the Serious Fraud Office (SFO) and the Financial Conduct Authority. While all U.K. enforcement authorities can investigate money laundering, one of the objectives of the NECC is to assist to identify and prioritize investigations into money laundering cases to ensure "maximum impact." On January 16, 2019, the National Crime Agency (NCA) [appointed](#) Graeme Biggar, U.K.'s former Director National Security, as NECC's first permanent Director General. According to the NCA's [estimate](#), "many hundreds of billions of pounds" are laundered through U.K. banks each year. To target suspicious funds and stem the tide of illicit finance across all threat types, the NECC has been promoting and using powers and enforcement tools contained in the Criminal Finances Act 2017, including account freezing orders and unexplained wealth orders (discussed in our [previous newsletter](#)). The Financial Action Task Force (FATF) in December 2018 [gave](#) the U.K. the highest rating following a review of the country's anti-money laundering framework.

EU Developments

On December 4, 2018, a week after the German police had raided Deutsche Bank's headquarters in Frankfurt as part of a money laundering investigation, the European Council (the Council) [adopted](#) conclusions on an Anti-Money Laundering Action Plan (the

Action Plan).

- The Action Plan comes as a response to recent highly-publicized cases of money laundering at banks in several European countries, including Denmark, Estonia, Latvia, Malta, and Cyprus, among others. According to the [Council](#), the cases "have raised concerns that anti-money laundering ... rules are not always supervised and enforced effectively across the EU, creating risks for the integrity and reputation of the European financial sector, as well as for the financial stability of those banks." Specifically, the EU ministers said that they "need to strengthen the effectiveness of the current framework" and create a more harmonized regime among the EU member states to combat money laundering.
- The Action Plan proposes several short-term non-legislative actions to improve the existing regime by identifying key areas of supervision to be clarified and strengthened and by addressing eight key objectives, the responsible parties for their implementation, as well as the timelines for their completion. For example, the first objective is to "[i]dentify the factors that contributed to the recent money laundering cases in EU banks." The action to be implemented by "mid-2019" in relation to that objective is "conduct a 'post-mortem' of the recent alleged money laundering cases involving EU banks." The remaining seven objectives are:
 - map relevant money laundering and terrorist financing risks and the best prudential supervisory practices to address them;
 - enhance supervisory convergence and better take into account AML aspects in the prudential supervisory process;
 - ensure effective cooperation between prudential and money laundering supervisors;
 - clarify aspects related to the withdrawal of a bank's authorization in case of serious breaches;
 - improve supervision and exchange of information between relevant authorities;
 - share best practices and find grounds for convergence among national authorities; and
 - improve the European supervisory authorities' capacity to make better use of existing powers and tools.
- The Action Plan demonstrates the Council's commitment to greater collaboration among the authorities of the EU member states; a consistent application of common guidelines for supervisors; expectation that prudential supervisors will play a bigger role in monitoring anti-money laundering violations; and ensuring effective cooperation between prudential supervisors and their anti-money laundering counterparts.
- In addition, the Action Plan calls for improved supervision of anti-money laundering and countering financing of terrorism (AML/CFT) and exchanges of information between the relevant authorities. This is to be achieved, among other actions, through monitoring of implementation of the European Supervisory Authorities' [Risk-Based Supervision Guidelines](#), which are to be expanded "to include guidance on best practices for the imposition of administratively sanctions in cases of breach of AML/CFT rules."
- Two weeks after the Council had adopted the Action Plan, the Council agreed on December 17, 2018, to a position on a [proposal](#) reinforcing the role of the European Banking Authority (EBA) regarding AML supervision for financial institutions and the risks posed to the financial sector by money laundering. Specifically, it is proposed that the EBA be given the following powers:
 - collecting information from national competent authorities related to weaknesses identified in the context of their actions to prevent or fight money laundering and terrorist financing;
 - enhancing the quality of supervision through the development of common standards and coordination among national supervisory authorities;
 - performing risk assessments on competent authorities to evaluate their strategies and resources to address the most important

- emerging AML risks at EU level;
 - facilitating cooperation with non-EU countries on cross-border cases; and
 - addressing decisions directly to individual banks as a last resort if national authorities do not act.
- Strengthening EBA's powers would ensure that AML rules are effectively and uniformly applied in all EU-member states and there is close cooperation among all involved authorities.

An Update on International Money Laundering Scandals

International money laundering scandals continue to emerge and expand across jurisdictions. The following are highlights of two scandals currently making headlines: Danske Bank (and related Swedbank) and the Mozambique Tuna Bond Scandal.

Danske Bank Scandal

There are a few notable updates in connection with the Danske Bank money laundering scandal—which first made headlines in March 2017:

- **Compliance Program Deficiencies.** In September 2018, Danish law firm Bruun & Hjejle, at the direction of the bank's board of directors, released a [detailed report](#) on the Danske Bank's Estonia branch's non-resident portfolio. The report found that the branch's AML procedures "were manifestly insufficient and inadequate and in breach of international standards as well as Estonian law" — "even though the non-resident customers were categorized as high risk." This is another example of authorities' focus on the importance of adequate AML compliance programs, [as discussed above](#).
- **Withdrawal from the Baltics.** In February 2019, the Estonian Financial Supervision Authority ordered Danske Bank to cease banking operations in Estonia due to the "serious case of possible money laundering in Estonia," and, at the same time, the bank said that it decided to close its offices in Latvia, Lithuania, and Russia. Those decisions followed [charges](#) in November 2018 by the Danish State Prosecutor for Serious Economic and International Crime charged against Danske Bank for alleged money laundering at its Estonian branch, reportedly [involving](#) €200 billion (\$225 billion) in suspicious transactions.
- **Investigation of Swedbank.** According to the *Financial Times*, the New York State Department of Financial Services is investigating Swedbank's links to Danske Bank. Swedbank is also facing inquiries from regulators in connection with the Panama papers and Russian Laundromat money laundering scandals. According to Swedish TV broadcaster SVT, between 2005 and 2015, Swedbank funneled \$5.8 billion between Swedbank and Danske Bank accounts. On March 27, 2019, Swedish authorities raided Swedbank's headquarters near Stockholm. The following day, on March 28, 2019, Swedbank CEO Birgitte Bonnesen resigned.

Mozambique Bond Scandal

Although the so-called Mozambique Bond Scandal has not led to any convictions or plea deals yet, a recently unsealed U.S. [indictment](#) of eight individuals merits an update. The indictment, filed in the United States Eastern District of New York on December 19, 2018, charged eight individuals with various violations of U.S. laws, including conspiracy to commit money laundering, conspiracy to commit wire fraud, conspiracy to commit securities fraud, and conspiracy to violate the FCPA anti-bribery and internal controls provisions, all in connection with the Mozambique Bond Scandal. The eight individuals charged in the indictment include: Mozambique's former finance minister; a former official in the Mozambican government's state intelligence and security services, SISE; an individual who was "acting in an official capacity for and on behalf of the Office of the President of Mozambique," the CFO and a representative of Abu Dhabi-based maritime conglomerate Privinvest Group (Privinvest), and former Credit Suisse bankers.

According to the indictment, from approximately 2013 to 2016, three Mozambican state-owned enterprises—coastal surveillance company Proindicus S.A (Proindicus), tuna fishing company Empresa Moçambicana de Atum, S.A. (EMATUM), and shipyard builder and maintenance company Mozambique Asset Management (MAM)—borrowed more than \$2 billion through loans

guaranteed by the Mozambican government. Two investment banks (thought to be Switzerland-based Credit Suisse and Russia-based VTB) arranged the loans and sold them to investors worldwide. According to the indictment, throughout the course of the transactions, the defendants and others conspired to defraud investors and potential investors. Abu Dhabi-based Privinvest served as the sole contractor for the Proindicus, EMATUM, and MAM projects and received nearly all \$2 billion of the borrowed money directly from the investment banks. Instead of financing maritime projects in Mozambique, it is alleged that only a portion of the loan proceeds were applied to the maritime projects and that the defendants and others "created the maritime projects as fronts to raise money to enrich themselves and intentionally diverted portions of the loan proceeds to pay at least \$200 million in bribes and kickbacks to themselves, Mozambican government officials and others." The companies defaulted on the loans and the indictment alleges the Mozambican government failed to inform and even took steps to hide the loans from the International Monetary Fund (IMF) at the time of the transactions and after.

In January 2019, Mozambique's Attorney General's Office announced that it [indicted](#) 18 individuals in connection with the scandal. In February 2019, Mozambican authorities [detained](#) nine individuals in connection with the scandal.

Spotlight on Iran

Over the next few issues, we will put the spotlight on various countries around the world and their efforts to combat money laundering. First on our list is Iran. As discussed [previously](#), the U.S. government has used AML charges to supplement the enforcement of sanctions against Iran. But what AML steps has Iran itself taken recently?

- **Iran Approved a New Anti-Money Laundering Bill.** On January 5, 2019, Iran's [Expediency Discernment Council](#) (EDC) [approved](#) an anti-money laundering bill (the AML Bill), which is expected to facilitate the country's foreign trade and access to international markets and the international financial system. The EDC is a 38-member arbitration body that settles disputes between the Iranian Parliament, which had passed the AML Bill in 2018, and the conservative Guardian Council, which had rejected it, arguing that it was against Islam and the constitution and would give foreign countries leverage over Iran's economy and funding decisions.
- The AML Bill is the second piece of legislation that Iran has passed to adhere to the requirements of the Paris-based intergovernmental organization FATF. Prior to that, **in August 2018, the country had signed into law a bill on monitoring and prevention of terrorist financing.** With the AML Bill, Iran has come one step closer to removal from FATF's "black list" of non-cooperative jurisdictions where the country has been since 2008. Back in August 2017, the Basel Institute of Governance [ranked](#) Iran first in the world for highest risk of money laundering, according to the Institute's Anti-Money Laundering Index.
- **Iran now has until [June 2019](#) to implement the legal changes following the approval of the AML Bill and its bill on monitoring and prevention of terrorist financing.** If Iran fails to enact the measures and address the deficiencies in its legal regime by June 2019, FATF said that it would require increased supervisory exams for financial institutions in the country.
- Following the FATF's public statement, the EDC met again on March 2 but has yet to decide what to do with the bills. The EDC's Secretary, Mohsen Rezaei, [announced](#) that there were many reasons for the delay in EDC's decision; however, he [emphasized](#) that "FATF's behavior" and "the behavior of Europeans" would be factors that the EDC would consider in making its final decision. On March 17, Rezaei [stated](#) that the EU needed to guarantee oil purchases from Iran if it wanted Iran to ratify the FATF bills; however, the EDC later distanced itself from the conditions that Rezaei had posed. Another meeting of the EDC is tentatively [scheduled](#) for April.

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