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Here is a compilation of critical headlines I covered in February 2024. Click on the headline to access the full article/blog.

Note: This newsletter does not include all relevant developments that may impact your organization's governance, risk, and compliance controls. It is provided for informational purposes only and does not offer legal, accounting, or tax advice.

POLICY PATTY POSTS

- [CFTC Customer Advisory Cautions the Public to Beware of Artificial Intelligence Scams](#) - Late last month, the CFTC's Office of Customer Education and Outreach issued a customer advisory warning the public about Artificial Intelligence (AI) scams.
- [OMB needs your help with privacy assessments](#) - The Office of Management and Budget (OMB) wants feedback on how the agency can improve its privacy impact assessments, i.e., analyses of the government's use of personal information about individuals required of agencies. The request for information is now available, with feedback requested by April 1, 2024.
- [OCC Fines LA City Bank \\$65 Million](#) - The Office of the Comptroller of the Currency (OCC) assessed a \$65 million civil money penalty against the City National Bank of Los Angeles, California, for systemic deficiencies in the bank's risk management and internal controls.
- [FTC Orders Blackbaud to Delete Data and Enhance Safeguards](#) - The FTC recently announced its action against Blackbaud, requiring the company to delete unnecessary data and enhance security safeguards to settle charges involving its lax security practices that resulted in a significant data breach.
- [CW Article - Experts: Good data breach response grounded in preparation](#) - An interesting read from @ComplianceWeek summarizing takeaways and tips from a panel at Compliance Week's virtual Cyber Risk & Data Privacy Summit on preparing for the "when, not if" threat of a data breach.
- [FTC Publishes Guidance on Avoiding Romance Scams](#) - So, before Valentine's Day ❤️, the FTC wants to ensure that a ruthless scammer does not break your heart. The agency issued a blog highlighting its FTC Consumer Sentinel Data Book, which covers romance scams and the injury they can inflict. The guidance also offers tips on how to avoid these scams.
- [SEC Settles Another Off-Channel Communications Action with 16 Firms](#) - The SEC announced another enforcement sweep action against firms for failing to maintain personal text messages sent by employees about their employers' business.



- [SEC Marketing Compliance Frequently Asked Questions - Updated Feb 2024](#) - The SEC updated an FAQ focused on calculating net and gross performance.
- [FinCEN Proposes AML/CFT Requirements for Investment Advisers](#) - FinCEN is proposing a rule that would require certain investment advisers to apply AML/CFT requirements under the BSA, including implementing risk-based AML/CFT programs, reporting suspicious activity to FinCEN, and fulfilling recordkeeping requirements. The comment period is open until April 15, 2024.
- [SEC Proposes Rule to Update Definition of Qualifying Venture Capital Funds](#) - The SEC issued a press release to propose changes that would update the dollar threshold for a fund to qualify as a “qualifying venture capital fund” for purposes of the Investment Company Act of 1940 (Act). The dollar threshold would be increased to \$12 million in aggregate capital contributions and uncalled committed capital from the current standard of \$10 million.
- [FTC Publishes Final Rule on Impersonating Government Agencies](#) - The FTC published a final rule in the fight against fraud involving governmental impersonators. Notably, the rule outlaws some of the fraudsters’ favorite means of impersonation.
- [DOJ’s Monaco Talks AI at Oxford](#) - Deputy Attorney General Monaco delivered remarks at the University of Oxford on the promise and peril of AI. The speech summarized the DOJ’s focus on AI and what it portends for its core mission. Monaco covered how the agency uses AI, ways to manage/govern it, and risks.
- [ACFE and SAS Release Study on Use of Technology to Combat Fraud](#) - The Association of Certified Fraud Examiners (ACFE) and SAS released the results of their global survey, the 2024 Anti-Fraud Technology Benchmarking Report (registration required), focusing on the role of AI.
- [FCC Makes AI-Generated Voices in Robocalls Illegal](#) - The Federal Communications Commission (FCC) has officially declared AI-created robocalls illegal, using an expanded [Telephone Consumer Protection Act](#) (TCPA). This Act offers consumer protections and outlines legal procedures for actors charged with issuing robocalls.
- [UBS Loses to Whistleblower in Wide-Reaching Supreme Court Decision](#) - In case you didn’t see the US Supreme Court’s decision earlier this month in favor of a former UBS analyst/researcher. In a unanimous decision, the court found that the Sarbanes-Oxley Act doesn’t require a whistleblower to prove their employer had “retaliatory intent.” This decision will make it harder for employers to defend themselves from claims that they retaliated against whistleblowing employees.
- [FTC says Avast promised privacy, but pirated consumers’ data for treasure](#) - The FTC will ban the antivirus giant Avast from selling consumers’ web browsing data to advertisers after Avast claimed its products would prevent its users from online tracking. Avast also




settled charges for \$16.5 million to provide redress for Avast's users whose sensitive browsing data was improperly sold to ad giants and data brokers.

- [LPL Financial may have to pay the SEC over \\$50 million for compliance failures](#) - The news comes from the firm's annual report filed last week and involves compliance failures involving recordkeeping practices tied to off-channel communications like text messages.
- [FTC Finalizes Order with Global Tel*Link Over Security Failures](#) - The FTC announced that it had finalized an order with prison communications provider Global Tel*Link Corp. and two of its subsidiaries for failing to secure sensitive data of hundreds of thousands of users and alerting all those affected by the incident. The order stems from a complaint first announced in November 2023. The FTC noted the company and two of its subsidiaries failed to:
- [NIST Releases CSF 2.0](#) - NIST released its [Cybersecurity Framework 2.0](#) (CSF 2.0), introducing a new core structure, resource catalog, and overall scope of application to the already widely used resource.

REPORTS AND OTHER INFORMATION

I've included below a summary of reports and other developments that, while I did not cover in February, may be relevant to your operations.

- [OneTrust Webinar - 50 States Privacy Landscape](#) - The road to 50 states: New Jersey and New Hampshire join the US privacy landscape
- [2024 Trends in Governance, Risk Management & Compliance \(GRC\) | LinkedIn](#)
- [An Overview of The Data Privacy Maturity Model Data Sheet | Resources | OneTrust](#)
- [FINRA 02/07/24 Weekly Update](#) - Upcoming Deadlines and Effective Dates
- [FINRA 02/14/24 Weekly Update](#) - Upcoming Deadlines and Effective Dates
- [SEC, CFTC adopt rule for enhanced large hedge fund disclosures | News Brief | Compliance Week](#)
- [SEC Marketing Rule Frequently Asked Questions \(FAQs\) for Advisors | SmartAsset](#)
- [Raytheon parent discloses indications of improper payments in Middle East | News Brief | Compliance Week](#)
- Info-Tech's [CIO Priorities 2024](#) report explores those questions with five initiatives that CIOs would do well to pursue in their approach to generative AI. [Download the report.](#)
-  Heads up! Due to the leap year, the Breach Notification Deadline for 2024 is **February 29th**. If you've experienced any breaches or incidents in 2023, the OCR must be notified before this date.



- [FinCEN Sees Increase in BSA Reporting Involving the Use of Convertible Virtual Currency for Online Child Sexual Exploitation and Human Trafficking](#) - FinCEN issued a Financial Trend Analysis (FTA) reflecting an increase in [Bank Secrecy Act](#) (BSA) reporting associated with the use of convertible virtual currency and online child sexual exploitation and human trafficking. This FTA is based on BSA reporting filed between January 2020 and December 2021. [Download the report.](#)
- Review the 7th edition of the [Dragos OT Cybersecurity Year in Review](#), a source for the latest cyber threat intelligence, vulnerabilities, and lessons from incident response. [Download the report.](#)
- [WilmerHale | 02.23.24 SEC Adopts New Rules That Will Require More Market Participants to Register as Dealers \(wilmerhalecommunications.com\)](#)
- [The CECO's guide to managing third parties eBook | Resources | OneTrust \(registration required\)](#) The CECO's guide to managing third parties provides that a well-designed compliance program must have a process for the full third-party risk management lifecycle.
- [An Executive Bought a Rival's Stock. The SEC Says That's Insider Trading. - WSJ](#)
- [SEC Charges Van Eck Associates for Failing to Disclose Influencer's Role in Connection with ETF Launch](#) - The SEC announced a settlement (includes a \$1.75 million civil penalty) with an investment adviser for its failure to disclose a social media influencer's role in the launch of its new exchange-traded fund (ETF).
- [SEC Charges Husband of Energy Company Manager with Insider Trading](#) - The SEC and **United States Attorneys' Offices** for the Southern District of Texas announced charges against the husband of an oil company executive who allegedly overheard his wife discussing news of an acquisition by the oil company.
- [AI, cybersecurity topped unicorn leaderboards in 2023](#) - Pitchbook reports that cybersecurity and AI were the top-performing industries for unicorn companies in 2023, defying a challenging fundraising year that saw many startups slash their valuations.
- [Enforcement Director Grewal talks ESG and advisers | Remarks at Ohio State Law Journal Symposium 2024: ESG and Enforcement of the Federal Securities Law](#) - The SEC's Director of Enforcement, Gurbir Grewal, spoke at the Ohio State Law Journal Symposium 2024 on the agency's enforcement activity in the ESG space.
- [SEC Charges Morgan Stanley and Former Executive Pawan Passi with Fraud in Block Trading Business](#) - The SEC charged investment banking giant Morgan Stanley & Co. LLC and the former head of its equity syndicate desk, Pawan Passi, with a multi-year fraud involving the disclosure of confidential information about the sale of large quantities of stock known as "block trades." The SEC also charged Morgan Stanley with failing to enforce its policies concerning misusing material non-public information related to block trades. The firm agreed to pay more than \$249 million to settle fraud charges and for failing to enforce information barriers.



- [SEC Charges Lordstown Motors with Misleading Investors about Company's Flagship Electric Vehicle](#) - The SEC charged Lordstown Motors Corp. with misleading investors about the sales prospects of Lordstown's flagship electric pickup truck, the Endurance. Lordstown filed for bankruptcy in 2023 and went public by merging with a special purpose acquisition company (SPAC) in 2020.

Special News:

Financial Action Task Force Identifies Jurisdictions with Anti-Money Laundering, Combating the Financing of Terrorism, and Counter-Proliferation Deficiencies

FinCEN advised U.S. financial institutions that the Financial Action Task Force (FATF) had issued an additional public statement reiterating how the Russian Federation's war of aggression against Ukraine continues to counter FATF's principles. As a result, FATF noted that the [suspension](#) of Russian Federation membership continues to stand. It also supported its decision by highlighting the potential risks to the international financial system, including Russia's growing financial connectivity with the Democratic People's Republic of Korea (DPRK) and Iran and risks of proliferation financing, malicious cyber activities, and ransomware attacks.

FATF reiterated the need for all jurisdictions to remain vigilant to these risks.

FATF also updated its lists of jurisdictions with strategic AML/CFT/CPF deficiencies. It added Kenya and Namibia to its list of Jurisdictions Under Increased Monitoring and removed Barbados, Gibraltar, Uganda, and the United Arab Emirates from that list. There are no changes to the list of High-Risk Jurisdictions Subject to a Call for Action, with Iran, DPRK, and Burma subject to calls for action. Iran and DPRK are still subject to the FATF's countermeasures, while Burma is still subject to enhanced due diligence but not countermeasures.

Read more in the news release: <https://www.fincen.gov/news/news-releases/financial-action-task-force-identifies-jurisdictions-anti-money-laundering>