



PUBLISHED: April 2, 2024

Here is a compilation of critical headlines I covered or thought might be interesting in March 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

- [DOJ Settles FCPA Case with Swiss Commodities Trading Company](#)—Gunvor S.A., a Swiss-based commodities trading company, has pleaded guilty and will pay over \$661 million to resolve a DOJ investigation into violations of the Foreign Corrupt Practices Act (FCPA).
- [Alabama Ruling - A Speed Bump or Barrier in the CTA's Path](#) — An Alabama district court ruling against the Corporate Transparency Act raises questions about what will happen next.
- [CFPB Bans Excessive Credit Card Late Fees, Lowers Typical Fee from \\$32 to \\$8](#) —The Consumer Financial Protection Bureau (CFPB) issued a final rule to cut excessive credit card late fees by closing a loophole exploited by large card issuers.
- [The eleventh edition of Gibson Dunn's U.S. Cybersecurity and Data Privacy Outlook and Review](#) —The report summarizes 2023 developments and prospects.
- [Change Healthcare Is Hit by a Cyberattack](#) — Change Healthcare reported that it suffered a cyberattack that disrupted numerous systems and services at Change Healthcare, requiring immediate action from the company to isolate and protect partners and patients by disconnecting their systems.
- [SEC Charges Connecticut-Based Investment Adviser 3D/L Capital Management, LLC, with Failing to Fully and Fairly Disclose Conflicts of Interest, Orders It to Pay Harmed Clients](#) — The SEC settled charges against Hartford, a Connecticut-based registered investment adviser 3D/L Capital Management, LLC for noted failures.
- [NIST CSF 2.0 Resources](#)—This is a follow-up to last month's post (<https://bit.ly/4c0D50R>) on the updated NIST Cybersecurity Framework 2.0.
- [Cybersecurity Advisory – Social Engineering Attempts Impersonating FINRA](#) — Last month, I reported that the FTC published a final rule in the fight against fraud involving governmental impersonators (<https://bit.ly/3wS6hXO>). FINRA's Cyber and Analytics Unit (CAU) has issued an advisory to proactively warn member firms of continuing social engineering campaigns involving fraudulent representations of individuals purporting to be FINRA representatives.



- [Acting OCC Comptroller's Remarks at 2024 IIB Annual Conference](#) — A summary of the Acting Comptroller of the Currency, Michael Hsu, remarks at the 2024 Institute of International Bankers Annual Washington Conference. Hsu focused on operational resilience, key to several efforts undertaken by federal banking regulators and the industry.
- [The Fifth Circuit Pauses the SEC's Climate Disclosure Regulations](#) — The SEC is facing another setback with its newly adopted climate disclosure rules. On March 15, 2024, the Fifth Circuit granted the motion and imposed the temporary stay in a one-sentence, unpublished order. Read more in the referenced piece from [Bloomberg Law](#).
- [SEC Releases Its Annual Congressional Budget Justification](#)—The SEC released its annual Congressional Budget Justification seeking a budget of \$2.594 billion for FY 2025, which is almost \$450 million more than it sought in FY 2024. The SEC justifies the additional spending due to market growth, extensive oversight responsibilities, and initiatives for more efficient regulation, among other considerations. The enforcement and examination discussions reveal that more activity may be expected in these areas.
- [OCC Announces a \\$250 Million Penalty Against JP Morgan Chase](#) —The OCC announced a \$250 million penalty against JP Morgan Chase for its trade surveillance program deficiencies. The bank had to agree to various undertakings, including hiring a consultant to oversee remediations involving its trade surveillance program (policies, risk assessments, automation, board oversight, etc.).
- [SEC fines companies \\$400,000 for false AI claims](#) — Federal agencies have raised AI washing concerns for some time, including the SEC fining two companies \$400K for false AI claims.
- [OCR Updates Guidance on Online Tracking Technologies](#) — The Office for Civil Rights (OCR) at the U.S. Department of Health and Human Services (HHS) **issued a bulletin** — providing guidelines highlighting the obligations of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) covered entities and business associates (“regulated entities”) under the HIPAA Privacy, Security, and Breach Notification Rules (“HIPAA Rules”) when using online tracking technologies (“tracking technologies”). OCR administers and enforces the HIPAA Rules by investigating breach reports and complaints about regulated entities’ noncompliance with the HIPAA Rules.
- [CFTC Orders U.S. Bank to Pay \\$6 Million and Oppenheimer to Pay \\$1 Million for Recordkeeping and Supervision Failures for Firm-Wide Use of Unapproved Communication Methods](#) — Another off-channel communication enforcement action, this time involving the CFTC, which just settled with U.S. Bank and Oppenheimer. This latest regulatory action involving off-channel communications involved employees using personal text and messaging apps that violated record-keeping rules.
- [KPMG CCO Survey – More resources but also more concern \(policypatty.com\)](#) — The KPMG survey of CCOs is a must-read. It provides insights into CCO concerns, thinking, and



what is needed to help their compliance programs. You can access the full survey results here: <https://lnkd.in/ePMwRb7R>.

- [California released the "State of California GenAI Guidelines for Public Sector Procurement, Uses and Training"](#) — California released the guidelines, which include definitions and the following from the Summary of State Entity Responsibilities.
- [2024 Whistleblowing & Incident Management Benchmark Report](#) — Navex released its 2024 Whistleblowing & Incident Management Benchmark Report, providing the latest trends and data gleaned from over 1.8 million incident reports—the global incident management database.
- [Acting OCC Comptroller Discusses Fairness and Compliance](#) — Acting Comptroller of the Currency Michael J. Hsu discussed fairness and effective compliance risk management in remarks at CBA LIVE 2024, hosted by the Consumer Bankers Association.

REPORTS AND OTHER INFORMATION

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

- [FG Issues Alert on Biden Administration's New Sensitive Data Restrictions](#) — Faegre Drinker's piece examines the Biden Administration's Executive Order on new sensitive data restrictions.
- [WH Artificial Intelligence Alert State Governments Move to Regulate AI in 2024](#) — State leaders are rapidly introducing legislation and taking executive actions related to AI. The alert provides a snapshot of this activity.
- [SEC Charges Advisory Firm HG Vora for Disclosure Failures Ahead of Ryder Acquisition Bid](#) — The SEC charged HG Vora Capital Management for failing to file the required Schedule 13D disclosing its "control" purpose, current shareholdings, and other specified information within ten days
- [Data Security vs Data Privacy Infographic](#) — This infographic breaks down these nuances, illustrating how robust security measures fortify data against breaches while privacy policies safeguard individuals' rights and preferences.
- [Commerce Department Proposes Cybersecurity/AI Reporting and "KYC" Requirements for Certain Cloud Providers](#) — The U.S. Department of Commerce's ("Commerce") Bureau of Industry and Security ("BIS") issued a **proposed rule** (the "Proposed Rule") that would impose significant diligence, reporting, and recordkeeping requirements on U.S. providers of Infrastructure as a Service (IaaS) and their foreign resellers. Comments are due by **April 29, 2024**, and may be submitted via the [Federal eRulemaking Portal](#).
- [Regulations - Insurance: Draft Pre-proposed Third Amendment to 11 NYCRR 82 \(Insurance Regulation 203\)](#)



- [2024 Regology State of Regulatory Compliance Survey— is now available](#) (registration is required). This comprehensive survey offers a unique lens into the pressing challenges, strategic priorities, and emerging opportunities within regulatory compliance.
- [WH Global Anti-bribery Year-in-review-2023 / Developments-and-predictions-for-2024](#) — Review provides the key takeaways regarding FCPA enforcement in 2023 and trends to remember in 2024.
- [Information on the 2024 Annual FINRA Conference](#)—Notice on FINRA's Annual Conference provides insightful guidance, best practices, and valuable connections with industry pros and peers while navigating the ever-changing regulatory landscape. Register here [▶ https://bit.ly/3wT7xtt](https://bit.ly/3wT7xtt).
- [Does Automation Improve Financial Reporting? Evidence from Internal Controls](#) — Here's academic research demonstrating the benefit a company can gain from how automation of internal control over financial reporting (ICFR) can help a business. The research comes from Musaib Ashraf, an accounting professor at Michigan State University who wrote [the report](#).
- [Argus Information & Advisory Services Agrees to Pay \\$37M to Settle Allegations that it Misused Data Obtained Under Government Contracts](#) — Argus Information & Advisory Services Inc. (Argus) has agreed to pay the United States \$37 million to resolve claims under the False Claims Act and the Financial Institutions Reform, Recovery and Enforcement Act of 1989, in connection with its access to and use of credit card data obtained under contracts with various federal regulators, including the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB) and the Consumer Financial Protection Bureau (CFPB).
- [WilmerHale | Year in Review: 2023 Data Protection Litigation Trends \(wilmerhalecommunications.com\)](#)
- The EEOC published its 2023 Performance Report. The report notes the EEOC resolved more than 370 systemic investigations on the merits, which resulted in more than \$29 million in monetary benefits recovered for victims of discrimination. The EEOC's litigation program achieved a 100% success rate in its systemic case resolutions in fiscal year 2023, obtaining more than \$11 million for 806 victims of systemic discrimination, in addition to significant equitable relief. Read more at <https://www.eeoc.gov/2023-annual-performance-report>.
- [FINRA Fines M1 Finance \\$850,000 for Violations Regarding Use of Social Media Influencer Program](#) — This is FINRA's first social media influencer-related enforcement disciplinary action.
- [U.S. State Privacy Legislation Tracker \(iapp.org\)](#) —The IAPP Westin Research Center actively tracks the proposed and enacted comprehensive privacy bills across the U.S. to help our members stay informed of the changing state privacy landscape. This information is compiled into a [map](#), a [detailed chart](#) identifying critical provisions in the legislation, and [links](#) to enacted state comprehensive privacy laws.



- [SEC Issues Risk Alert on Shortening the Securities Transaction Settlement Cycle](#)—The SEC’s Division of Examinations published a Risk Alert on the shortening of the securities transaction settlement cycle.
- [are Criminally Charged With Bank Secrecy Act And Unlicensed Money Transmission Offenses. The Southern District of New York unsealed an indictment against a global cryptocurrency exchange and two of its founders.](#), alleging a conspiracy to operate an unlicensed money-transmitting business and conspiring to violate the Bank Secrecy Act.
- [FinCEN Seeks Comments on Customer Identification Program Requirement](#) — FinCEN issued a request for information (RFI) related to existing requirements for banks under the Customer Identification Program (CIP) Rule to collect a taxpayer identification number (TIN) from customers before opening accounts. The notice in the Federal Register Notice: [click here](#).
- [SEC Charges Andreas Bechtolsheim with Insider Trading](#)—The SEC announced insider trading charges against the founder and chief architect of a Silicon Valley-based technology company.
- [Final rule: Exemption for Certain Investment Advisers Operating Through the Internet](#) — The SEC adopted amendments requiring an investment adviser relying on the Internet adviser exemption to have an operational interactive website through which the adviser provides digital investment advisory services on an ongoing basis to more than one client.
- [FINRA Enhances Post-Trade Transparency in U.S. Treasury Securities Market](#) — FINRA has begun disseminating individual transactions in active U.S. Treasury securities at the end of the day, raising transparency in the market for these benchmark securities.
- [CFTC Year in Review: 23 Takeaways From 2023 and Predictions for 2024](#)—NYU’s Compliance & Enforcement blog examines CFTC efforts, identifying 23 key takeaways from the past year and offering insights on what might occur in the coming months.
- [Swiss Commodities Trading Company Pleads Guilty to Foreign Bribery Scheme](#) — Trafigura Beheer B.V., a renowned commodities trading company headquartered in Switzerland, has pleaded guilty to charges stemming from a foreign bribery scheme. The plea deal entails Trafigura paying over \$126 million to resolve an extensive investigation conducted by the Justice Department into violations of the Foreign Corrupt Practices Act.
- [Treasury Releases Report on Managing Artificial Intelligence-Specific Cybersecurity Risks in the Financial Sector](#)—The Treasury Department released a report, Managing Artificial Intelligence-Specific Cybersecurity Risks in the Financial Services Sector, prepared in response to [Presidential Executive Order 14110](#).
- [AT&T Notifies Users of Data Breach](#) — AT&T disclosed that a dataset in this clandestine realm contains sensitive information belonging to approximately 7.6 million current AT&T account holders and 65.4 million former account holders.

Special News:



[SEC Adopts Rules to Enhance and Standardize Climate-Related Disclosures for Investors](#)

In March, the SEC issued a [final rule](#) that requires registrants to provide climate-related disclosures in their annual reports and registration statements, including those for IPOs, beginning with annual reports for the year ending December 31, 2025, for calendar-year-end, large accelerated filers. The final rule scales back the [proposed rule](#) in several vital ways. For example, companies will not have to provide scope greenhouse gas (GHG) emission disclosures, company financial statement disclosure requirements will be less extensive, and companies will have more time to implement the disclosures and related assurance requirements.

Disclosures required outside of the financial statements include:

- Material scope 1 and 2 GHG emissions are subject to assurance requirements that will be phased in for large accelerated and accelerated filers and accelerated filers.
- Governance and oversight of material climate-related risks.
- The material impact of climate risks on the company's strategy, business model, and outlook.
- Risk management processes for material climate-related risks.
- Material climate targets and goals.

The final rules reflected over 24,000 comments and intense debate about what was reasonable and necessary. They represent a critical first step in codifying the measurement of the environmental impact of publicly traded corporations.

According to the [SEC's website](#), the final rules reflect the Commission's efforts to respond to investors' demand for more consistent, comparable, and reliable information about the financial effects of climate-related risks on a registrant's operations and how it manages those risks while balancing concerns about mitigating the associated costs of the rules. They build on past requirements by mandating material climate risk disclosures by public companies and in public offerings. In his [statement](#) about the final rule, SEC Chair Gary Gensler noted that the rules will provide investors with consistent, comparable, and decision-useful information and issuers with clear reporting requirements. Further, they will provide specificity on what companies must disclose, producing more useful information than what investors see today. They will also require that climate risk disclosures be included in a company's SEC filings, such as annual reports and registration statements, rather than on company websites, which will help make them more reliable.