

SEC Pursues Compliance Officers at Broker-Dealer for Aiding and Abetting AML Violations

April 27, 2018 | Client Update

On March 28, 2018, the Securities and Exchange Commission (“SEC”) announced settlements with Aegis, Inc. (“Aegis”), a registered broker-dealer, and two of its officers for alleged violations related to Aegis’ failure to submit suspicious activity reports (“SARs”) required under the Bank Secrecy Act (“BSA”). According to the SEC, Aegis failed to submit SARs and to maintain proper records related thereto, despite direct knowledge of “red flags” in suspicious trading activity of low-priced securities. These settlements demonstrate the SEC’s continued commitment to ensuring broker-dealers comply with their SAR reporting obligations and emphasis on individual accountability, and we expect to see additional SEC actions involving individual AML compliance failures in the future. Accordingly, compliance professionals should continue to be diligent in ensuring that their companies’ SAR reporting and other AML-related obligations are met, to take notice of and respond to red flags as they are raised, and keep clear written records regarding determinations whether to file SARs.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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