



MAYER | BROWN

TRUMP 2.0

ENFORCEMENT AND COMPLIANCE CONSIDERATIONS

AGENDA

1. Panelist Introductions
2. Agency Leadership, Priorities and Resources
3. Enforcement and investigation expectations
4. Compliance response
5. Question and Answer



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PANELIST INTRODUCTIONS



PARTNER

LITIGATION & DISPUTE RESOLUTION, GLOBAL
INVESTIGATIONS & WHITE COLLAR DEFENSE,
ANTI-MONEY LAUNDERING

GINA M. PARLOVECCHIO

NEW YORK +1 212 506 2522
GPARLOVECCHIO@MAYERBROWN.COM

Gina Parlovecchio is a partner in Mayer Brown's New York office and serves as a co-chair of the Global Investigations & White Collar Defense practice. Previously, she was an Assistant United States Attorney (AUSA) in the US Attorney's Office for the Eastern District of New York (EDNY), where she served as the chief of the office's International Narcotics and Money Laundering Section (INMLS).

Gina represents individual and corporate clients in internal and government investigations and white collar criminal defense, with a particular focus advising on anti-money laundering (AML), securities fraud, bribery, corruption and healthcare fraud matters. Drawing upon her background prosecuting cross-border matters in the US and Central America, South America and Europe, Gina also advises clients on complex cross-border investigations. Gina's practice also focuses on complex civil litigation and trial practice. Her recent experience includes representing clients in trademark infringement matters, commercial disputes and pharmaceutical compliance related cases. As a federal prosecutor for more than a decade, Gina investigated, prosecuted and tried some of the EDNY's most complex, sensitive and high-profile cases across a wide spectrum of subject matters.



PARTNER
LITIGATION & DISPUTE RESOLUTION, GLOBAL
INVESTIGATIONS & WHITE COLLAR DEFENSE

ARUN G. RAO

WASHINGTON DC +1 202 263 3221
ARAO@MAYERBROWN.COM

Arun G. Rao, who has held a series of distinguished government positions, helps clients navigate cutting-edge government investigations and criminal and civil enforcement actions, including fraud and consumer protection matters involving the DOJ, Federal Trade Commission, US Food and Drug Administration, US Consumer Product Safety Commission, US Department of Transportation, and other agencies, as well as high-stakes white collar work. He most recently served as a Deputy Assistant Attorney General in the US Department of Justice, where he oversaw the agency's Consumer Protection Branch.

Arun previously served in the White House Counsel's Office and as an Assistant US Attorney and Chief of the Southern Division of the US Attorney's Office for the District of Maryland, where he both supervised and directly handled federal criminal cases involving public corruption, fraud and financial crimes, and national security. He also previously served as the President of Investigative Group International (IGI), where he directed many sensitive and complex investigations and provided crisis management services. He brings more than 20 years of experience litigating and investigating complex criminal and civil matters involving the world's leading financial services, technology, pharmaceutical, healthcare, and consumer products companies, as well as universities and elected officials and candidates for office.



PRINCIPAL, RISK ADVISORY SERVICES
GRANT THORNTON ADVISORS LLC

JOHNNY LEE

ATLANTA +1 404 704 0144
J.LEE@US.GT.COM

Johnny Lee is a Principal in the Forensic Advisory practice and the National Practice Leader of the Forensic Technology practice. He also serves as the technology lead for the firm's digital assets practice. A forensic investigator, management consultant, and former attorney, he specializes in data analytics, digital forensics, and electronic discovery in support of investigations, litigation, and complex regulatory issues. He also provides advisory services to and expert testimony for organizations working to address complex Cybersecurity, Blockchain, Cryptocurrency, and Data Privacy issues.

Johnny's broad range of experience includes nearly thirty years of software development and systems analysis, including over twenty years within the legal industry. He has delivered solutions (in both public and private sectors) to Law Firms, General Counsel, Boards of Directors, Audit Committees, and Chief Financial / Information / Operations executives, on the effective identification and mitigation of business, compliance, and litigation risk within the enterprise. His particular expertise involves advising attorneys, executives, and Boards on the proper management of vast and complex stores of information to address operational, financial, legal, and regulatory risks facing organizations today—from policies and procedures to training and systems implementations.



MANAGING DIRECTOR, RISK ADVISORY
SERVICES
GRANT THORNTON ADVISORS LLC

D.J. ROSSINI

CHICAGO +1 312 602 8830
DJ.ROSSINI@US.GT.COM

D.J. Rossini has more than 25 years of experience leading investigations and directing complex compliance projects. He leverages this vast experience to help Grant Thornton's clients successfully navigate complicated regulatory and compliance matters.

Rossini has led highly sensitive and complex investigations involving financial crimes, AML, health care fraud, bribery and corruption, and national and corporate security matters. He has also led ethics and compliance inquiries involving allegations of misconduct and retaliation, and he has managed discovery disputes. While at the FBI, he held multiple roles, including special agent, chief counsel, and chief compliance and ethics officer. Rossini was also a Special Assistant United States Attorney. In addition to his investigative expertise, he helped evaluate the efficacy of compliance and ethics programs to ensure the procedures and controls were designed properly and operating effectively, the employees conformed to the policies, and developed necessary mitigation plans. He also provided training to FBI and DOJ personnel on ethics and compliance matters and issues.



PRINCIPAL, FORENSIC ADVISORY
SERVICES, RISK ADVISORY SERVICES
GRANT THORNTON ADVISORS LLC

BRYAN MOSER

ARLINGTON +1 703 847 7586
BRYAN.MOSER@US.GT.COM

Bryan Moser leads Grant Thornton's Forensic Advisory Services practice in the Washington, D.C. Metropolitan area and across Virginia and Maryland. He has more than 25 years of experience assisting clients involved in litigation and investigations. He began his career as an industry analyst for the U.S. Bureau of Labor Statistics, and he spent nearly 15 years with PricewaterhouseCoopers.

Bryan analyzes the business and financial aspects of complex litigation and other financial matters and provides expert testimony. He consults to clients in purchase price disputes, on behalf of both buyers and sellers and in a neutral role. He has analyzed complex accounting issues, such as revenue recognition, inventory valuation, tax, business valuation, and accounting for other reserves and accruals. Bryan has worked on behalf of plaintiffs and defendants in disputes involving breach of contract, product liability, intellectual property class action and other matters. His engagements have included damages analyses, calculation of lost profits, increased costs and price erosion, and defenses of class actions.

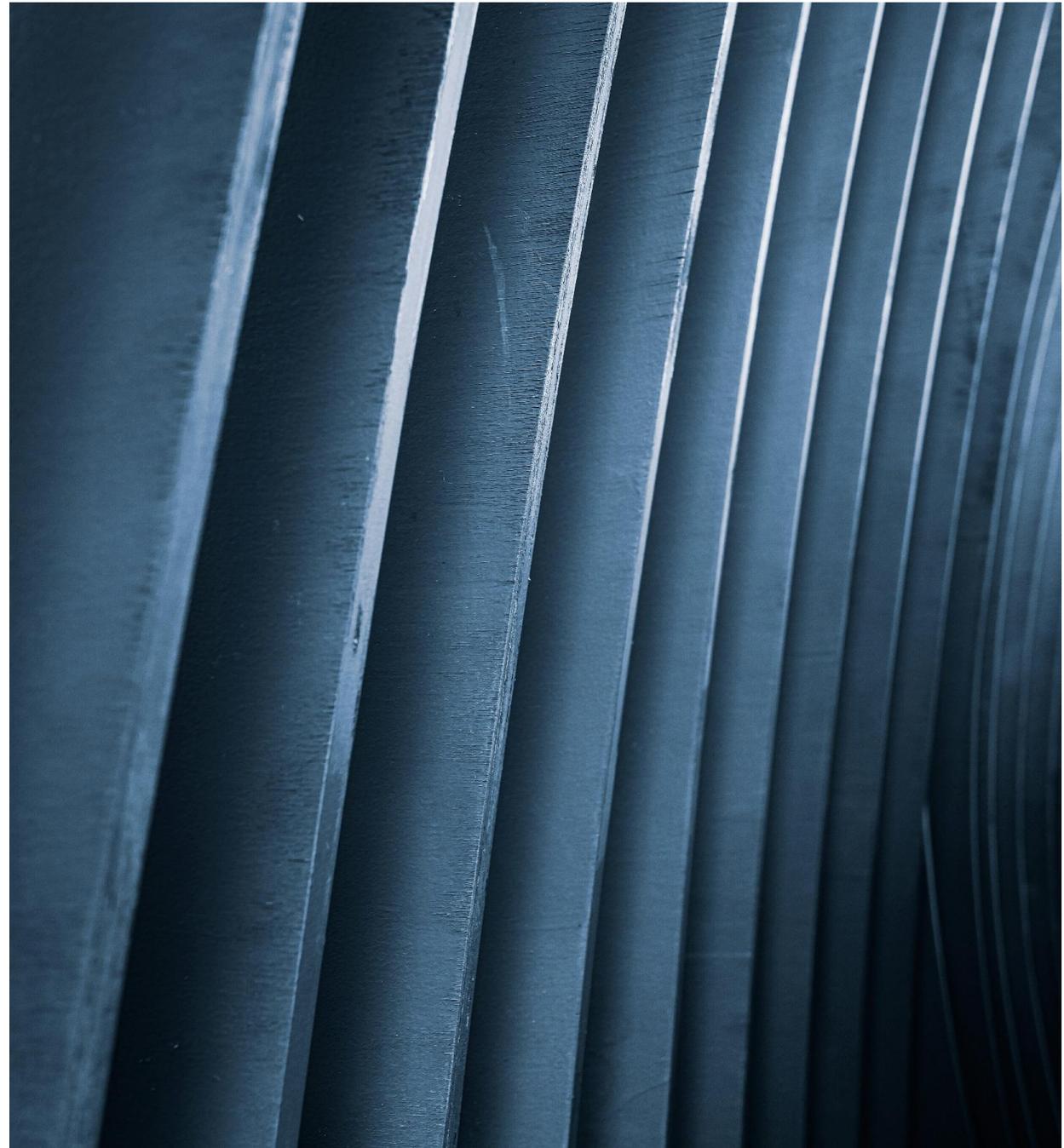


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AGENCY PRIORITIES AND RESOURCING

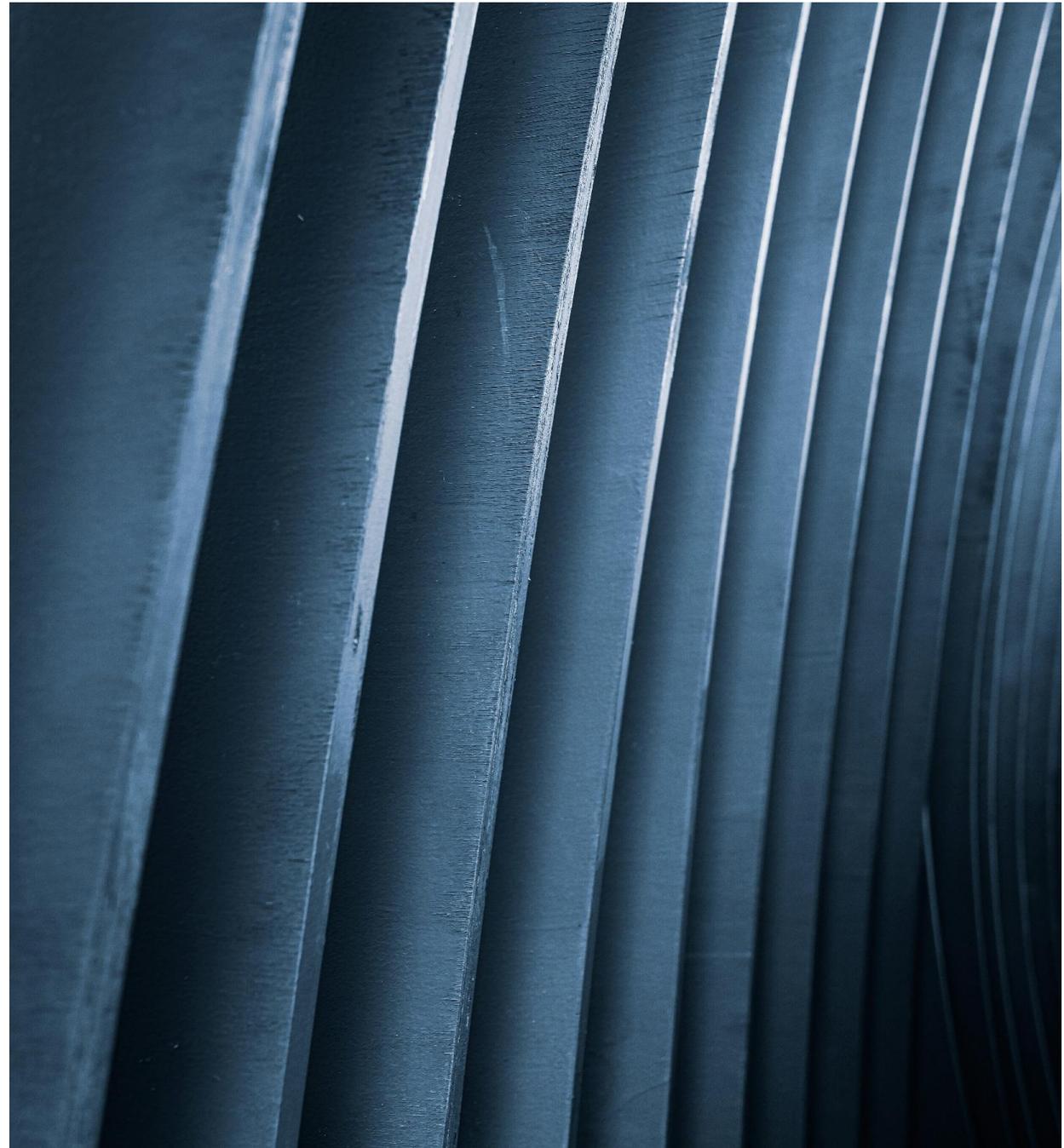
AGENCY LEADERSHIP, PRIORITIES AND RESOURCING

- Arrival of new leadership teams
- Government resources are changing by the day
- Reduced headcount
- Decentralized program management
- Shifting federal regulatory and enforcement priorities
- Federal regulatory enforcement and state regulatory enforcement



AGENCY PRIORITIES AND RESOURCING

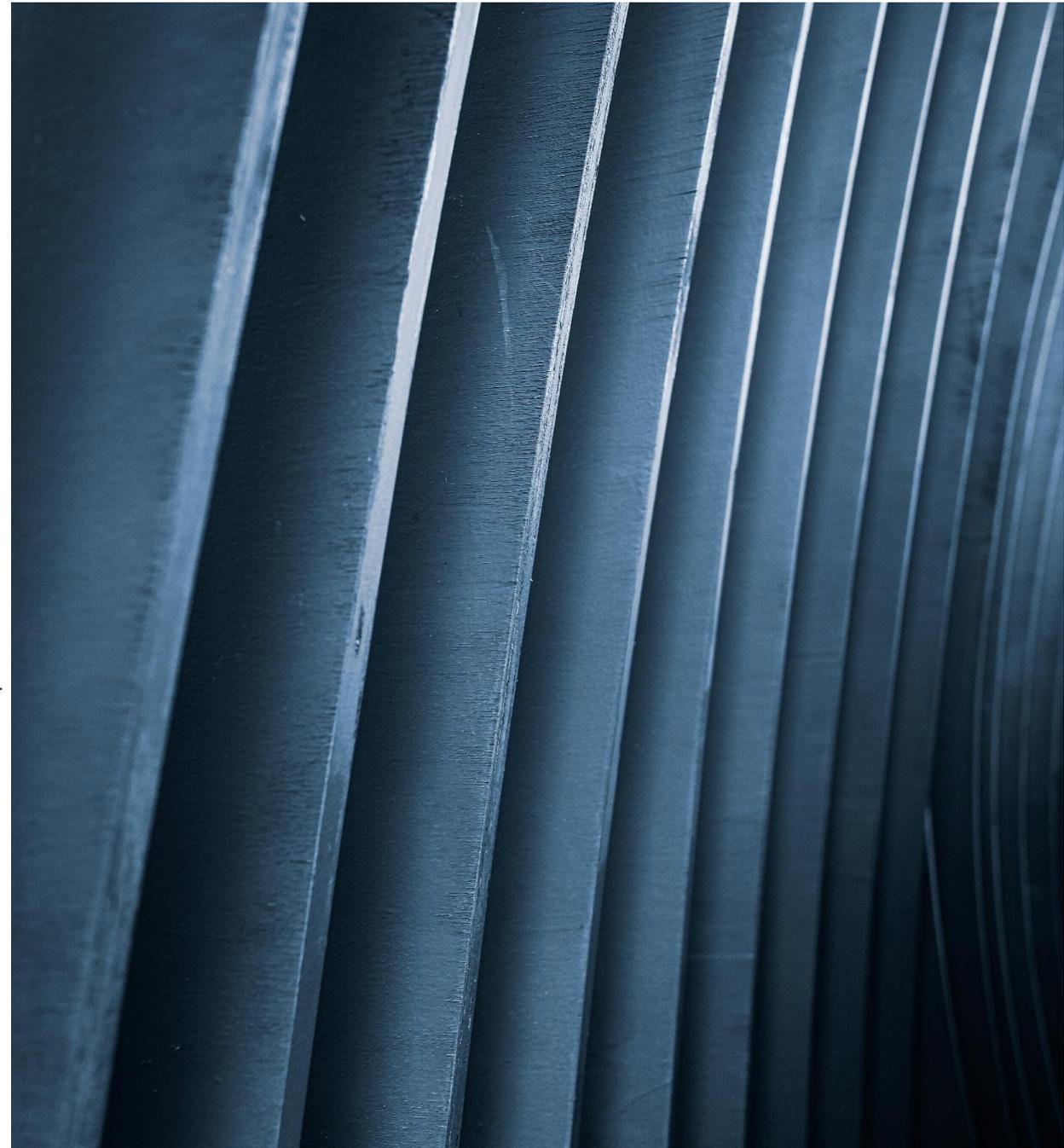
- Digital Assets
- Historical treatment by the SEC – including the perspectives of the Commission as well as those seeking to comply
 - Litigation landscape – high-level historical context of key law suits, enforcement actions, prosecutions
 - Administration focus on this industry
- Artificial Intelligence
 - New Administration’s Executive Order on AI
 - Implications related to labor and civil rights
 - Implications related to safety and security
 - Consumer Protection Branch “Emerging Technology Initiative”
 - CHIPS Act and related laws/regulations aimed at benefitting allies and stymying adversaries



DIGITAL ASSETS

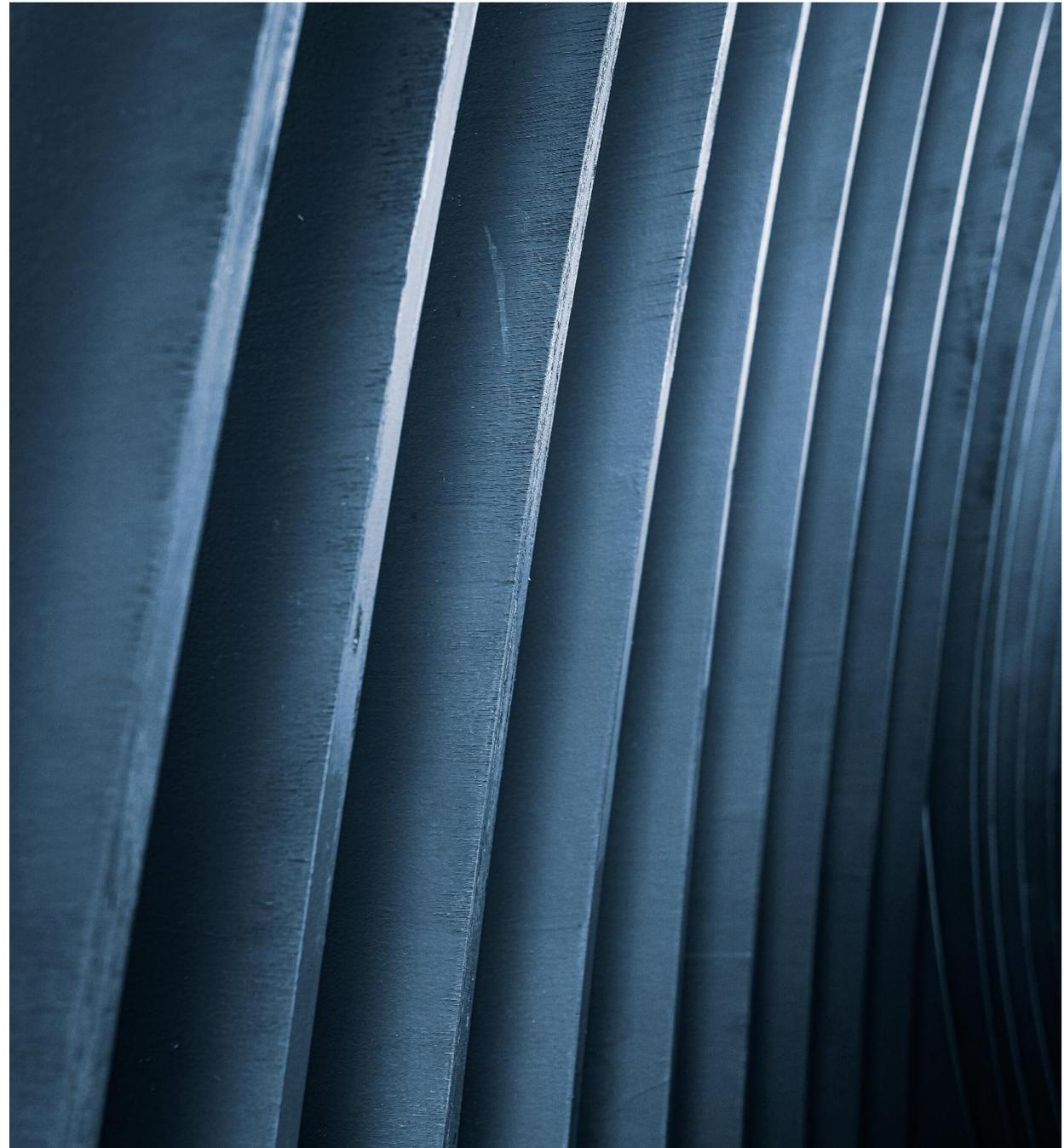
- Operation Chokepoint 2.0

- Version 1.0 (2013-2017) – federal regulators and law enforcement focus on non-criminal industries considered “high risk” (e.g., payday lenders, gun sellers)
 - Regulators pressured banks to deny such companies banking services
 - DoJ admitted the policy was “misguided”; OCC repudiated its actions
- Version 2.0 was borne after a perception that there was a concerted effort from federal regulators and law enforcement to “debank crypto companies,” including:
 - Dec 2022 – letter to Silvergate Bank from three sitting Senators about its interactions with crypto companies
 - Dec 2022 – Signature Bank announced reduction in crypto-related deposits
 - Jan 2023 – Federal bank regulators issue a warning to banks about crypto-related risks
 - Jan 2023 – Metropolitan Bank withdraws from crypto-related services
 - Jan 2023 – Federal Reserve denies Custodia Bank its application for Fed Master Account
 - Jan 2023 – White House
 - Feb 2023 – DoJ announces investigation into Silvergate (RE: FTX dealings)
 - Feb 2023 – NYDFS orders Paxos to stop issuing BUSD stablecoin
 - March 2023 – Silvergate announces that they’re liquidating
 - March 2023 – Silicon Valley Bank collapses
 - March 2023 – FDIC seizes Signature Bank
- Congressional and FOIA requests seem to reveal a pattern of regulators working indirectly to make it difficult for crypt companies to obtain financial services



ARTIFICIAL INTELLIGENCE

- New Administration
 - EO 14110 (*Rescinded*)
 - a.k.a., “Safe, Secure, and Trustworthy Development & Use of Artificial Intelligence”
 - Designed to advance and govern the development and use of AI in accordance with eight principles and priorities
 - safety, security, privacy, civil rights, consumer/worker protections, innovation, competition, and national security
 - Required government reporting obligations for private companies when developing powerful models that could affect national security, the economy or public health
 - Also required private companies to report on testing results for new models
 - Directed agencies to develop standards and metrics to test AI systems, including provisions for limiting bias.
 - Trump 1.0 Administration EO (2019)
 - Established AI Research Institute (via NSF and DOE grants)
 - Trump 2.0 administration focused on “enhancing America’s leadership in AI”
 - Guidance Pillars: promote human flourishing, economic competitiveness, and national security
 - Includes language for these goals that development be “free from ideological bias”
 - Order essentially requests an action plan within 180 days to align around new policies



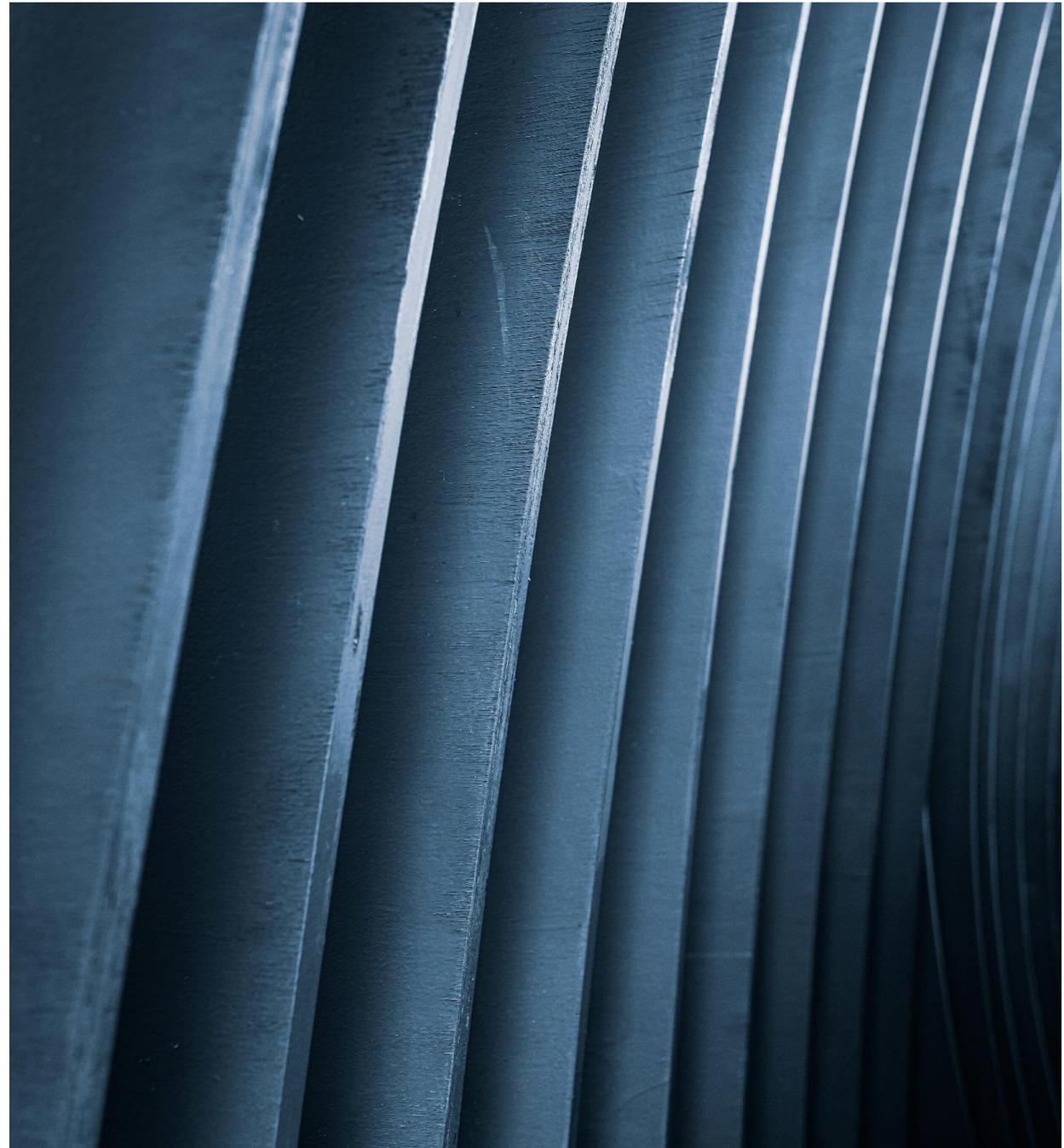


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ENFORCEMENT AND INVESTIGATION EXPECTATIONS

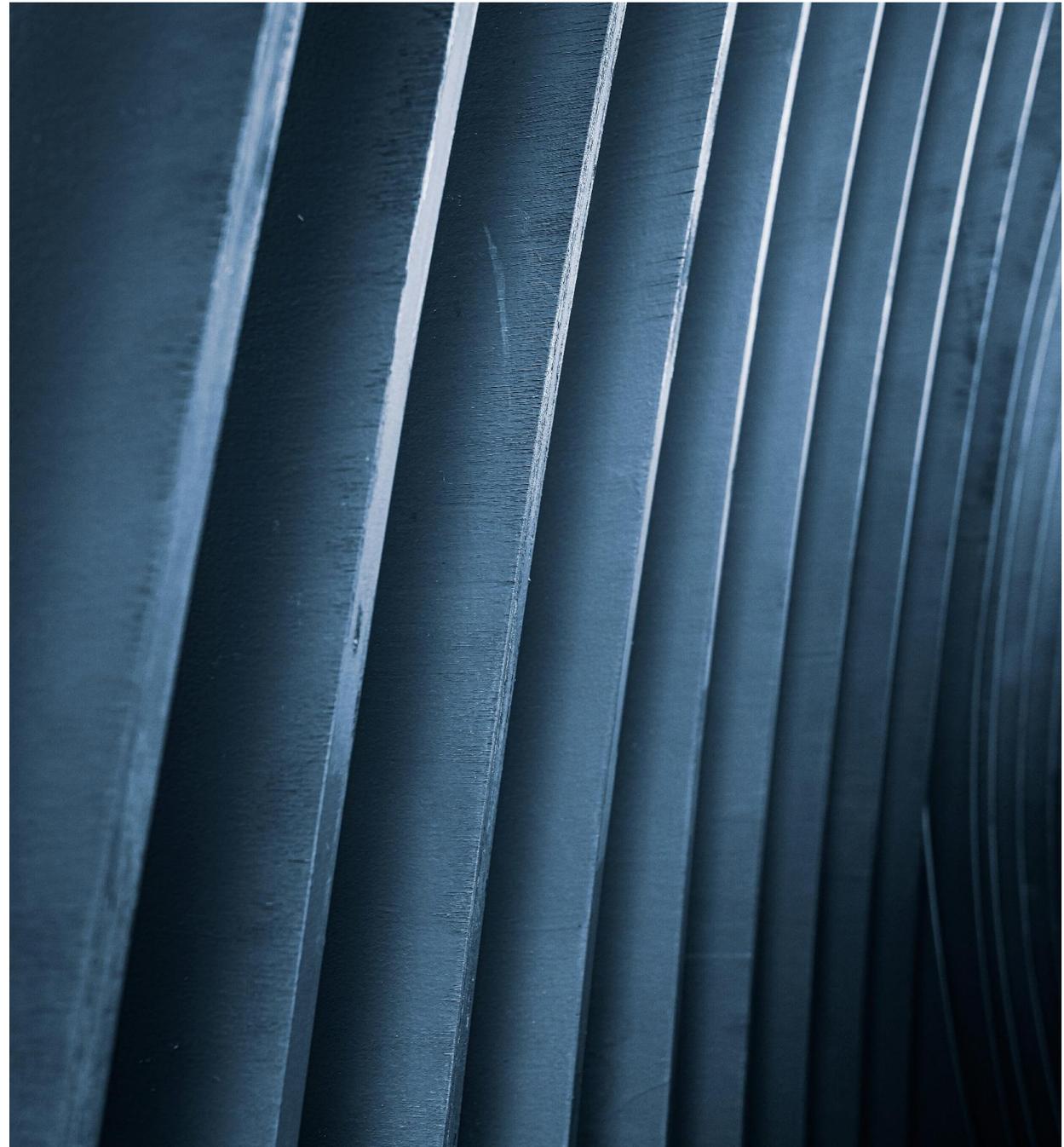
ENFORCEMENT AND INVESTIGATION EXPECTATIONS

- Sanctions
 - The pattern from Trump 1.0 administration – countries of focus, number/severity of sanctions
 - Discussion of unilateral versus multilateral sanctions
 - Discussion of pressure via secondary sanctions
- FTC Consumer Protection Efforts
 - Civil Penalty Referrals
 - Technology Companies
- CTA
 - Challenge to constitutionality headed to Supreme Court
 - Enforcement date paused



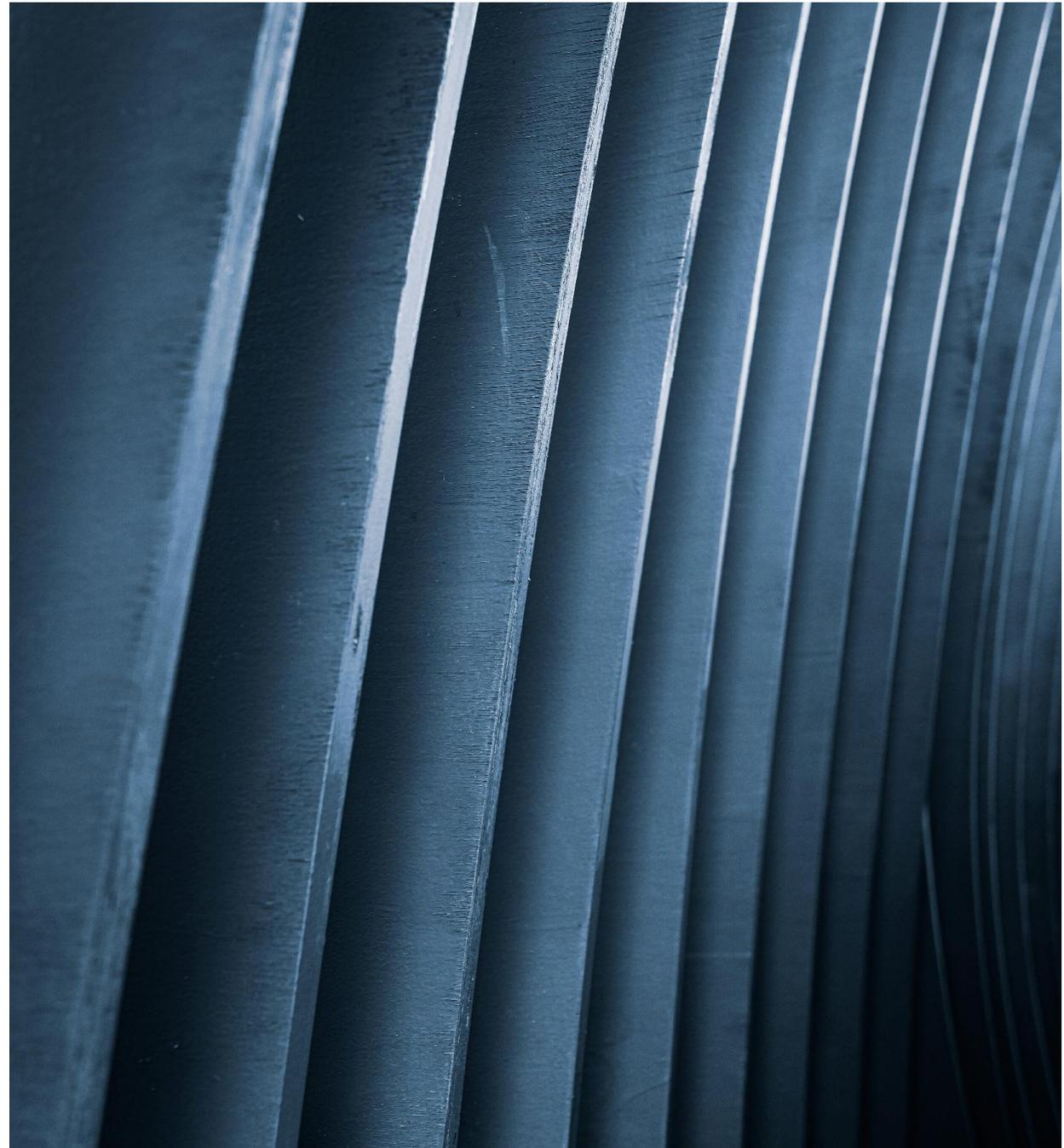
SANCTIONS

- Trump 1.0 Administration
 - Extensive use of sanctions as foreign policy tool, significantly expanding prior sanctions programs
 - Administration's prior sanctions focused on five countries:
 - Iran - reimposed comprehensive sanctions on Iran's oil exports, banking sector, and other parts of the economy through the "maximum pressure" campaign.
 - Venezuela - imposed broad sanctions on Venezuela's government, oil sector, and key individuals in response to the political crisis under Maduro.
 - North Korea - enhanced sanctions in response to missile and nuclear tests, targeting shipping, trade, and financial transactions.
 - Russia - imposed various sanctions related to election interference, the annexation of Crimea, and other issues.
 - China – implemented sanctions (for both entities and individuals) over trade practices, technology theft, human rights issues in Xinjiang, and Hong Kong's autonomy.
 - Trump's previous administration seemed to prefer unilateral sanctions (as opposed to multilateral approaches via international institutions).
 - Trump 1.0 also made frequent use of secondary sanctions, which penalized third parties doing business with sanctioned entities.
 - The Department of Treasury's OFAC division was particularly active.



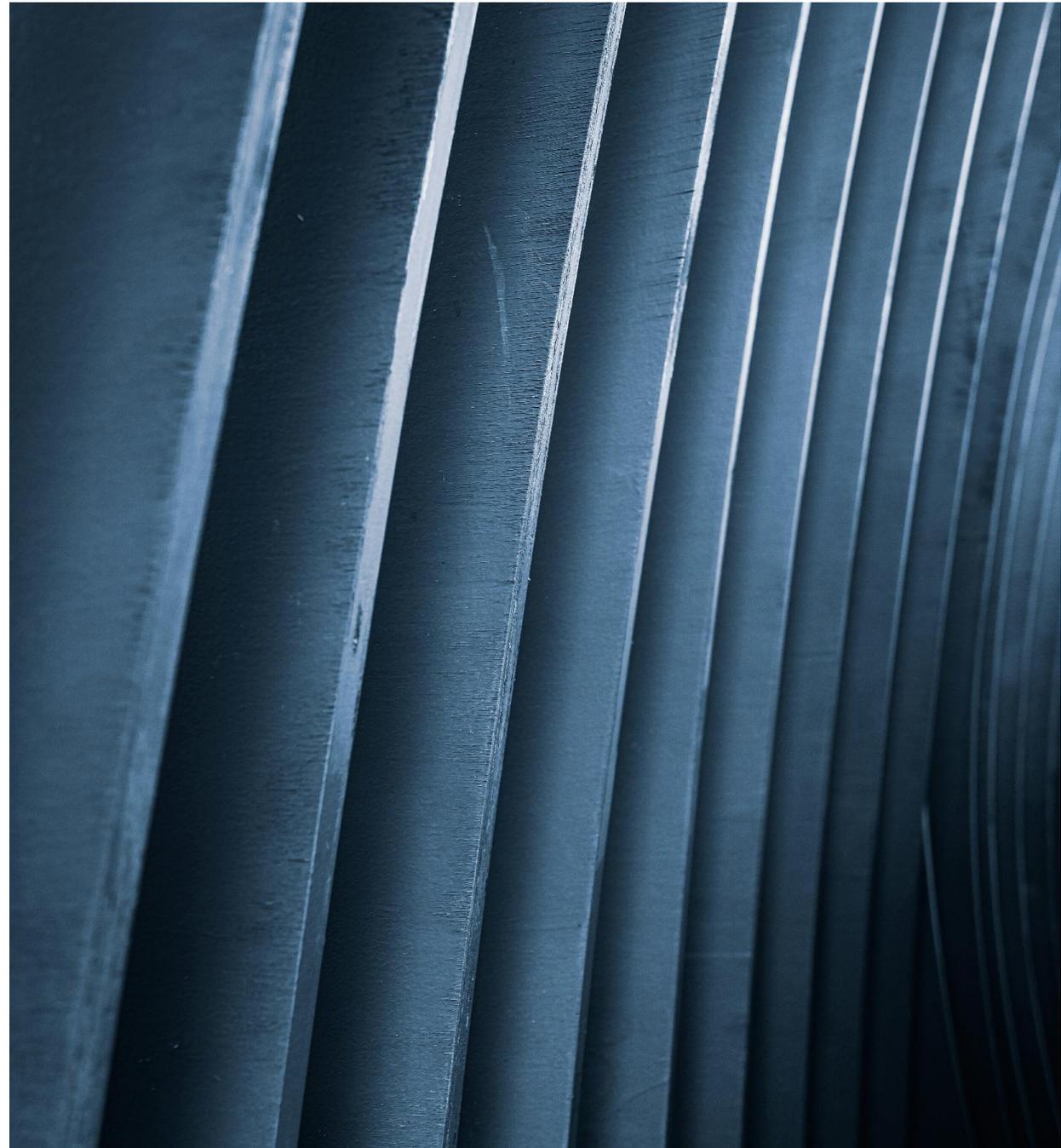
SANCTIONS

- Trump 2.0 Administration
 - Expect continued use of sanctions as foreign policy tool
 - De-emphasis of Russian sanctions enforcement
 - DOJ disbanded Task Force Kleptocapture
 - Greater focus on sanctions investigations relating to Cartels as foreign terrorist organizations and SDGTs, and other transnational organized crime organizations
 - Human trafficking



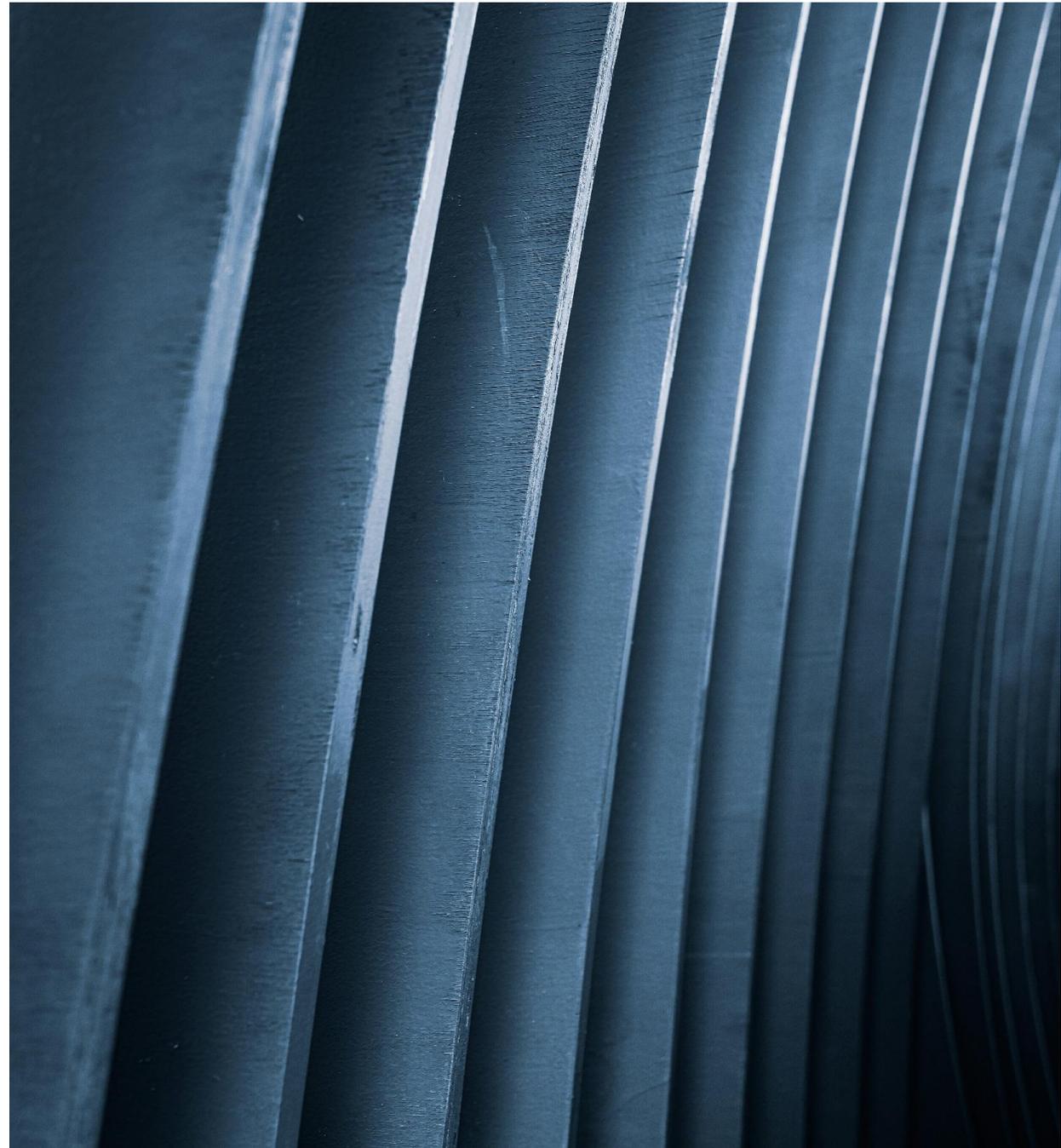
FEDERAL TRADE COMMISSION

- Trump I and Biden Administration:
 - Significant increase in number of civil penalty referrals by FTC.
 - Significant increase in number of DOJ-CPB personnel assigned to review and handle FTC civil penalty referrals.
- Preview of Chair Ferguson's Approach:
 - "No more novel and legally dubious consumer protection cases."
 - "Stop abusing FTC enforcement authorities as a substitute for comprehensive federal privacy legislation."
 - But also: "Hold Big Tech Accountable and Stop Censorship: Pursue structural and behavioral legal remedies . . . to make sure large platforms treat all Americans fairly and to prevent them from using their market power to box out new entrants and stymie innovation."



CORPORATE TRANSPARENCY ACT

- Trump 1.0 Administration
 - Legislation passed at the end of Trump 1.0 term with bipartisan support
 - Most significant anti-money laundering legislation since passage of Patriot Act in 2001
 - Heralded as bringing U.S. anti-money laundering laws in line with foreign counterparts
- Trump 2.0 Administration
 - Constitutionality of CTA challenged
 - Texas District Court orders
 - Writ of certiorari granted to Supreme Court
 - Enforcement suspended
 - FinCEN issued notice encouraging voluntary compliance but acknowledging suspension of enforcement
 - Will Trump DOJ support government's current position?
 - CTA significant tool to fight Cartel and TCO money laundering



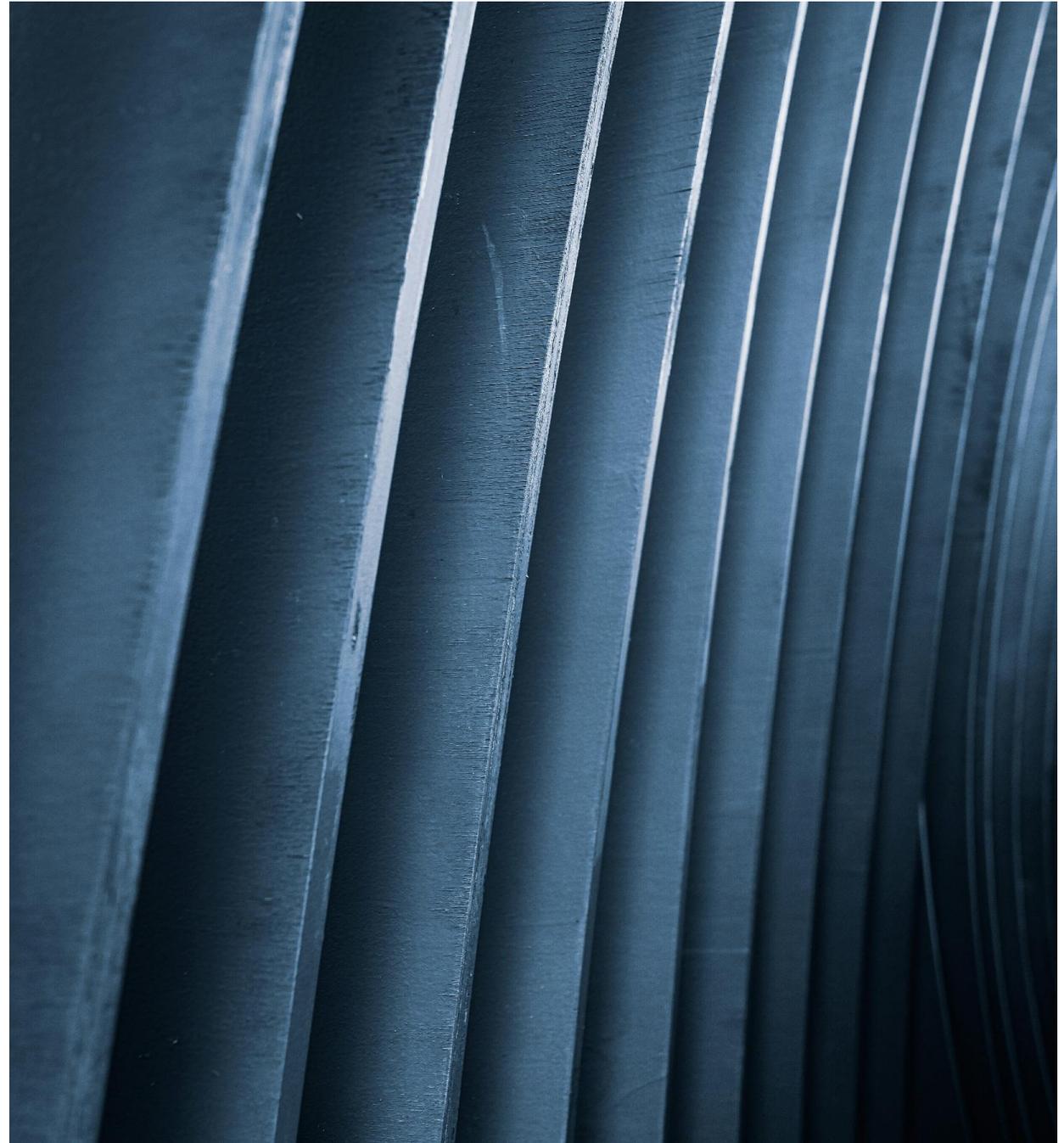


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COMPLIANCE RESPONSE

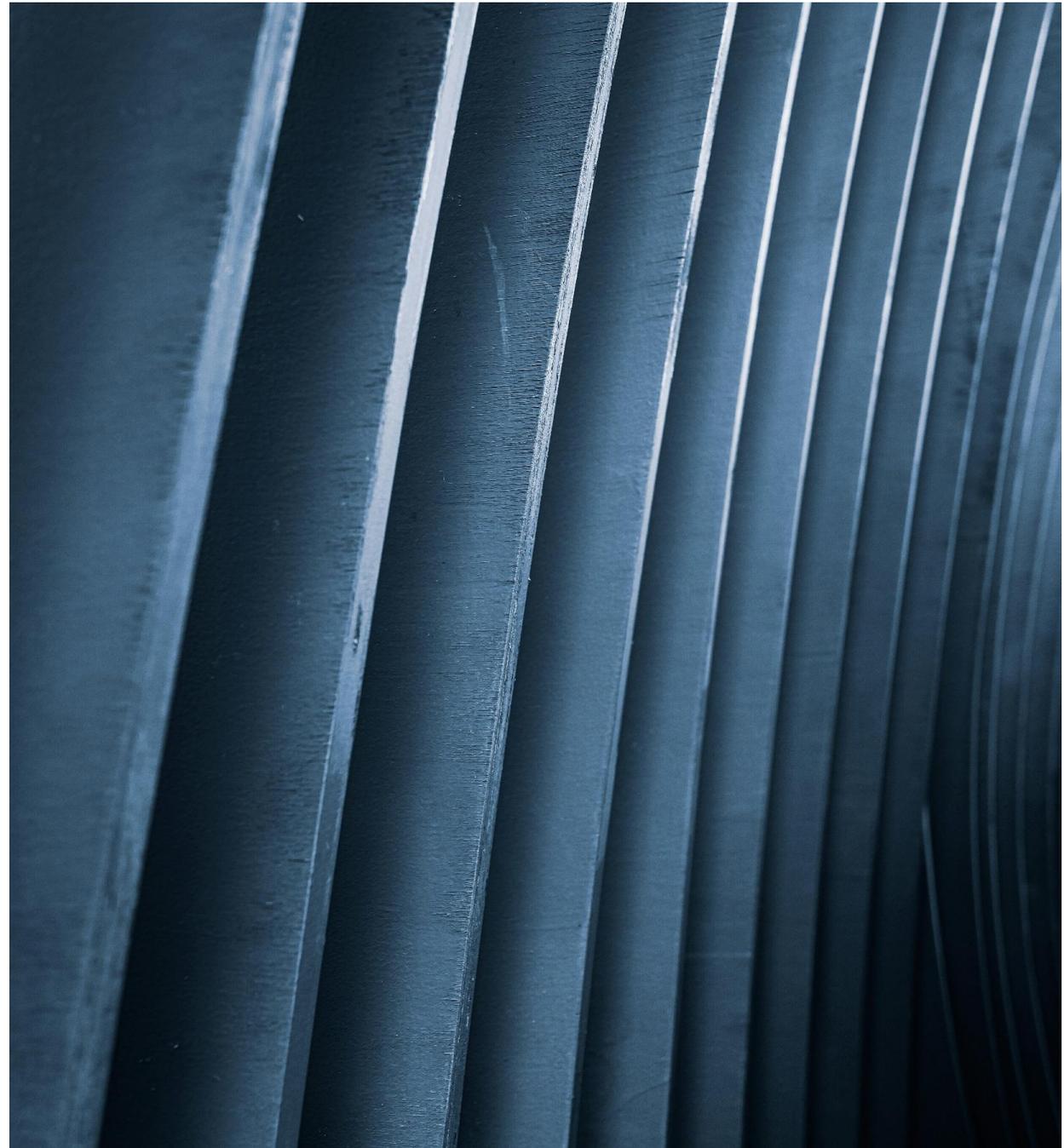
COMPLIANCE RESPONSE

- Foundation
 - Compliance principles and elements remain
 - Federal Sentencing Guidelines
 - DOJ, SEC, CFPB, FTC, HHS OIG, etc.



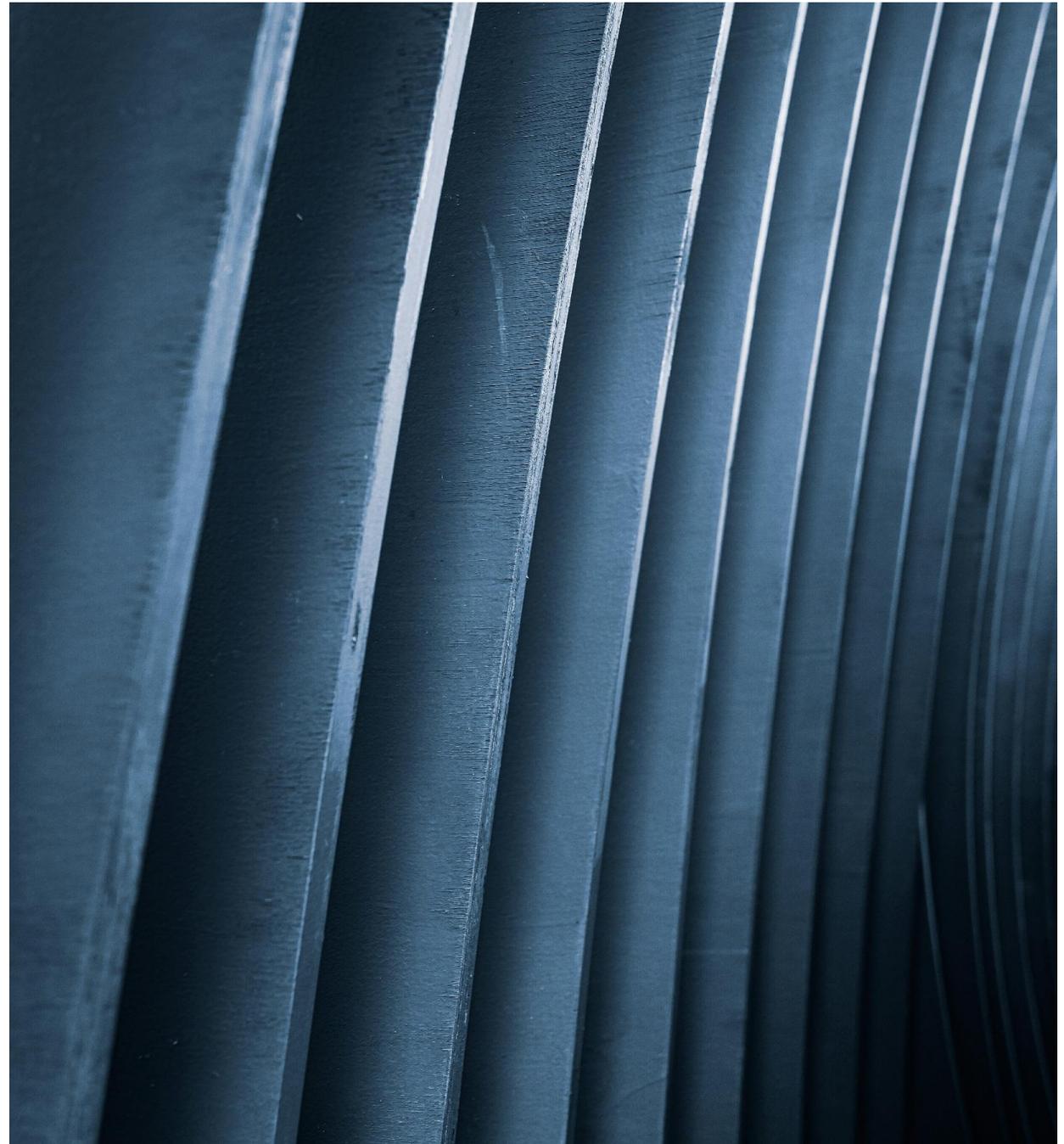
COMPLIANCE RESPONSE

- Ethics and culture
 - Individual stakeholders will be protected
 - Greater individual accountability emphasis over corporation accountability
 - Certifications by CEOs, CCOs
 - Director responsibility and oversight



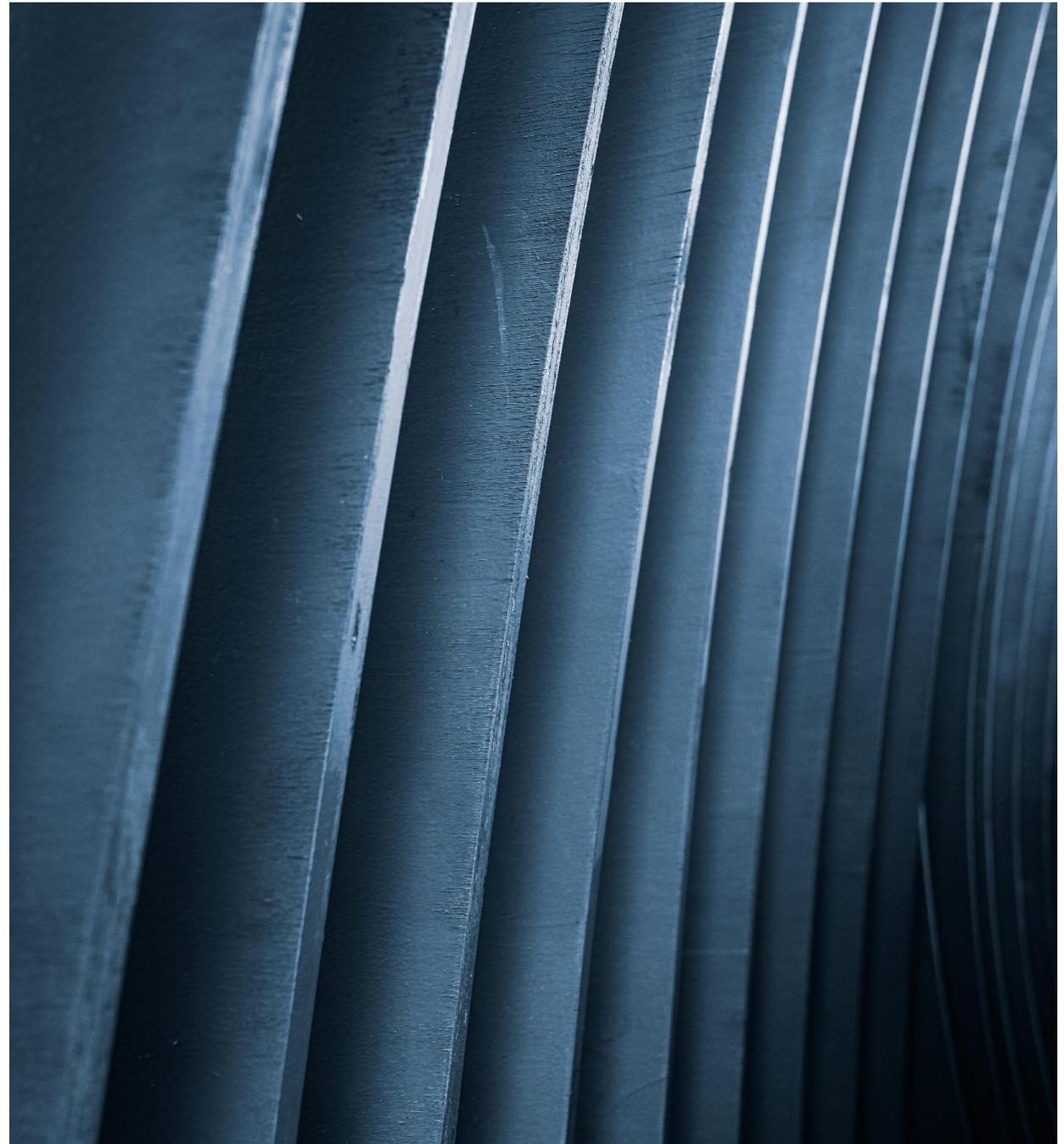
COMPLIANCE RESPONSE

- Nominated SEC Chairman Paul Atkins:
- “Where there are serious violations, enforcement action is necessary, but the goal should be to work with firms to build their internal compliance.”



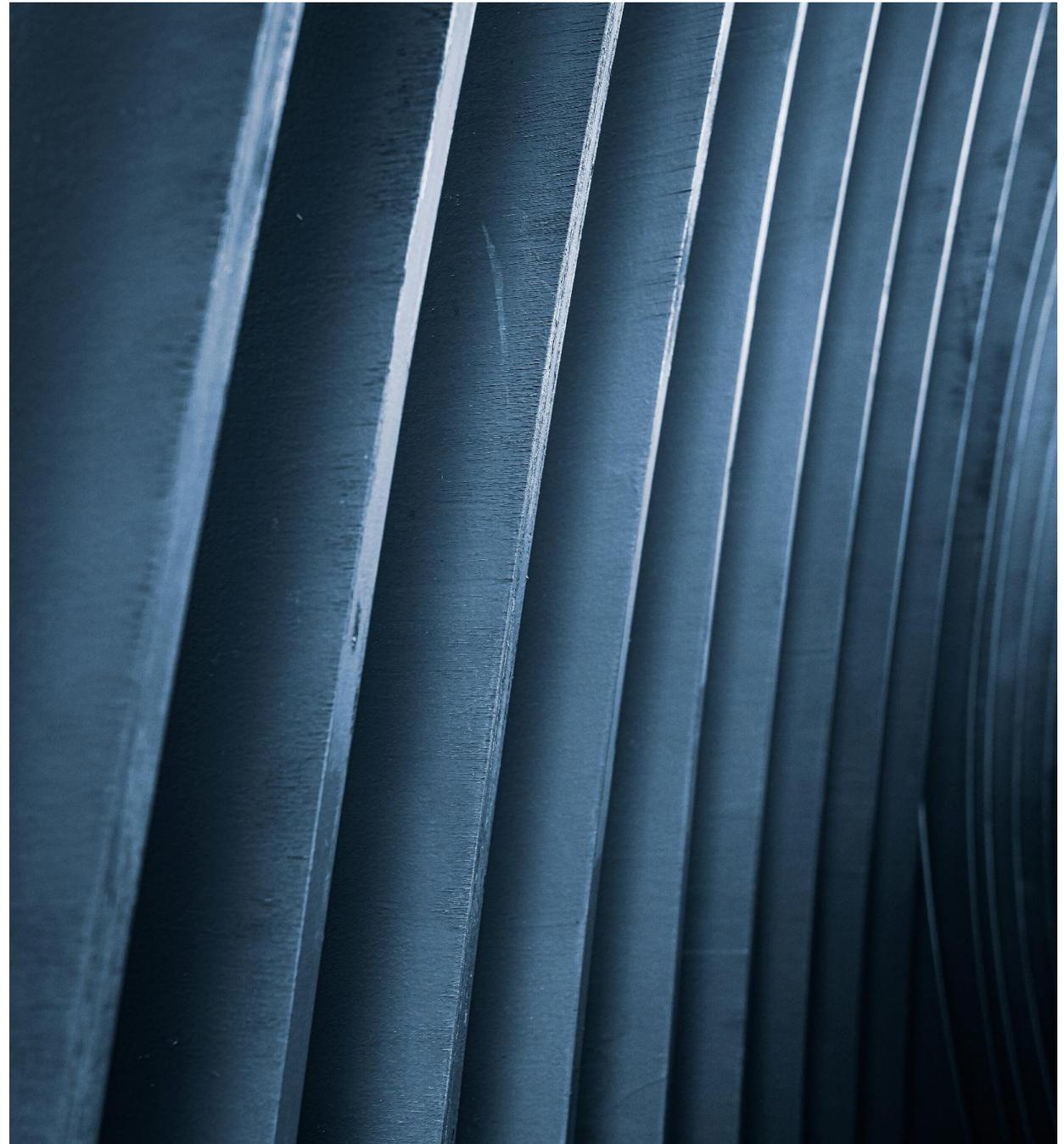
COMPLIANCE RESPONSE

- Rodney E. Hood, Acting Comptroller of Currency, OCC:
- "I . . . will work diligently to promote a regulatory framework that is effective without being excessive. I remain committed to a balanced framework- one that fosters innovation, expands financial inclusion, and ensures that all Americans have fair access to the financial services they need to thrive."
- -Appointed on February 7, 2025



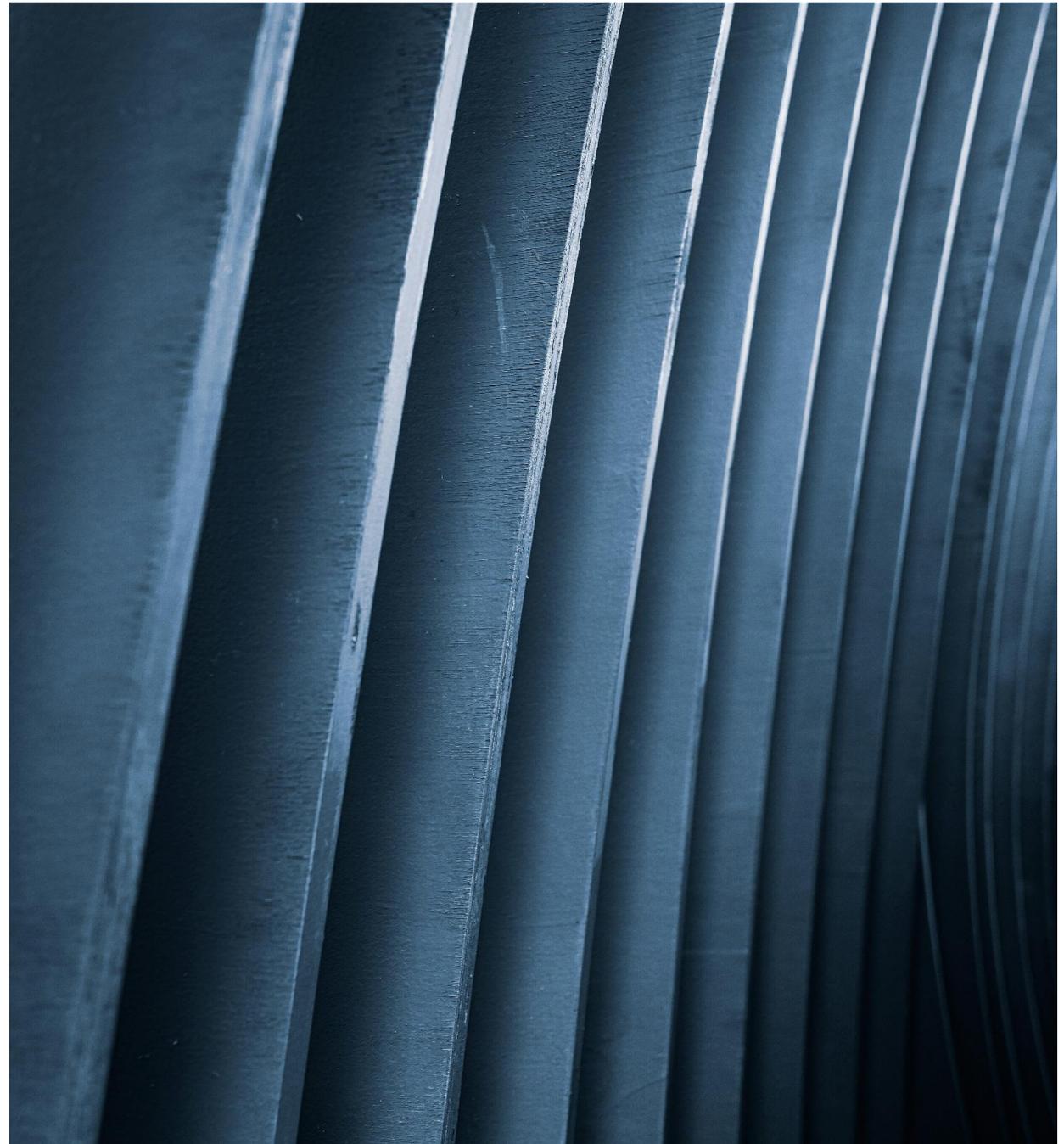
COMPLIANCE RESPONSE

- Whistleblowers
 - Recently increased in number
 - Programs currently being scrutinized
 - DOJ pilot program not rolled back



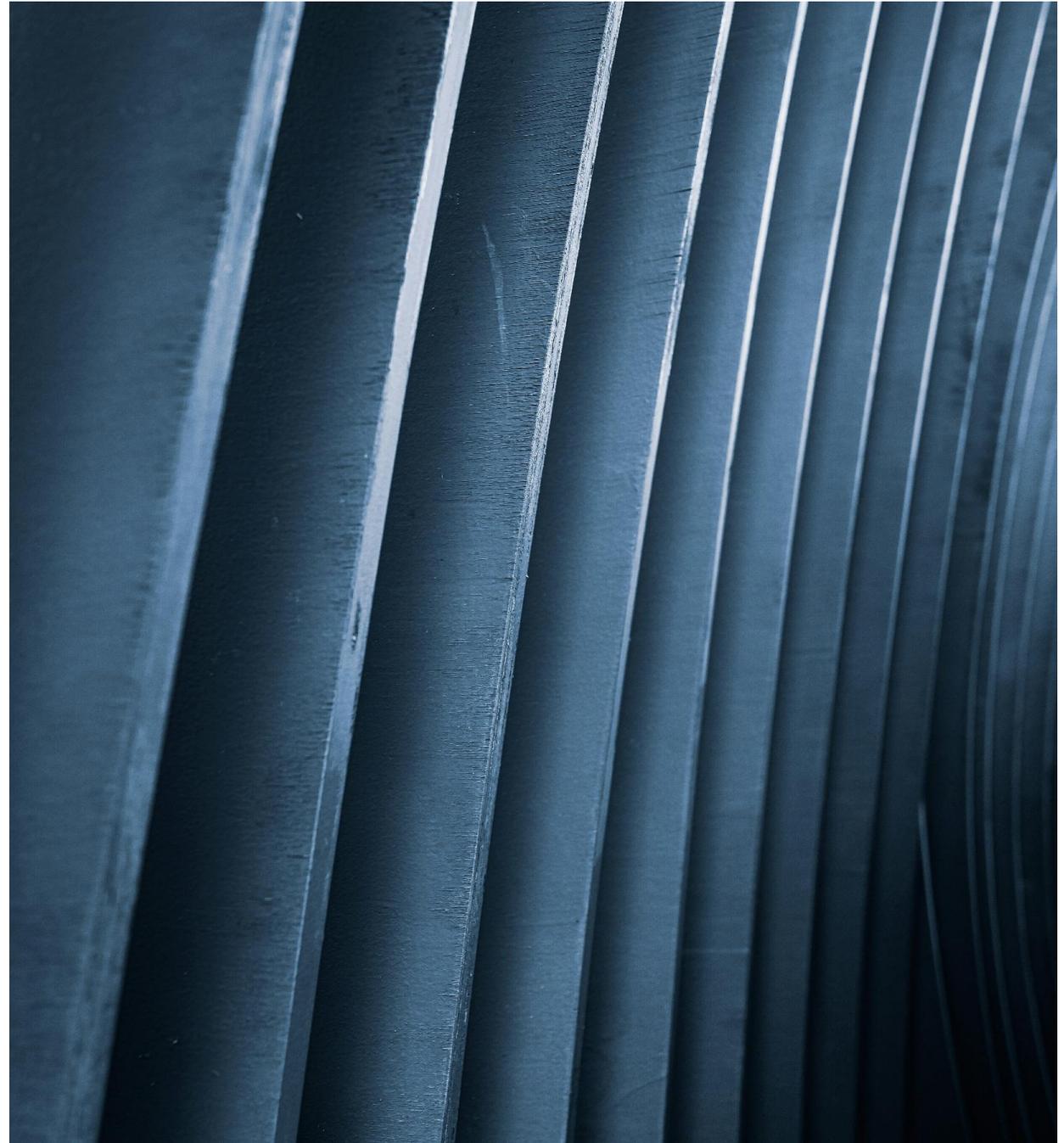
COMPLIANCE RESPONSE

- Refocus on traditional fraud
 - Internal
 - External
 - Accounting
 - Controls
 - Monitoring



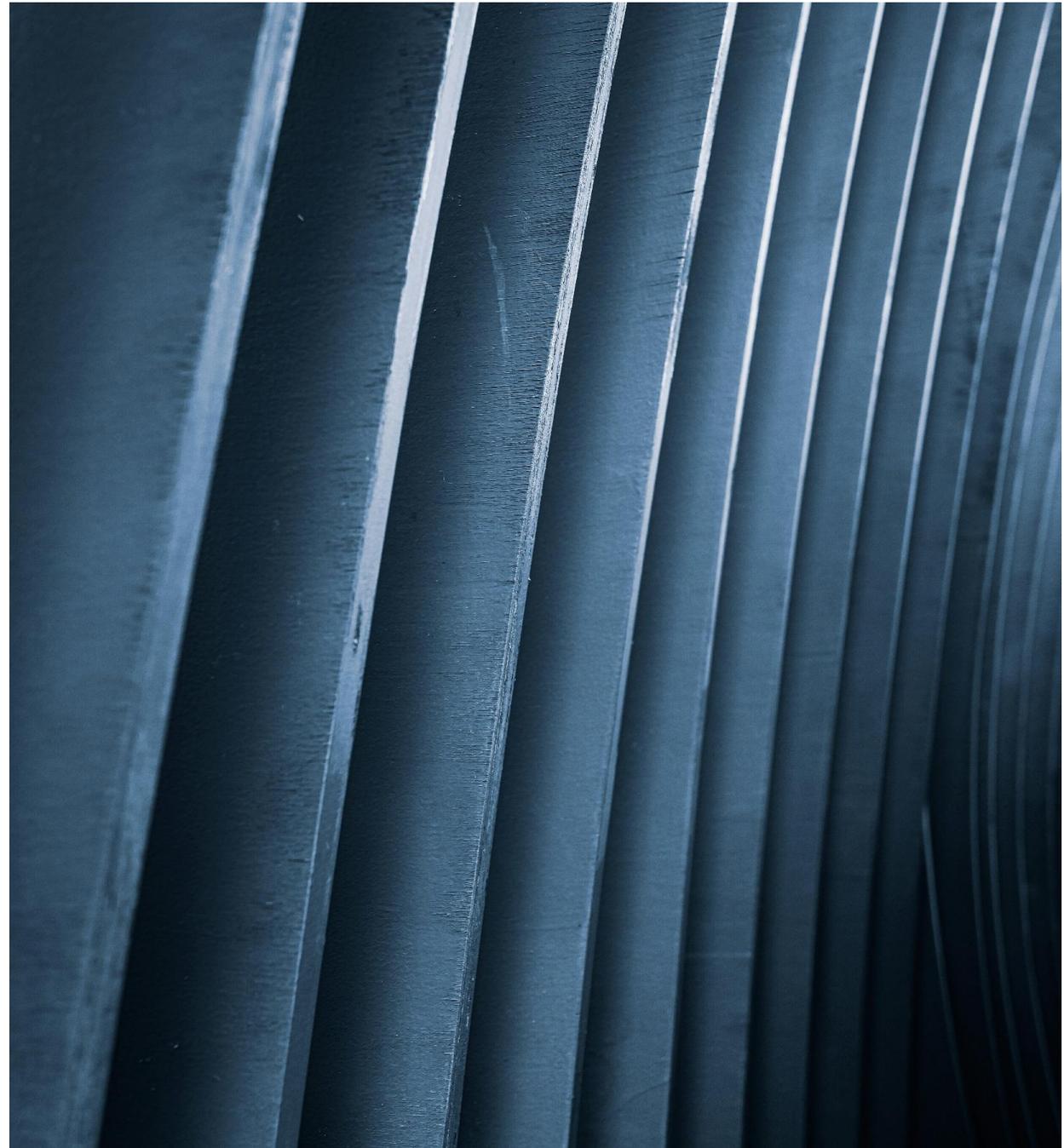
COMPLIANCE RESPONSE

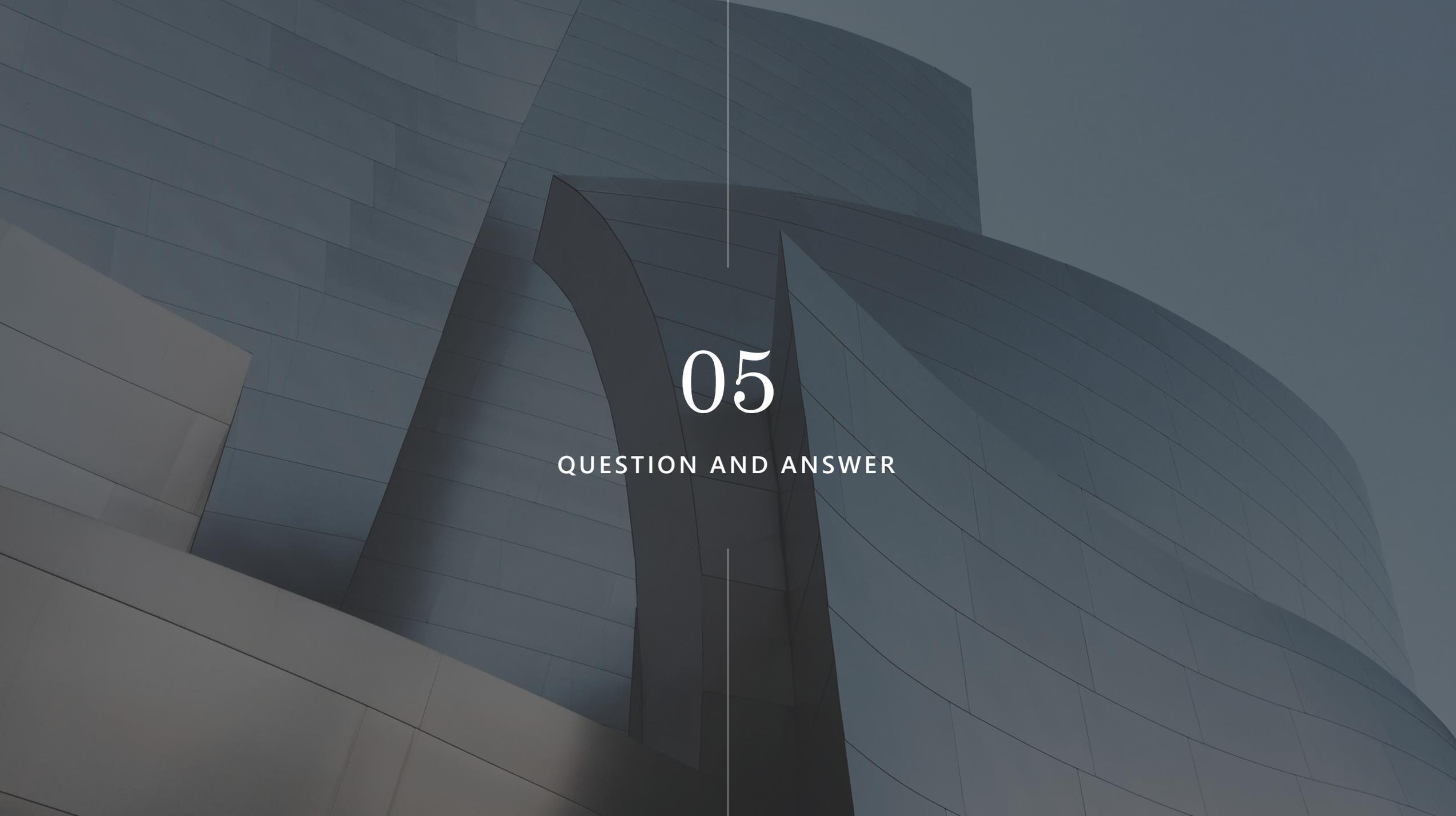
- Expected risk area emphasis:
 - Tariffs
 - Trade policies
 - Sanctions
 - Anti-money laundering
 - Healthcare
 - Federal contract compliance
 - DEI and DEIA
 - Immigration
 - Transnational Organized Crime, cartels and gangs
 - Products used to manufacture drugs
 - Human trafficking and smuggling



COMPLIANCE RESPONSE

- Expected areas of less emphasis:
 - FCPA (unless Cartel/TCO-related)
 - AI
 - Digital assets
 - ESG
- Expected areas of shifted emphasis:
 - DEI
 - EEOC
 - Transnational organized crime/Cartels





05

QUESTION AND ANSWER

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