

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021069508201**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: EFG Capital International (Respondent)
Member Firm
CRD No. 40118

Pursuant to FINRA Rule 9216, Respondent EFG Capital International (EFG) submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

EFG has been a member firm since 1996. It is a full-service brokerage headquartered in Miami, Florida. EFG has approximately 120 registered representatives across six branches.

In May 2018, pursuant to an AWC issued by FINRA, EFG was censured, fined \$800,000, and required to comply with an undertaking for, among other things, violating FINRA Rules 3310(a) and 2010. The AWC stated that between April 2010 and July 2015, EFG's anti-money laundering (AML) program was unreasonable with respect to the firm's review of transactions and wire activity by certain foreign individuals or entities with which it did business and review of wire activity by firm customers whose accounts were custodied with the firm's Swiss bank affiliate.¹

OVERVIEW

Between May 2018 and August 2022, EFG violated FINRA Rules 3310(a) and 2010 by failing to establish and implement policies and procedures for its AML compliance program that could be reasonably expected to detect and cause the reporting of suspicious transactions.

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

As a result, EFG is censured and fined \$650,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA cycle examination of EFG.

FINRA Rule 3310 requires each member firm to develop and implement a written AML program reasonably designed to achieve and monitor the firm's compliance with the requirements of the Bank Secrecy Act and implementing regulations promulgated by the Department of the Treasury. FINRA Rule 3310(a) requires each firm to "[e]stablish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and [its] implementing regulations." The implementing regulation issued by the Department of the Treasury, 31 C.F.R. § 1023.320, requires broker-dealers, under specified circumstances, to file with the Financial Crimes Enforcement Network "a report of any suspicious transaction relevant to a possible violation of law or regulation."

A violation of FINRA Rule 3310(a) constitutes a violation of FINRA Rule 2010, which requires member firms to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

In April 2002, NASD issued Notice to Members 02-21, which advised that each firm's AML program should be tailored to the particular risks of its business model and customer base and explained that firms have an obligation to monitor for and report suspicious transactions, including those that raise "red flags" suggestive of money laundering. The Notice further provided that firms "should implement systems, preferably automated ones, that would allow firms to monitor trading, wire transfers, and other account activity to allow firms to determine when suspicious activity is occurring." In May 2019, FINRA issued Regulatory Notice 19-18, which reminded firms of their suspicious activity reporting obligations and provided a non-exhaustive list of red flags, including when "[t]he customer is domiciled in, doing business in or regularly transacting with counterparties in a jurisdiction that is known as a bank secrecy haven, tax shelter, [or] high-risk geographic location," "[w]ire transfers are made to or from financial secrecy havens, tax havens, high-risk geographic locations or conflict zones," or "[t]here is wire transfer activity that is unexplained, repetitive, unusually large, shows unusual patterns or has no apparent business purpose." The Notice also states that where red flags of suspicious activity are detected through monitoring, firms should consider whether additional investigation, customer due diligence measures, or a SAR filing may be warranted.

From 2018 through 2021, EFG's customers, some of whom the firm designates as high-risk based on their geographic location or other factors, sent and received approximately \$5.5 billion in wire transfers, including transfers involving jurisdictions that EFG designated as having a high-risk of money laundering. The firm's AML policies and procedures required the firm to monitor those wire transfers for potentially suspicious activity, including for activity involving high-risk geographic locations and transfers that are unexplained, unusually large or show unusual patterns. EFG, however, failed to

establish and implement policies and procedures that could be reasonably expected to detect and cause the reporting of suspicious wire transfers in four respects.

First, from May 2018 through November 2021, the firm did not monitor approximately 900 wire transfers totaling \$305 million for suspicious activity, including transfers sent to or from countries that the firm designated as high-risk, because these transfers were not timely uploaded to the firm's automated AML monitoring tool. After the firm's 2018 AWC, the firm began using its automated AML monitoring tool to review wire transfers for firm customers who custodied their account assets with one of the firm's bank affiliates. However, as a result of data transmission delays between those bank affiliates and the firm, information relating to the approximately 900 wire transfers was not transmitted to the firm's automated AML monitoring tool until after the tool had already performed its analysis of that day's wire activity. Accordingly, the AML monitoring tool was not able to surveil or generate alerts on these wire transfers.

During this same time period, EFG did not perform any validation to ensure that its automated AML monitoring tool was timely capturing all wire transfers. EFG detected the delays in late 2021 when responding to FINRA information requests, and in January 2022, took corrective action.

Second, from January 2020 to August 2022, an alert within the firm's automated AML monitoring tool designed to analyze customer wire transfers of \$100,000 or more sent to or received from a jurisdiction that the firm designated as high-risk did not function as designed. These wire transfers were "red flags" under the firm's AML policy. When such transactions were identified by this alert, the firm was required to evaluate them and consider them for further investigation, but because the alert was not functioning, the firm did not reasonably monitor these wire transfers as required under the firm's AML policy.

EFG used country codes connected to wire transfers to trigger the high-risk jurisdiction-related alerts. In January 2020, due to a coding error, country codes for high-risk jurisdictions defaulted to the code for the United States. Thus, a transfer sent to or from a high-risk jurisdiction would appear in the firm's AML monitoring tool as if it were a transfer to or from the United States. As a result, from January 2020 until August 2022, this tool within the firm's automated AML monitoring system did not trigger any alerts, which impacted wire transfers totaling approximately \$30 million.²

Third, from January 2019 to December 2021, the firm failed to reasonably perform certain periodic account reviews that were a component of its AML program for monitoring and reporting suspicious transactions.³ If the firm detected unusual activity as part of these periodic reviews, it could initiate an investigation to determine whether a SAR filing was warranted. The firm also used these reviews to evaluate the risk ratings

² The firm remediated this monitoring failure by September 2022.

³ The firm remediated this issue by January 2022.

assigned to firm customers, which it used to set parameters for the firm's AML monitoring tool.

The firm did not reasonably, consistently, and timely complete certain periodic reviews. The delays in performing these periodic reviews impacted the firm's AML monitoring because, in the absence of an alert, the customer's activity would not have been reviewed timely to confirm that it met the firm's expectations for the account. It also potentially impacted the monetary thresholds used to flag activity within the firm's AML monitoring tool, including for alerts related to wire transfers, because those thresholds were based on a customer's risk rating.

Fourth, during the relevant period, the firm failed to perform AML-related investigations of instances where other financial institutions rejected wire transfers transmitted by EFG customers for compliance reasons, including for customers that EFG designated as high-risk.

By virtue of this conduct, EFG violated FINRA Rules 3310(a) and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$650,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;

- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 - 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying,

directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

10/7/25

Date


EFG Capital International
Respondent

Print Name: Sanjin Mchrovic
Title: CHIEF EXECUTIVE OFFICER, LATART

Reviewed by:


Ivan Harris, Esq.
Counsel for Respondent
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, NW
Washington, DC 20004-2541

Accepted by FINRA:

Signed on behalf of the
Director of ODA, by delegated authority

10/9/25

Date


Seth Kean
Senior Counsel
Evan Ennis
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