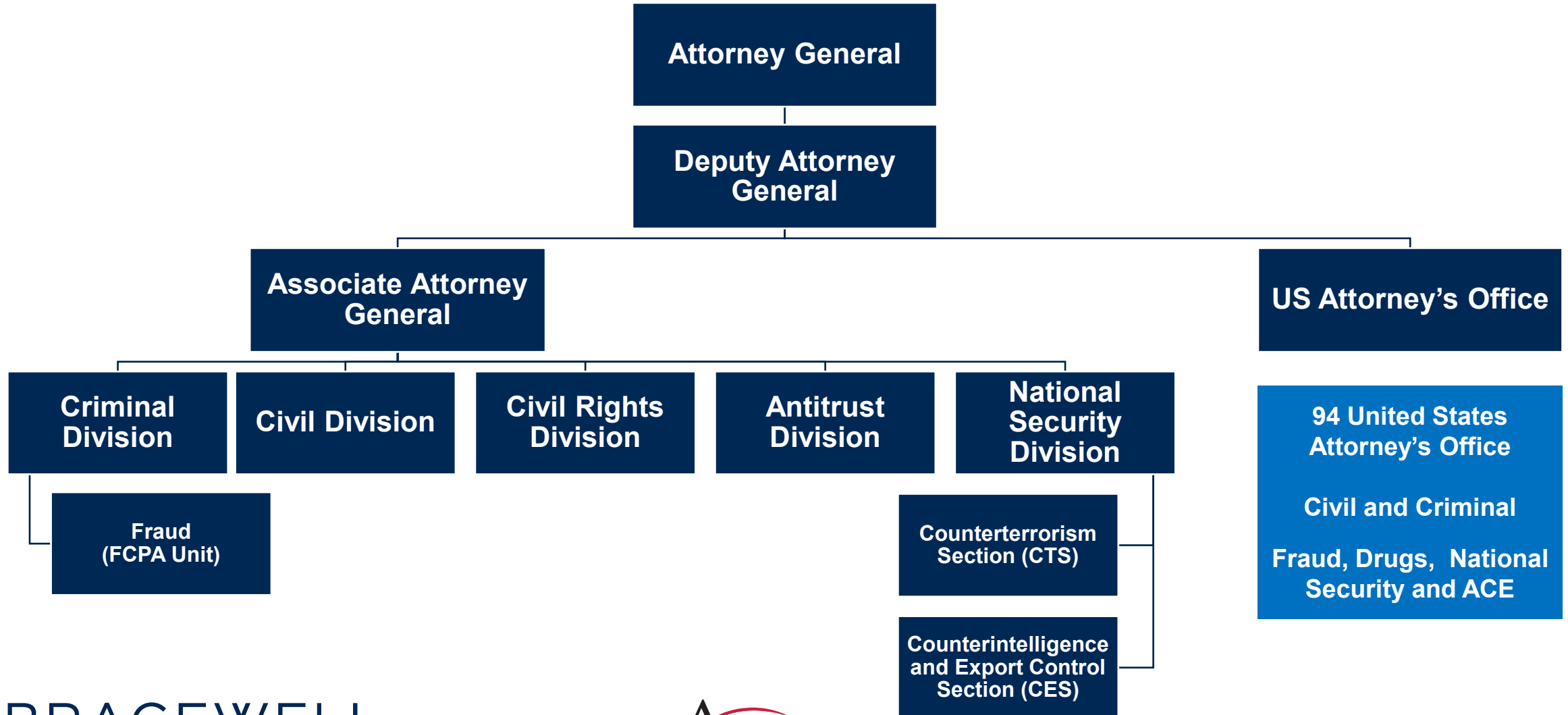


# Insight into Federal Regulations: From DOJ to Commerce, From Warrants to Tariffs, Two Former Federal Prosecutors Tell You What's Around The Corner

Alamdar Hamdani, Partner | Houston  
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Department of Justice Criminal Division Memo  
New Enforcement Priorities

# DOJ - Structure



# DOJ Criminal Division Memorandum – May 12, 2025

## DOJ Criminal Division Letter-DI

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|   | <b>U.S. Department of Justice</b><br>Criminal Division                                      |
| <i>Office of the Assistant Attorney General</i>  | <i>Washington, D.C. 20530</i>   |
| May 12, 2025   |   |
| <b>MEMORANDUM</b>  |   |
| <b>TO:</b>   | All Criminal Division Personnel   |
| <b>FROM:</b>   | Matthew R. Galeotti<br>Head of the Criminal Division  |
| <b>SUBJECT:</b>  | <u>Focus, Fairness, and Efficiency in the Fight Against White-Collar Crime</u> <sup>1</sup> |
| <p>The core mission of the Department of Justice (Department) is to do justice, uphold the rule of law, protect the American public, and vindicate victims' rights. The Department's efforts to carry out this mission are multi-faceted. Prosecutors and investigators in the Criminal Division are currently working tirelessly to, among other things, pursue the Total Elimination of Cartels and Transnational Criminal Organizations (TCOs),<sup>2</sup> dismantle human smuggling organizations, curb the flow of fentanyl and other dangerous drugs, and neutralize child predators and violent criminals, including by securing significant charges and prison sentences against the worst criminal actors.<sup>3</sup></p> <p>White-collar crime also poses a significant threat to U.S. interests. Unchecked fraud in</p> |   |

# DOJ Crim Division Memo – New Enforcement Priorities (Memo p.4)

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**Material Support by Corporations to Cartels, TCOs and FTOs**

**Waste, Fraud, and Abuse (Health Care Fraud and Federal Program and Procurement Fraud)**

**Trade and Customs Fraud, Including Tariff and Sanctions Evasion**

**Fraud Perpetuated Through VIEs**

**Fraud that Victimizes US Investors, Individuals and Markets**

**Conduct that Threatens US National Security**

**Complex Money Laundering**

**Violations of the Controlled Substances Act and the Federal FDCA**

**Bribery and Associated Money Laundering Impacting US National Interests**

**Crimes Involving Digital Assets**

# New DOJ Enforcement Priorities

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## Material Support by Corporations to Cartels, Transnational Criminal Organizations (TCOs), and Foreign Terrorist Organizations (FTOs)

- LaFarge
- Scrutiny of companies providing material support to FTOs or facilitating criminal operations of cartels and TCOs.
- High-risk regions: Mexico, Central and South America, the Middle East.
- Importance of robust internal controls and compliance protocols.

# New DOJ Enforcement Priorities

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## Bribery and Associated Money Laundering Impacting U.S. National Interests

- Impact on US national security, competitiveness of US businesses, and enrichment of foreign corrupt officials.
  - Money laundering and cartels
  - FCPA pause except....
    - Cartel prosecutions
  - FEPA
    - Corrupt foreign officials

# Be Aware of Red Flags – Cartels

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- ❗ Unusual payments that mask “protection fees” demanded by cartels.
- ❗ Employees funneling contracts to groups controlled by a cartel: cartels sometimes have an “inside man” working within a company for the benefit of the cartel (and often to the detriment of the company).
- ❗ Requests for excessive fees or commissions, cash payment, or excessive discretionary funds.
- ❗ Failure of potential partners to maintain appropriate government registrations.
- ❗ Negative media and/or reference reports, particular those that suggest non-compliant or unlawful conduct.
- ❗ Third parties who refuse to provide reasonable information to assess ownership information, or who say “you don’t want to know.”
- ❗ Agreements that include vaguely or improperly described services.

# FinCEN's Cartel Crackdown on Three Mexican Banks

On June 25, 2025, the US Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a novel set of orders. FinCEN found three financial institutions in Mexico laundered drug proceeds for opioid traffickers, including two Mexican cartels aka Foreign Terrorist Organizations.

- By September 4, 2025, covered financial institutions must **cease any and all transmittals of funds (including convertible virtual currency) from or to the three Mexican banks, this includes direct and indirect transactions, even via intermediaries.**

U.S. Banks

Broker-Dealers

MSB

- Order recommends revamping compliance programs and report SARs
- Material Support Exposure

# New DOJ Enforcement Priorities

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## Trade and Customs Fraud, Including Tariff and Sanctions Evasion

- Combatting fraud that threatens the US economy, American competitiveness, and national security.
  - CBP fines
  - Reverse FCA
  - Sanctions
    - IEEPA
    - OFAC

# New DOJ Enforcement Priorities

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## Conduct Threatening US National Security

- Threats to the US financial system by gatekeepers, such as financial institutions and insiders committing sanctions violations or enabling transactions by cartels, TCOs, hostile nation-states, or FTOs.
  - Sanctions
    - Cartels
    - China, Russia, North Korea, Venezuela, and Iran

# What Are Export Controls?

Rules that govern how we export, reexport, or transfer (in-country) goods and services to protect national security and other US policy concerns such as foreign policy and non-proliferation of weapons.

- US laws and regulations that control:

**Products**

**Software and  
Technology**

**Services**

- Some countries also have import restrictions, but we will not discuss those here.

# What Are Trade Sanctions?

A foreign policy tool designed to punish (or dis-incentivize) other countries or parties. Primarily focus on the activities of a “US persons.”

- The United States, the European Union (and member states), Canada and various other countries each have their own sanctions and rules.

## US Comprehensive Sanctions



Cuba



North Korea



Iran



Syria



Occupied  
Crimea Region  
of Ukraine

## Significant Sanctions



Russia



Venezuela

# “Persons” Subject to US Sanctions and Export Controls

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**Organizations, Including Non-Profits, Formed in US (Including Foreign Branches)**

**US Citizens, Permanent Residents, Approved Asylees and All US Persons, Covered Wherever Located**

**Non-US Persons to the Extent They Deal In Items Subject to US Jurisdiction**

**All Persons in the US (Even Foreign Nationals)**

**Even Broader For Certain Sanctions Regimes**

# Determining Which Rules Apply

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## Key US Government Agencies



The **US Department of Treasury's Office of Foreign Assets Control (OFAC)** administers the implementation of economic embargos and sanctions governing certain restricted transactions.



Regulations for the export and re-export of "dual use" items and technology are administered by the **US Department of Commerce's Bureau of Industry and Security (BIS)**.



Regulations governing the export and re-export of defense items and technical data are administered by the **US Department of State's Directorate of Defense Trade Controls (DDTC)**.

For operations overseas, other laws may apply (UK, EU, UN, etc.).

# Questions You Must Answer When Exporting

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- What is the item or technology being exported?
- Where is the export going?
- Are there intermediate stops?
- Who will receive the export?
- Is that party the end-user or are there additional parties to the transaction?
- What will the end-user do with the export?
- Are all parties to the transaction allowed to engage in the export under the regulations?

# Be Aware of Red Flags – Potential Tariff Evasion

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- ❗ Changing classification of goods to fall into lower tariff category
- ❗ Undervaluation of goods to reduce the amount of tariff owed
- ❗ Discrepancies between declared value and market price, especially for products sources from high-tariff countries
- ❗ Falsification of documents to misstate country-of-origin
- ❗ Shipping product through countries with lower tariffs than country-of-origin
- ❗ Unusual shipping routes or transshipment points
- ❗ Vague or incomplete descriptions of goods in trade documents
- ❗ The counterparty has a complex ownership structure
- ❗ Sudden or unexplained changes in established trading patterns or the identity of counterparties
- ❗ Use of third-party agents that appear unnecessary
- ❗ Unsolicited advice from suppliers on how to reduce tariffs

# Penalties for Violations of IEEPA

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## Criminal Penalties

- \$1,000,000 Per Violation and/or
- 20 Years Imprisonment For Individuals

## Civil Administrative Penalties

- Fines
  - IEEPA - up to \$360,000+ Per Violation Or Twice the Amount Of the Transaction At Issue, Whichever Is Greater
  - ITAR – over \$1 million per violation
- Debarred Parties / Denied Persons List
- Loss of Export Privileges

# New DOJ Enforcement Priorities

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## Waste, Fraud and Abuse (Health Care Fraud and Federal Program and Procurement Fraud)

- Procurement fraud
  - Defense contracts
  - Wire fraud
  - FCA
    - DEI

# Incentives for Corporate Self-Reporting

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- The DOJ revised the CEP to offer clearer benefits for companies that demonstrate transparency, cooperation and a genuine commitment to remediation.
- Even if a company does not qualify for declination, resolutions such as non-prosecution agreements, deferred prosecution agreements or reduced penalties may be available.
- Prosecutors are encouraged to conduct case-by-case assessments of the facts while prioritizing transparency and fairness in their determinations.

## Corporate Enforcement and Voluntary Self-Disclosure Policy (CEP) Core Requirements

- Voluntarily self-disclose
- Fully cooperate
- Timely and appropriately remediate
- Have no aggravating circumstances

# Recent Declination – April 30, 2025



Universities Space Research Association (USRA) manager facilitated the sale and unlicensed export of flight control and optimization software to a restricted Chinese university.



He used an intermediary to conceal the unlawful export, and later fabricated evidence that he had performed due diligence on the purchaser before making the sale.



Manager pleaded guilty to willfully violating export controls in January 2023 and was subsequently **sentenced** to a term of 20 months' imprisonment.

**Only second ever NSD VSD publicly disclosed declination**

# USRA Disclosed the Conduct Timely and Cooperated



## Timely Cooperation

- Less than three months after outside counsel had been retained.
- Within days of admission by manager of wrongdoing to outside counsel.
- Well before the internal investigation's completion.



## Full Cooperation

The company fully cooperated with the government's investigation of the manager providing all known relevant facts, documents, and information (including overseas documents, third-party documents and translations).



## Nature and seriousness of the offense was not an aggravating factor

- Only four unlicensed exports of software.
- The software was based on information in a publicly available textbook and classified as low-level.

# Enhanced Whistleblower Protections

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- Updates to the Corporate Whistleblower Awards Pilot Program to reflect current enforcement priorities.
- New eligible 'Subject Areas' for whistleblower tips leading to forfeiture include:

**Corporate violations related to international cartels or TCOs (e.g., money laundering, narcotics, Controlled Substances Act infractions)**

**Corporate breaches of federal immigration law**

**Material support of terrorism**

**Corporate sanctions violations**

**Trade, tariff, and customs fraud**

**Corporate procurement fraud**

# Key Takeaways

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**Conduct updated risk assessments or revise internal controls and policies** to address specific risks that align with DOJ's stated enforcement policies.



**Audit compliance programs** to test and evaluate its effectiveness in preventing and detecting wrongdoing. Make necessary policy and internal control changes to avoid any material weaknesses.



**Review and update policies and processes around internal complaints.** Ensure stakeholders are encouraged to raise complaints internally so the company can review and self-report if needed.



**Assess and review internal investigation procedures** to ensure efficient and thorough internal investigations to capitalize on self-disclosure benefits.

# Questions?



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