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Friends,

2016 was an exciting year for the firm as we continued to grow and innovate.

We were fortunate to welcome two highly accomplished partners in our D.C. office: Hong Le Webb, a well-respected banking lawyer and specialist in international trade and transactions, and Howard Kramer, a 16-year SEC veteran and an experienced adviser to major financial institutions, markets and securities exchanges. We were also delighted to welcome Andrew Melnick, a prominent trial lawyer and advisor in the financial services industry, who joined us as a partner in our New York office this year.

In 2016, we rolled out our Innovation Lab, a one-stop shop for developing client tools and solutions that combine our intellectual capital with technology to create products that help clients make better informed decisions. The Innovation Lab rolled out the M&M Defend app, which guides employees through the do’s and don’ts of dealing with law enforcement agencies when they execute search warrants. Yes, there is now an app for that! Leveraging big data sets, we were able to develop new proprietary databases that we are sharing with our clients who are defending large scale litigation. And, we are excited to be participating with several of our clients in the Hyperledger Project, which is an international open source collaborative effort created to advance cross-industry blockchain technologies. What we are witnessing is an unprecedented wave of change and innovation in the financial services world, and we are delighted to be partnering with several of our clients to help them seize the massive opportunities being generated by all this change.

We were honored again this year to be selected by U.S. News & Best Lawyers as a National Tier One Law Firm in Securities Litigation, Securities Regulation, and Corporate Law. Only 25 law firms in the world received National Tier One recognition in all three of these important categories. And our partner Steve Crimmins was recognized as the Securities Regulation Lawyer of the Year in the New York market by U.S. News & Best Lawyers. As far as we can tell, this is the first year this honor went to a lawyer in a boutique law firm like ours.

We are immensely grateful to our clients who have shown their trust and confidence in us by calling on our firm to handle some of their most important and sensitive legal matters. We never lose sight of the fact that we must earn that trust and confidence every day. On behalf of all the lawyers and staff at Murphy & McGonigle, we thank you for your continued support.

Best regards,

James A. Murphy
Chairman
Firm Update

While celebrating our 6th anniversary in 2016, Murphy & McGonigle remains a destination for top talent in the legal world. We also launched three new practices.

Laterals
Hong Le Webb brings experience in the areas of corporate securities and banking law and regulation, representing commercial banks, investment companies, investment advisers, and broker-dealers. In addition, Hong advises clients with interests in Asia in the areas of strategic planning, government relations, and international business expansions, operations, and transactions.

Howard Kramer focuses on trading rules, derivatives, alternative trading systems, and broker-dealer regulatory and compliance issues. Before entering private practice in 1998, Howard served 16 years at the SEC, including as Senior Associate Director and Associate Director of the Division of Market Regulation (now known as the Division of Trading and Markets).

Andy Melnick joins the firm after serving as Chief Litigation Counsel at RCS Capital Corporation (now Arettec Group), where he oversaw all litigations, investigations and regulatory inquiries, for RCS, which had interests in sponsors and managers of alternative investments, wholesale brokerage distribution, investment banking, transfer agent operations, and the Cetera Financial Group independent broker-dealer network of over 9,100 registered representatives. Andy also served as Deputy General Counsel, Head of Retail Litigation at UBS Financial Services.

New Practices
Audit, Accounting & Financial Reporting – Murphy & McGonigle represents accounting firms, public companies, and audit committees in enforcement and criminal investigations and actions, regulatory inquiries, and litigation in state and federal courts through the United States.

FinTech – Murphy & McGonigle serves financial institutions who are increasingly using technology to innovate how they deliver products and services to the market place.

International Advisory - Murphy & McGonigle advises clients on international business expansions, operations and global transactions in the areas of financial services, biotech, energy and health care.

Awards & Recognitions
Murphy & McGonigle attorneys selected for inclusion in The Best Lawyers in America for 2017:
• Stephen Crimmins*
• William Donnelly
• Joseph Goldstein
• Howard Kramer

* Steve Crimmins was named 2017 Lawyer of the Year for Securities Regulation in New York City.

Murphy & McGonigle attorneys recognized as Super Lawyers for 2016:
• Jonathan Bashi*
• Lindi Beaudreault
• Stephen Crimmins
• Steven Feldman
• Joseph Goldstein

* Rising Star

Steve Crimmins (Nationwide, Securities: Regulation: Enforcement) and Howard Kramer (Nationwide: Financial Services Regulation: Broker Dealer) were honored by Chambers and Partners in 2017.
2016 At-a-Glance

For the fifth year in a row, U.S. News & Best Lawyers selected Murphy & McGonigle as a National Tier One Law Firm. This year, we were honored in Securities Regulation, Litigation – Securities, and Corporate Law. Only 25 firms received National Tier One recognition in all three areas. As you can see below, we are the youngest and smallest firm among those 25 listed, by far.

25 National Tier One Law Firms

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Balancing Government and Regulatory Perspectives with Business Experience

Our team of professionals includes a number of attorneys who formerly served in senior positions with various government and regulatory agencies, among them:

**U.S. Securities and Exchange Commission**

**Office of the Chairman**
- Executive Assistant to Chairman John Shad
- Senior Counsel for Market Regulation to Chairman Arthur Levitt

**Division of Trading & Markets**
- Senior Associate Director for Trading Practices and Processing
- Senior Associate Director for Market Supervision
- Attorney Fellow in the Division of Market Regulation
- Senior Counsel for Market Regulation to Chairman Arthur Levitt
- Assistant Director for Trading Practices
- Branch Chief for Broker-Dealer Financial Responsibility

**Division of Enforcement**
- Associate Director
- Deputy Chief Litigation Counsel
- Branch Chiefs
- Senior Counsel

**U.S. Attorney’s Office, Southern District of New York** – Assistant U.S. Attorney; Served in the Securities and Commodities Fraud Task Force

**U.S. Department of Justice** – Assistant Chief of the Fraud Section of the Criminal Division

**U.S. Commodity Futures Trading Commission** – Enforcement Attorney in the Division of Enforcement who served on a number of key Dodd-Frank Act rule-making teams

**Financial Industry Regulatory Authority (FINRA)** – Chief Counsel and Deputy Director
Our partners have also served in various capacities within the financial services industry, including:

- Executive Vice President of Archipelago Holdings
- Director and Assistant General Counsel at Bank of America
- Director and Senior Litigation Attorney at Citigroup Global Markets
- Interim CRO and Member of the Board of Directors of DirectEdge affiliated exchanges
- Senior Legal Counsel at Goldman Sachs
- General Counsel at Instinet Group Incorporated
- General Counsel at Knight Capital Group
- Group Executive and Senior Associate General Counsel at MasterCard Worldwide
- Managing Director in the Global Equities Division at Merrill Lynch
- Director of Global Regulatory Affairs at Merrill Lynch
- Financial Analyst at Merrill Lynch
- Financial Advisor at Morgan Stanley Dean Witter
- Head of Litigation Department at PaineWebber
- Head of Litigation Department at Shearson Lehman Brothers
- President of SIA (now SIFMA) Compliance and Legal Division
- Managing Director and General Counsel Litigation at UBS Financial Services
- Deputy General Counsel at UBS Financial Services
- President of Wave Securities

...While Bringing Hands-on Industry Experience
Audit, Accounting & Financial Reporting

Murphy & McGonigle provides informed representation to public companies and accounting firms in audit, accounting, and financial reporting matters. Our partners have been directly involved in landmark accounting cases (Matter of KPMG, Parrott v. Coopers & Lybrand) and have served as SEC enforcement lawyers and public company executives. So we understand how accounting professionals apply accounting principles and standards and how the SEC and PCAOB interpret them. We leverage that knowledge to successfully represent our clients in regulatory investigations and enforcement actions involving audit quality and auditor independence issues and in securities and professional liability litigation involving accounting and financial reporting issues.

Our recent significant engagements include:

- Representing a Real Estate Investment Trust in a post-acquisition dispute before an independent auditor concerning the accounting treatment of a receivable.
- Representing a former CEO of publicly traded biotechnology company in connection with its independent review of certain accounting matters.
- Representing more than 25 public company executives and management employees in an internal investigation related to revenue recognition practices, disclosures, and internal controls.
- Representing an accounting firm and one of its partners in an SEC enforcement action arising from the firm’s examination of client funds and securities for a registered investment advisor. The SEC instituted a cease-and-desist action against the firm and the partner in accordance with the terms of a negotiated settlement.
- Representing two audit committee members in an SEC investigation of the company’s accounting for work-in-process inventory. The clients did not receive Wells Notices.
- Representing former directors and officers in a private placement start-up company in an SEC investigation of allegedly false and misleading financial disclosures connected to the company’s efforts to raise capital.
- Representing an accounting firm partner in an SEC investigation of audits of an investment advisor that allegedly was running a Ponzi scheme.

Audit, accounting, and financial reporting matters are core to the SEC’s mission and, therefore, will continue to be a focus of the Enforcement Division, even under the new administration. Emerging areas of interest include non-GAAP accounting and sustainability disclosure, although the extent of enforcement activity in those areas remains to be seen. We anticipate continued attention to the role of internal and external gatekeepers in preventing, detecting, remediating, and reporting accounting and financial reporting fraud. We also expect the new revenue recognition and leases standards to draw the attention of the SEC and the plaintiffs’ bar, as they scrutinize how companies and their accountants prepare for, implement, and disclose the new standards.
Major priorities of the securities regulators in 2017 will be firm culture, cybersecurity, continuing liquidity concerns, the DOL fiduciary rule, market structure issues, the protection of senior investors, outsourcing, and cross-selling. The SEC and FINRA will further increase their efforts to use and rely on Big Data Analytics to surveil the markets and identify market abuse, whether it be insider trading or manipulative conduct, including but not limited to spoofing and layering activities. The regulators will continue their review of sales practices, customer suitability, and required recordkeeping by broker-dealers (including WORM compliance) and maintain their focus on supervision and conflicts of interest and how firms remediate conflicts.

Our attorneys have a deep understanding of the complex and constantly changing regulatory environment in which the securities industry and its members operate. Murphy & McGonigle advises broker-dealers and investment advisers on all aspects of regulatory compliance. Our attorneys serve a variety of our clients’ needs, ranging from education and training to internal reviews and investigations, to trading and sales advice.

Our recent significant engagements include:

- Representing a broker-dealer in a FINRA investigation and enforcement action relating to mutual fund sales practices.
- Reviewing and negotiating clearing and related agreements between client broker-dealers and clearing firms.
- Reviewing and counseling a broker-dealer on its electronic record-keeping of transactional and financial records, including WORM compliance.
- Advising a broker-dealer on gifts and entertainment policies.
- Advising a client on Regulation ATS matters.
- Assisting registered investment adviser in an SEC examination.

- Reviewing and advising registered investment advisers on their compliance programs.
- Preparing equities supervisory and compliance manuals for a broker-dealer.
- Counseling a client regarding an associated person’s statutory disqualification and FINRA reapplication.
- Reviewing a client’s fixed income trading for rules compliance.
- Reviewing advertising/websites of registered investment adviser firms.
- Assisting broker-dealer and investment advisory clients with regulatory examinations and investigations.

Looking Forward
The rapid growth of technological innovation has expanded markets and created tremendous opportunities in the financial services industry. Financial institutions have increased their use of, and reliance on, technology to manage and understand their businesses, markets, trading activity, clients, and regulatory compliance.

This increase has also spurred strong interest from industry regulators. The Murphy & McGonigle FinTech team advises broker-dealers, traders, exchanges, banks, private equity and venture investors, asset managers, private funds and other market participants on complex regulatory and legal matters related to the use of technology.

The FinTech team also is involved in industry efforts, such as the Hyperledger Project, to further develop and implement technology in the financial services and other industries. We are also active participants in regulatory forums that bring industry participants together with regulators to discuss the use of new technologies in financial services and the regulatory considerations relating to such use.

Our FinTech team works closely with the Murphy & McGonigle Innovation Lab to build and deliver cutting-edge legal services. We advise our clients and help them achieve their business objectives and navigate applicable regulatory requirements around the world.

Our recent advisory engagements include:

- Advising a client on matters relating to digital currency-denominated securities trading.
- Advising a client on the use of distributed ledger (blockchain) technology in the trading, clearance, and settlement of security-based swaps.
- Providing regulatory and compliance counsel to a tech start-up that is disrupting the private capital formation marketplace.

Technology will continue to fundamentally transform both the financial services and legal industries. The financial services industry will see distributed ledger (blockchain) systems compete with traditional systems in securities trading, clearance, and settlement, among other areas. Murphy & McGonigle will help the industry respond to and understand the regulatory environment in which blockchain technology will continue to develop. The firm will also help shape aspects of blockchain development through its involvement in the Hyperledger Project, which describes itself as “an open source collaborative effort created to advance cross-industry blockchain technologies.” Among other participants, the Hyperledger Project includes leaders in financial services and technology. Murphy & McGonigle will also continue to advise clients on other technology-related regulatory and legal matters related to automation, including matters related to so-called “robo advisors.”
Independent Monitoring & Independent Consulting

On many occasions, due to their deep experience, our lawyers have been chosen to serve as independent consultants and independent monitors in the context of settlements or resolved proceedings with the SEC and Department of Justice. Murphy & McGonigle lawyers have the skills and knowledge to undertake these engagements and offer pragmatic, constructive advice and recommendations to the settling party.

Our recent significant engagements include:

• Serving as an Independent Consultant to a diversified financial services company in reviewing its Rule 506 policies and procedures.
• Serving as an Independent Examiner for a Swiss banking institution in connection with the Department of Justice Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks.
• Serving as an Independent Consultant to a global financial institution to review and test its policies concerning compliance with Section 9(a) of the Investment Company Act arising out of the institution’s SEC settlement regarding its underwriting of securities.
• Serving as an Independent Monitor to a fund manager and its principal to review and assess the manager’s policies, practices, controls, recordkeeping, and disclosures relating to conflicts of interest, affiliated transactions, and cash management pursuant to its settlement with the SEC.
• Serving as an Independent Consultant to a broker-dealer in connection with its Municipalities Continuing Disclosure Cooperation settlement.

While there will be substantial changes in leadership and regulatory philosophy with the change of administrations, we believe that the SEC, Department of Justice, and FINRA will continue to require independent monitors and independent consultants in settlements where the regulatory authority wants assurance that remedial measures have been implemented and are operating effectively. One trend that is gaining traction is for entities to have the independent review completed before entering into the actual settlement so that effective remediation can be reflected in the settlement terms.
We continue to see the DOJ and SEC expand their enforcement of the Foreign Corrupt Practices Act for violations of the anti-bribery, books and records and internal controls provisions. In 2016, several FCPA enforcement actions resulted in combined penalties and disgorgement in excess of $200 million. The agencies looked at whether the companies took any remedial measures and implemented robust compliance and controls programs. Companies settling regulatory matters may often be required to retain independent monitors as part of their settlement. We expect that firms settling regulatory matters may often be required to retain Independent Consultants as part of their settlement.

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In 2017, we expect the SEC to focus on the adequacy of corporate policies and procedures in detecting and preventing the misuse of material, non-public information. We also expect the SEC to continue to focus on conflicts of interest and allocation of expenses and investment opportunities at private equity funds and hedge funds.

Our private funds practice is comprised of former regulators, enforcement lawyers, and in-house counsel who closely track and guide clients through this evolving regulatory, compliance, and enforcement landscape. We understand government regulatory and enforcement priorities because we served in senior government positions. We understand private fund priorities because we worked in major Wall Street financial institutions and have served as outside general counsel to hedge funds. We leverage those experiences, and our firm’s entrepreneurial and business-savvy culture, to problem solve for hedge funds in a variety of legal situations.

We partner with clients to develop and implement streamlined, practical regulatory, and compliance solutions to the increasingly complex regulatory environment. We also represent clients in all phases of enforcement work, including informal inquiries, formal investigations, and litigation.

Our recent significant engagements include:
- Conducting annual compliance reviews.
- Conducting due diligence reviews of vendors and of firms in connection with acquisitions.
- Drafting non-disclosure agreements, vendor agreements and subadvisory agreements.
- Drafting customized compliance procedures and conducting compliance training.
- Drafting Form ADV disclosures and other regulatory filings.
- Representing private equity fund Chief Compliance Officer in SEC enforcement investigation related to conflicts of interest.
- Reviewing private equity fund expenses and consulting arrangements.
- Representing hedge fund in SEC enforcement investigation related to Rule 105 of Regulation M.
- Representing hedge funds in SEC enforcement investigations related to insider trading.
- Representing firm in SEC enforcement investigation related to soft dollars.

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Both the SEC and FINRA are increasingly using analytics to screen for suitability and other issues by analyzing electronic data sets that include investor profiles (i.e., new account info describing risk profile) obtained from firms, with reference to the complexity of products being sold. SEC Commissioner Kara Stein recently stated that the ability to analyze large volumes of data enabled the SEC to bring cases that it might not previously have been able to bring. The SEC Division of Economic and Risk Analysis Chief Economist, Scott Bauguess, also spoke recently about two new frontiers textual analysis of regulatory filings to find red flags in narratives, and predictive analysis in DERA’s models to identify firms that may have future issues. In 2017, we will continue to get closer, although we don’t appear to be there yet, to a regulatory environment in which reasonable compliance supervision will include some type of big data analysis.
At least three cert petitions before the Supreme Court raise significant securities litigation issues. One concerns whether the filing of a class action tolls the three- and five-year statutes of repose for Securities Act and Exchange Act claims. A ruling on that issue could impact that opt-out litigation that in recent years has become a force in shaping settlements. A second petition concerns whether SLUSA, enacted by Congress in 1998, foreclosed state courts from having concurrent jurisdiction over “covered class actions” arising under the Securities Act. A ruling confirming Congress’s intent to do so would end the practice, in certain federal jurisdictions, of remanding those actions to state court. A third petition concerns whether prominent disclosure of information that already is public, but not widely known, may be a corrective disclosure for purposes of pleading loss causation, even for securities that trade in an allegedly efficient market. A ruling on that issue threatens to lower the bar for pleading an essential element of a securities fraud claim. The Supreme Court also may be asked to weigh in, again, on the element of reliance, as the lower federal courts continue to grapple with Basic and the Supreme Court’s price impact ruling in Halliburton.
After a downward trend in recent years, FINRA securities arbitrations filings by investors are up slightly through the 3rd quarter of 2016 as compared to the same time-period last year, with increases in disputes involving limited partnerships, structured products, annuities, and exchange traded funds. If the markets correct due to interest rate increases or other factors, we anticipate a substantial increase in cases related to more aggressive fixed-income investments by senior citizens and others who took on greater risk during the ongoing low-interest rate environment.

We are monitoring whether the DOL attempts to restrict mandatory pre-dispute arbitration clauses used in connection with contracts related to its upcoming new rule that establishes a fiduciary standard for retirement accounts. So far this has not been the case, but challenges to such agreements in general continue to be a politically charged issue that may be impacted by the recent national elections.

In addition to successfully arguing the seminal United States Supreme Court cases that established securities arbitration as the primary forum for investor disputes, Murphy & McGonigle attorneys have decades of experience representing most of the major investment banks and broker-dealers and have arbitrated -- through full hearing -- hundreds of securities arbitrations throughout the United States involving complex sales practice, trading, banking, employment, operational, and other matters, with damage claims as large as one billion dollars.

Our recent significant engagements include:

• Representing broker-dealers in a wide range of ongoing seven-figure sales practice disputes.
• Representing broker-dealer in $2 million trading dispute with a hedge fund.
• Defending broker-dealer against claims of unsuitable oil and gas investments.
• Recovering over $12 million for a major global bank (and dismissal of employee counterclaims) after a series of arbitration hearings seeking enforcement of notes with their former employees.
• Obtaining favorable settlement for a major global bank in a $20 million sales practice arbitration.
• Obtaining dismissal for a broker-dealer client after a hearing in a $2 million sales practice arbitration.
• Obtaining an expungement award after a hearing on behalf of the president of a mid-sized broker-dealer.
• Defending client against “selling away” allegations.
• Obtaining favorable settlements and awards for a wide-range of broker-dealer clients in other FINRA arbitrations nationwide involving sales practice, trading, employment, due diligence, and other disputes.
The new amendments to the Federal Rules of Civil Procedure, in effect since December 1, 2015, have the potential to reshape the discovery process and reduce the cost and burden of electronic discovery. While some courts have been slow to embrace the new Rules in 2016, litigants are already seeing positive effects. Among other things, the amendments limit the scope of discovery to what is proportional to the case, and raise the bar for sanctions for failure to preserve ESI.

With its significant experience working and negotiating e-discovery protocols with government investigators from the DOJ, SEC, FINRA, FHFA, and HUD, among others, StraDIM is uniquely positioned to help clients navigate these investigations while minimizing the impact to our clients’ most valuable resources (their employees).
The lively mix of “knowns” and “unknowns” that will shape trading and markets regulation in 2017 makes projections a risky business at present. What we know is that for the first time in more than a decade, Republicans will control both the House and Senate (and therefore the SEC oversight committees) and occupy the White House. We might project that SEC rulemaking will be leaner, less prescriptive, and more deferential to market forces. That said, new SEC rulemaking may well be more procedurally constrained and more intensely scrutinized than it has been over the previous decade. The Financial CHOICE Act, if it were to become it to be enacted in its current form, would require that Congress pass and the president to sign a joint resolution of approval for all major regulations prior to their effectiveness. Moreover, the CHOICE Act sees the SEC’s current cost-benefit analysis as “papering over significant costs and failing to consider important alternatives,” indicating that the SEC may be required to take a deeper dive into the “cost-benefit” analysis associated with new regulations. Finally, if the CHOICE Act’s statutory repeal of the Chevron doctrine becomes law, we may see more formidable challenges to adopted rules. What we don’t know for sure as 2017 opens, though, is who will sit in the critical seats of Chairman, Commissioners, and Director of the Division of Trading and Markets, and whether and how soon any acting occupants will become permanent. Given the announced departure of the SEC Chair, the 2017 expiration of Commissioner Stein’s term, and T&M Director’s scheduled exit—and if personnel really is policy—that’s a lot not to know.

Our recent significant engagements include:

- Serving as counsel to a national market system plan comprised of multiple markets.
- Serving as outside counsel to the Best Execution Committee of a large national broker-dealer.
- Assisting a broker-dealer with a FINRA examination and investigation regarding complex financial responsibility issues.
- Advising broker-dealer clients on the SEC’s customer protection rule initiative.
- Representing a leading Options Market Maker in successfully petitioning the SEC to exercise its discretion to review action taken by the Division of Trading and Markets staff approving a controversial capital-raising plan proposed by the Options Clearing Corporation and opposed by industry participants.
- Representing a leading global Derivatives Market-Place with respect to regulatory matters before the SEC Division of Trading and Markets.
- Advising on establishing a “robo adviser.”
- Assisting and advising broker-dealers regarding Regulation SHO, ATS and NMS requirements.
- Advising a prime broker on the establishment of a registered investment company margin lending platform.
- Representing a leading fixed income ATSs regarding TRACE reporting issues.
- Representing a fixed income pricing service in commenting on FINRA and MSRB rule proposals.
- Advising multiple market participants with clearing agency regulatory issues.
- Advising on Regulation SHO Rule 204 compliance.
- Advising buy-side and sell-side market participants on a wide array of compliance and regulatory matters.

LOOKING FORWARD >>>

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Since 2011, the number of investigations and indictments brought by the U.S. Attorney's Office for the Southern District of New York and other federal prosecutors has steadily declined or remained flat. Experts blamed Congressional sequestration resulting in hiring freezes throughout federal law enforcement agencies for the decline. Now, many of the most active U.S. Attorney's Offices, State Attorneys General, District Attorneys' Offices, the Securities and Exchange Commission, the Commodity Futures Trading Commission, and the Federal Energy Regulatory Commission. We work with companies to conduct internal investigations and represent individual executives in corporate internal investigations. In criminal prosecutions, enforcement actions and regulatory matters, we have represented corporate executives, broker-dealers, registered representatives, hedge funds, and investment advisors. In some of our most important representations, we have convinced criminal and enforcement authorities not to proceed against our clients.

Our recent significant engagements include:

- Representing a number of financial industry professionals, as well as a financial services firm, in multiple insider trading investigations, including defending charges brought in federal court by the SEC and the U.S. Attorney's Office.
- Successfully represented a financial services industry employee in convincing the U.S. Attorney's Office to reduce charges related to email hacking from a felony to a misdemeanor, and obtaining a sentence of probation for our client.
- Representing a financial industry professional in a U.S. Attorney's Office grand jury investigation related to gifts and entertainment.
- Representing a start-up technology firm in an SEC investigation into the company's funding sources.
- Representing an international internet company that was victim of a DDoS Attack in efforts to work with the FBI.
- Representing a major equity market participant in responding to a New York Attorney General's Office subpoena related to high frequency trading issues.
- Representing a major bank in an investigation concerning allegations that a former employee pilfered confidential trade secrets and information when departing to work for a competitor.
- Representing a Senior Sales executive in a DOJ FCPA investigation of a large multinational energy company.
- Representing a country and Regional Manager in a DOJ FCPA investigation of a multinational infrastructure company.

Since 2011, the number of investigations and indictments brought by the U.S. Attorney's Office for the Southern District of New York and other federal prosecutors has steadily declined or remained flat. Experts blamed Congressional sequestration resulting in hiring freezes throughout federal law enforcement agencies for the decline. Now, many of the most active U.S. Attorney's Offices and the Fraud Section and Public Integrity Sections are back to full force with new prosecutors ready to make their marks. Expect a steady increase in criminal investigations and indictments that will place many more companies and individuals under scrutiny.

Companies and individuals should arm themselves with our new M&M Defend app to provide instant guidance in case company employees are subjected to surprise questioning by law enforcement officials, or a search warrant is executed at a home or business.
Regulators are increasingly focusing on the security measures firms are taking to protect their clients’ sensitive information. The SEC issued guidance in 2015 on the steps firms should take to address cybersecurity risks, which include assessing the security of the firm’s data, wherever it resides. In June 2016, the SEC issued a major U.S. bank a seven-figure penalty for failure to adequately safeguard customer information.

In addition to its new rules promulgated in November 2015, the New York Superintendent of Financial Services announced in September 2016 new proposed rules further requiring firms to engage in annual assessments of all their third party vendors to assure the vendors’ compliance with the cybersecurity rules. FINRA issued a cybersecurity checklist in May 2016, following on Chairman and CEO Richard Ketchum’s 2015 statement that cybersecurity would be one of FINRA’s three key focus areas in 2016. FFIEC also announced a cybersecurity assessment tool in 2015, and the OCC has indicated cybersecurity will be a topic for examinations. The message from the states and regulators is clear: financial services firms are responsible for safeguarding their clients’ data and need to take the security seriously. Murphy & McGonigle has successfully completed numerous information security audits required by its clients, including two Top Five commercial banks, international investment banks, and investment management companies. From state-of-the-art encryption, to secure FTP, to the establishment of TLS email tunnels with firm clients and business partners, we strive to exceed our clients’ high standards and expectations relating to data security. Murphy & McGonigle is also in the process of obtaining the stringent International Organization for Standardization (“ISO”) 27001 certification for its operations. The ISO certification will afford clients the peace of mind that comes with knowing that their data is with an organization that takes information security very seriously. Murphy & McGonigle is capable of hosting almost unlimited volumes of data at a secure state-of-the-art data center compliant with HIPAA/Hi-Tech, PCI DSS, SSAE 16, and SOC1 Type II.

We are members of the Financial Services Information Sharing and Analysis Center (FS-ISAC), a premier forum for collaboration on critical security threats facing the financial services industry. Membership allows us to remain current with regard to all security issues – from what’s happening today to what’s happening in the next ten years.
In 2016, we were pleased to launch the Murphy & McGonigle Innovation Lab™. Although the legal industry resisted longer than most other industries, there is no doubt that legal services are now being disrupted by technology. The Innovation Lab provides an infrastructure to combine our legal expertise with cutting edge technological solutions.

The Innovation Lab allows Murphy & McGonigle to serve our clients as technology fundamentally transforms the way they do business. We are exploring new ways to deliver services, from proprietary databases to smartphone apps. We will seek to support our advice with more than anecdotal experience as we leverage big data analytics. And we are developing institutional knowledge of the legal technology marketplace.

Recent Innovation Lab accomplishments:

• M&M Defend App – provides guidance to deal with critical encounters with law enforcement, including the execution of search warrants and interviews.

• Database Solutions Offerings – creating multidimensional, data-driven solutions with custom-built databases, including, for example, comprehensive analysis of the exposure to wide-ranging RMBS litigation.

• Joined several clients in the Hyperledger Project, an international open source collaborative effort created to advance cross-industry blockchain technologies. Murphy & McGonigle is the first law firm to become a member of the Hyperledger Project.
Our firm’s Diversity & Inclusion Initiative seeks to attract, retain, and champion top-flight legal talent. By doing so, we are able to maintain a culture of equality and support, strengthen the firm and community, and fuel improved performance and results for our clients.

At Murphy & McGonigle, Diversity & Inclusion starts with the ABCs. “A” stands for “advancement for all” that is based on the mentoring and sponsoring of the next generation of attorneys who will carry the firm’s mantle. “B” stands for “business that is inclusive” and promotes leaders from a wide range of backgrounds at all levels of management. “C” stands for “community outreach” that encourages our attorneys to collaborate on projects that leave a lasting social footprint.

The members of the firm’s Diversity & Inclusion Initiative participate in a number of organizations throughout New York, Washington, D.C., and Virginia that advance the development of individuals in the securities and legal industries. These organizations include:

- SIFMA’s Future Leaders and Women’s Leadership Programs
- Financial Women’s Association
- National Association of Women Business Owners
- Collaborative Bar Leadership Academy
- Hispanic National Bar Association
- Inter-American Bar Association
- New York City Bar Association Legal Clinics
Giving Back in 2016

The Richmond office once again won the “Brunswick Stew Award” for total pounds of food collected in the 10th annual Legal Food Frenzy. As part of this program, many of our team volunteered at the Central Virginia Foodbank, which donates food to 135 private agencies.

Murphy & McGonigle continues to support the mission of St. Aloysius School, an independent pre-kindergarten through grade 8 Jesuit school located in Central Harlem. St. Aloysius is dedicated to educating at-risk inner city children. In addition to our normal support, our New York office held a successful school supply drive that exceeded expectations.

Murphy & McGonigle was proud to sponsor the Virginia Council on Women’s STEM Essay Contest. Over 500 essays were submitted, making 2016 the most competitive ever. Five winners were awarded $9,000 each to pursue their college education in STEM fields.

We participated in a Build a Bike charity event, where we assembled bikes for the Boys & Girls club.

Our firm collected over 1,000 pounds of food for New York City’s City Harvest program, well exceeding previous year totals.

We also participated in the Georgetown Law Firm Challenge for 2016, again reaching 100 percent participation.

Once again, our offices participated in school supply drives at back-to-school season.