

## Fintech Group Of The Year: Latham & Watkins

By Anna Bongardino

*Law360 (February 8, 2024, 2:39 PM EST)* -- Latham & Watkins LLP made waves in the fintech world last year by successfully defending venture capital firm Andreessen Horowitz in a case of first impression involving so-called scam tokens as well as through its representation of Binance's CEO in ongoing enforcement actions, earning it a spot among Law360's 2023 Fintech Groups of the Year.

Latham & Watkins has more than 100 attorneys "heavily involved" in fintech matters, but the practice group solicits help from attorneys in many other practice areas, said New York-based partner Stephen Wink, who co-chairs the fintech group as well as the digital assets and Web3 practice. In 2023 alone, more than 1,000 attorneys across 30 offices worked on digital asset matters for the firm.

"Last year, one of the focuses was bringing regulatory expertise to matters, to clients overall," Wink told Law360. "That sort of expertise is why we get hired, and certainly fintech is a big part of that."

Latham's former white-collar defense and investigations co-chair Benjamin Naftalis stressed the importance of bringing a multipronged approach to fintech that includes regulatory, corporate and litigation perspectives.

"You have to have the resources of corporate lawyers, of regulatory lawyers, of real experts so that you know how to advocate, what to advocate on and where the pressure points are with the government," Naftalis said. "As the group has grown from a regulatory perspective, from a corporate perspective, we've been able to ramp up the types of cases that we are working on from a white-collar or litigation perspective."

Naftalis pointed to Latham's representation of Binance's founder and CEO, Changpeng Zhao, as a successful multidisciplinary approach undertaken by the firm, which employs roughly 3,500 attorneys.

The head of Binance, the world's largest cryptocurrency exchange, sought Latham's counsel in two separate regulatory actions brought by the Commodity Futures Trading Commission and the U.S. Securities and Exchange Commission that could set a precedent for digital asset platforms' registration requirements and other related obligations.

"There is nothing more high-stakes than that right now, but we could not do that unless we had market-leading derivative lawyers, securities lawyers, broker-dealer lawyers," Naftalis said. "We are able to do



and are asked to do the most high-stakes work because we have a team that works across countries" and across disciplines.

The CFTC action, which stemmed from a multiyear U.S. Department of Justice investigation, culminated in a historic deal that a federal judge gave final approval to in December. The DOJ plea deal and settlement with the Treasury Department sets a \$4.3 billion fine for Binance and a \$150 million fine for Zhao, who pled guilty to failing to maintain an effective anti-money-laundering program and is scheduled to be sentenced in February.

The ongoing SEC action claims Zhao and the crypto exchange wove an "extensive web of deception," with the exchange functioning as an unregistered broker-dealer that secretly let U.S. customers trade on its platform despite publicly denying it.

London-based partner Stuart Davis, who co-chairs the digital assets and Web3 practice with Wink, asserted that fintech clients also choose Latham because they have a deep understanding of the industry and its technology.

"They need lawyers from lots of different disciplines but who have a pure focus on their businesses and their industry sector, and that's what we've built at Latham," Davis said. "It's experts who can cover the entire waterfront of what a client might need, but at a level where we are talking the same language as them on the technology because it's all we do."

In August, Latham scored a win for venture capital firm Andreessen Horowitz when a New York federal judge permanently excused it from a putative class action. The ruling was on a case of first impression alleging backers of decentralized crypto platform Uniswap Labs enabled the sale of "scam tokens," with the judge finding developers and investors can't be held liable for "selling" tokens.

Users claimed Uniswap's venture capital backers feigned ignorance of the scams so they could profit from the fees that came from minting and swapping tokens, but the court refused to let them use Andreessen Horowitz and others as a "scapegoat" given they couldn't pinpoint the scam tokens' issuers because the platform is decentralized.

The crypto investor group elevated the dispute to the Second Circuit in January, urging it to reverse their loss.

While these issues may still be new to the courts, Latham first launched its fintech group about eight years ago, according to Wink, who suggested clients might flock to the firm because its practice "feels very established."

"Blockchain and digital assets are a perfect example. It's just a whole new world for many folks, and we live and breathe it every day," Wink said. "That's why clients who are going to start a new protocol of some kind come to us. They know that we're not learning on the job."

Yvette Valdez, who co-chairs Latham's digital assets and Web3 practice with Wink and Davis, said the firm views the practice as a growth area, adding that fintech and digital assets "are here to stay."

"We're on the bleeding edge of innovation; not only in technology, as our clients bring it to us, but also the innovation of regulation," Valdez said. "We get to work with really, really exciting projects and figure out ways to implement them and make it work. I'm super excited about what 2024 has to hold in terms

of watching the global markets develop."

Douglas Yatter, who worked on the Binance and Andreessen Horowitz matters with Naftalis, is vice chair of the firm's white-collar defense and investigations practice and co-chairs the commodities and derivatives group. He said Latham was "hugely busy" with digital asset matters and was also working at the "forefront" of artificial intelligence in fintech and financial services.

"It is endlessly fascinating and interesting to be focusing on this practice because it is always presenting something new from a technology perspective, a regulatory perspective or both," Yatter said. "There's no end of interesting subjects on the horizon."

--Editing by Karin Roberts.

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