

Fintech Group Of The Year: Latham

By **Asha Glover**

Law360 (February 13, 2025, 4:00 PM EST) -- Latham & Watkins LLP fintech attorneys helped Binance's founder secure a much smaller sentence than the government sought in one of the highest-profile enforcement cases of the year, earning the firm a spot among the 2024 Law360 Fintech Groups of the Year.

Binance founder Changpeng Zhao was sentenced in a Washington federal court in April to four months in prison after pleading guilty to one count of failure to maintain an effective anti-money laundering program at the company, which is the world's largest cryptocurrency exchange. He also agreed to pay a \$4.3 billion fine and resign as CEO of the global crypto exchange.

Latham attorneys served as lead counsel for Zhao.

Zhao — who is a resident of the United Arab Emirates — pled guilty Nov. 21, 2023. Prosecutors had argued that the judge should go beyond federal sentencing guidelines and send Zhao to prison for three years for willfully flouting federal law and to deter others from following his lead. U.S. District Judge Richard A. Jones said the three-year sentence was not appropriate or warranted. Zhao was released from prison in late September.

Doug Yatter, who served as lead counsel in the case, told Law360 that Latham attorneys put a comprehensive picture of Zhao, including details about "who the man is, what he had built, what he's about" before Judge Jones. Yatter serves as global vice chair of Latham's white collar defense and investigations practice and co-chair of the firm's commodities and derivatives regulation and enforcement practice.

Attorneys dug into the law and "the novelty of the issues" and put "them in a proper context with a lot of research and technical information before the judge about where the case actually fits in the landscape and what a just outcome would be," Yatter said.

"We were very gratified that the judge saw it that way, and that the result was so much better than what the government was seeking," he said.

Benjamin Naftalis, who also served as lead counsel on the case, said the biggest challenge was keeping the client's confidence and trust while simultaneously maintaining credibility before the government and the court.



"When you come out the other end with both outcomes, I think that is pretty gratifying," Naftalis said.

Latham attorneys also represented venture capital giant Andreessen Horowitz LLC in several cases, most notably the revival of a proposed class action in which the plaintiffs claimed they lost money after investing in so-called scam tokens on the Uniswap Protocol. In August 2023, they secured a dismissal with prejudice for the firm.

The investors have sought to revive their suit at the Second Circuit and a panel in September heard from counsel from both sides. Circuit Judge Maria Kahn pushed the investors on similar concerns as the lower court about whether Uniswap Labs could have held or transferred the title to any of the assets users claim scammed them.

Fintech attorneys at Latham helped secure a significant win for the digital asset industry while representing Connex in a suit accusing the company and several others behind a blockchain system that enabled users to transfer crypto from running an illegal money-transmitting business. Connex and the co-defendants were additionally accused of misrepresenting the system's security measures before a \$186 million hack.

The suit was filed February 2023 by user Manuu Singh, who alleged that the misrepresentations made by the defendants ultimately led users to lose big when a hacker stole \$186 million from the so-called Nomad Bridge.

The suit names Illusory Systems — the business entity behind the Nomad Bridge — as well as the entities behind crypto exchanges Coinbase and OpenSea, blockchain firms Circle, ConsenSys and Connex Labs, and venture capital firms Archetype Crypto II and Polychain Alchemy LLC for their respective roles in funding the creation and engaging in the upkeep of the Nomad Bridge. Latham led the briefing for the keyholder defendants.

When the defendants moved for dismissal last year, they argued that the suit's RICO claims were unjustified since the defendants were not hackers and did not steal any assets from the plaintiffs. Therefore, nonracketeering acts led to the plaintiffs' alleged harm, they said.

U.S. Magistrate Judge Laura D. Hatcher in March dismissed the suit's Racketeer Influenced and Corrupt Organizations Act and RICO conspiracy claims, along with claims for negligence and conversion.

The case is one of the first to address liability in the context of a crypto or decentralized finance, or DeFi, protocol hack. Latham said the judge's order rejected "overly broad theories of liability that threatened to chill developing forms of blockchain governance."

Connex turned to Latham because "from London to New York to Asia, we are handling regulatory and corporate work for the leading DeFi protocols," Naftalis said.

In addition to being a leader regarding fintech matters in the U.S., Latham is a leader in the fintech space across the globe, said Stephen Wink, global co-chair of Latham's fintech industry group and digital assets and Web3 practice. In 2024, 1,900 lawyers across the firm's 29 offices worked on digital asset-related matters, underscoring "how comprehensive the platform is," Wink said.

An example of Latham's broad expertise worldwide is the firm's leading role in advising Abu Dhabi

Global Market, or ADGM, a financial free zone in the United Arab Emirates global market, on landmark regulations for distributed labor technology. The firm announced its role in the crafting the regulations in November 2023.

"The fact that we're involved [in] drafting that kind of legislation, that [they] come to us to do it — that's because of our reputation in the market," said Stuart Davis, the global co-chair of Latham's fintech industry group and co-chair of the digital assets & Web3 practice.

"All clients need to show great trust in their law firms and we pride ourselves on that," Davis said. But when a nation state trusts its attorneys with handling such a task, "you're a real sort of custodian for them of the future," he said.

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