

## MoFo Leader On Growing Fintech Scene, Talent Push

By Justin Wise

*Law360 (November 23, 2021, 10:44 AM EST)* -- Financial technology, from cryptocurrency to digital payments, is a booming field right now. As the industry expands, Morrison & Foerster LLP fintech co-chair Crystal Kaldjob says, the legal concerns are growing and leading to a push for top talent in the field.

Morrison & Foerster, which represents a number of California-based tech companies, has made key additions to its fintech practice in recent months, bringing on board the former co-heads of Reed Smith LLP's fintech group, Jeff Silberman and Maria Earley. Kaldjob, who is based in Washington, D.C., said the additions are part of the firm's effort to "round out" its practice and bolster its capabilities on both the transactions and regulatory fronts, which she notes could become increasingly active in the coming years.



Crystal Kaldjob

"Whether it's actual or perceived regulatory scrutiny, we definitely think there's going to be a critical eye toward the fintechs that have been operating a little with the 'we're innovating' mentality," said Kaldjob.

Financial regulations haven't caught up to the innovation in the industry, Kaldjob said, which has made for a tricky landscape to navigate. It's also produced an apparent push from regulators for new measures to rein in certain areas. U.S. Securities and Exchange Commission Chairman Gary Gensler, for example, has been vocal about the need to step up enforcement against cryptocurrency and trading platforms.

In an interview with Law360 Pulse, Kaldjob opened up about the trends she's seeing in fintech, what challenges her firm's clients are facing right now and what could be on the horizon at the state and federal level.

This interview has been edited for length and clarity.

### **Morrison & Foerster added Reed Smith's former leaders of its fintech group in the latter half of this year. What is driving this growth?**

MoFo has kind of been on the front end of fintech. We've already been working with many fintech clients, even companies that you don't consider fintechs. We've already been there, and we wanted to think about going beyond what our core is in terms of financial services regulatory work.

Maria Earley and Jeff Silberman kind of round that out. Maria has a fintech regulatory and enforcement practice. I think more and more of our clients are concerned about getting regulatory scrutiny. We have a lot of clients coming to us and asking, "What are the regulatory risks?" So Maria was a natural fit there. Jeff Silberman also rounds our practice out from a transactional perspective. He does significant work with companies offering banking as a service. He's also worked with clients on capital markets.

### **What kinds of changes are you seeing or expecting in the fintech market regarding regulatory scrutiny?**

Whether it's actual or perceived regulatory scrutiny, we definitely think there's going to be a critical eye toward the fintechs that have been operating a little with the "we're innovating" mentality.

If you think about the early fintechs, the way in which they were positioning themselves with the regulators is that they're providing faster, innovative products with more access to consumers or businesses. What's happening now is that as it's matured, I think states are looking to legislate and regulate the activity and the conduct of the fintechs. Whether it's actual or perceived, I think there's definitely a critical view from state regulators over their conduct, over their practices. Or it's from the federal regulators like the Consumer Financial Protection Bureau who are looking at these fintechs with a critical eye.

### **Have you been able to draw any takeaways from the new SEC head Gary Gensler's comments specifically around cryptocurrency and how the agency will approach it?**

I think with crypto, it spans across different regulators — certainly the SEC is at the forefront because of some of the issues around whether it's a security or a commodity. Similar to fintech in general, I think as crypto becomes more accessible to the general public and not this niche product, I do think that many of the regulators are going to look at ways they can start to regulate it. And certainly the SEC, with the specific issue that arises when you're trading in digital currency, they've been at the forefront. As some of the companies try to make [their products] more accessible to the average consumer, there's going to be a more critical eye toward crypto offerings.

### **What are the biggest challenges facing your clients right now?**

It depends on who you are in this space. If you're a bank, I think some of the challenges are keeping up with the innovations some of these fintech companies are offering. I think another one is navigating the regulatory landscape of these financial products and services that are being offered. Oftentimes, what we're presented with are novel questions about, "How can we comply with regulation X." Fintech is not new at this point, but the regulations haven't caught up with the kind of innovation going on in the financial services and other spaces.

### **How did you become focused on this area?**

It was almost a natural progression if you were in a financial services practice. I kind of naturally got into the fintech space because at the core of what we offer is thinking about regulations and thinking about how you're going to offer something in a heavily regulated industry. If you want to offer a loan product, and you're not a bank, what are the ways you can do that?

[Our fintech group] still does work for the banks and some of the focus now from the banks is less on

traditional products or services, but more doing a digital transformation with their banks and how they're going to reach customers.

**What other trends are catching your attention right now with respect to the fintech space?**

From a capital markets perspective, there is just a massive amount of capital that continues to pour into fintech-enabled services funds. And I think it's pushing the race for [venture capitalists] and private equities to deploy that capital.

--Editing by Kelly Duncan and Alyssa Miller.