AML Enforcement Update
Bank of America Penalties and Implications for Investment Advisers

On October 13, 2026, the U.S. Department of the Treasury announced coordinated anti-money laundering (AML) and sanctions enforcement actions against Bank of America, N.A. totaling more than $1.21 billion. The Financial Crimes Enforcement Network (FinCEN) assessed a $1.2 billion penalty, which includes credit for a $750 million civil money penalty imposed by the Office of the Comptroller of the Currency (OCC). The Office of Foreign Assets Control (OFAC) separately announced an $11.6 million settlement for 475 apparent sanctions violations. Treasury described the FinCEN penalty as the third-largest in Treasury history, and the OCC penalty is the largest in OCC history.

Key Findings

Bank of America admitted that, from at least 2018 through mid-2025, it willfully violated the Bank Secrecy Act (BSA) by failing to maintain an adequate AML program, conduct due diligence on correspondent accounts for foreign financial institutions, and file required Suspicious Activity Reports (SARs). According to Treasury, the bank failed to timely report more than $5 billion in suspicious activity, including more than $1 billion tied to national security and other priority risks. Treasury and the OCC identified the following deficiencies:

- Transaction Monitoring – Monitoring gaps left large volumes of transactions without proper review, and potentially suspicious activity went uninvestigated or unescalated for extended periods.
- Reliance on Outside Referrals – The bank relied on law enforcement inquiries and third-party referrals, rather than its own internal controls, to identify suspicious activity.
- Customer Due Diligence – The bank did not address red flags, including indications of possible narcotics proceeds.
- Staffing, Testing, and Audit – BSA staff lacked sufficient skills and training, testing identified significant problems without meaningful corrective action, and the audit function failed to identify longstanding concerns.

The action follows a December 2024 OCC cease-and-desist order requiring the bank to address its BSA/AML deficiencies. The OCC found that more than a year after that order, the bank still failed to escalate potentially suspicious activity. The bank must also complete a third-party lookback and independent reviews of its monitoring, due diligence, and data governance.

Relevance for Investment Advisers

Although the action involves bank-specific requirements, it is relevant to advisers given FinCEN's August 2024 final rule extending AML and countering the financing of terrorism (AML/CFT) requirements to registered investment advisers and exempt reporting advisers. FinCEN has postponed the rule's effective date to January 1, 2028, and has stated that it intends to revisit and tailor the rule and coordinate it with the pending customer identification program rule. As adopted, the rule would require advisers to file SARs, comply with related recordkeeping requirements, and maintain a risk-based AML/CFT program that includes:

- Written policies, procedures, and internal controls
- Independent testing
- A designated AML/CFT compliance officer

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- Ongoing training for appropriate personnel
- Risk-based customer due diligence, including ongoing monitoring to identify and report suspicious activity

Key Takeaways

- Program Effectiveness – An AML program must work in practice. Treasury emphasized that documenting concerns or conducting prolonged reviews without corrective action does not satisfy AML obligations.
- Service Provider Oversight – Advisers that rely on fund administrators or other service providers for investor onboarding and screening remain responsible for overseeing that work.
- Remediation – Address findings from testing, audits, and regulatory reviews promptly. Bank of America's penalties followed deficiencies that remained unresolved after they were identified.
- Preparation – Use the period before January 1, 2028 to assess existing investor onboarding, sanctions screening, escalation, training, and testing processes rather than waiting for a final rule.

FinCEN Release – https://www.fincen.gov/news/news-releases/fincen-assesses-12-billion-penalty-against-bank-america
Treasury Press Release – https://home.treasury.gov/news/press-releases/sb0657