

October 22, 2025

Ms. Andrea Gacki
Director
Financial Crimes Enforcement Network
U.S. Department of the Treasury
P.O. Box 39
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Re: Delaying the Effective Date of the Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers; RIN 1506-AB58 and 1506-AB59; Docket Number FINCEN-2025-0072

Dear Director Gacki,

Transparency International U.S. (“TI US”) appreciates the opportunity to comment on the Notice of Proposed Rulemaking (“NPRM”) to delay the effective date of the Anti-Money Laundering/Countering the Financing of Terrorism (“AML/CFT”) Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers (the “IA AML Rule”).¹ We submit these comments to express our strong opposition to the proposed delay, to outline the risks such an action poses to the integrity and credibility of the U.S. financial system, and to urge the Financial Crimes Enforcement Network (“FinCEN”) and the U.S. Department of the Treasury (“Treasury”) to restore global leadership and align U.S. policy with that of the trajectory of much of the developed world by rescinding the proposed delay and moving forward with the IA AML Rule’s effective date as originally scheduled, and by simultaneously utilizing this juncture to reaffirm its commitment to the Corporate Transparency Act (“CTA”) by rescinding the March 2025 Interim Final Rule² and issuing corrective guidance that restores comprehensive beneficial ownership reporting obligations consistent with the text and intent of the law.

TI US is part of the world’s largest global coalition dedicated to fighting corruption. With more than 110 national chapters worldwide, Transparency International (“TI”) works with citizens,

¹ U.S. Department of the Treasury, “Delaying the Effective Date of the Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers,” 90 Fed. Reg. 45361, Sept. 22, 2025, <https://www.federalregister.gov/documents/2025/09/22/2025-18271/delaying-the-effective-date-of-the-anti-money-launderingcountering-the-financing-of-terrorism>.

² FinCEN, “Beneficial Ownership Information Reporting Revision and Deadline Extension,” 90 Fed. Reg. 13688, Mar. 26, 2025, <https://www.federalregister.gov/documents/2025/03/26/2025-05199/beneficial-ownership-information-reporting-requirement-revision-and-deadline-extension>.

governments, and the private sector to promote transparency and accountability, strengthen the rule of law, and curb the abuse of power in all its forms.

I. Overview

The IA AML Rule represents one of the most important and long-overdue steps Treasury and FinCEN have taken toward modernizing and strengthening the U.S. framework for combating illicit finance, including the financing and proceeds of corruption. The IA AML Rule would finally extend core AML obligations to a class of financial intermediaries that handle trillions of dollars in assets yet remain largely unregulated in this regard. The Financial Action Task Force (“FATF”) has repeatedly identified this gap as a critical weakness in the U.S. AML/CFT framework and, as such, has urged the U.S. to bring investment advisers and private funds into the scope of its AML/CFT regime for more than a decade.³ Bringing the U.S. into alignment with FATF’s global standards would not only close one of the most glaring vulnerabilities in the U.S. financial system, but also demonstrate that the United States remains committed to meeting the same transparency and integrity standards it advocates abroad.

Delaying implementation of the IA AML Rule would not simply postpone some technical compliance requirements. The U.S. commitment to countering illicit finance is more important than any other jurisdiction in the world. Global and national security, and the security of the global financial system, rely on robust U.S. enforcement of AML/CTF rules. The United States is the world’s largest economy and holder of the world’s reserve currency. More than half of all cross-border financial transactions use the U.S. dollar. Banks across the globe have correspondent relationships with U.S. financial institutions that facilitate these transactions, giving U.S. laws and enforcement practices global importance. Specifically, U.S. inaction on this front would further signal to the rest of the world that the United States—once the architect and leading advocate of global financial integrity—is no longer willing or able to meet its own commitments. This delay would deepen not only the perception, but the reality, that the U.S. financial system remains knowingly open and available for laundering the proceeds of corruption, kleptocracy, and sanctions evasion, and weakening U.S. law enforcement’s ability to identify, trace, and disrupt illicit financial flows that threaten our public safety and national security.

II. Delay is Dangerous and Unnecessary

As detailed below, drug cartels, Chinese technology spies, and sanctioned Russian oligarchs—among many other criminals and U.S. adversaries—exploit gaps in our AML/CFT regime to invest and fortify their illicit networks that exert harm on Americans and others across the globe.

³ See e.g., FATF, “Mutual Evaluation of the United States”, December 2016, https://www.fatf-gafi.org/en/publications/Mutualevaluations/Mer-united-states-2016.html?utm_source=chatgpt.com (identifying “minimal coverage of investment advisers” as a significant supervisory and regulatory gap).

Furthermore, the two decade-long on-again, off-again rulemaking process in this area, along with rules for counterparts in the industry, gave ample time and guidance for investment firms to prepare for this moment. In addition, this specific rule provided industry with more than one year to comply with when it was finalized.

We strongly urge the Securities and Exchange Commission to finalize the Customer Identification Program (“CIP”) as part of the investment adviser AML regime. However, the current lack of CIP rules should *not* be used as an excuse to delay progress here.

Under the IA AML Rule, covered investment advisers would be required to (1) establish AML/CFT programs; (2) file Currency Transaction Reports (“CTRs”) and Suspicious Activity Reports (“SARs”); (3) maintain records of originator and beneficiary information for certain transactions; (4) share information with FinCEN and other law enforcement agencies (and authorize sharing with certain financial institutions); and (5) implement special due diligence requirements for private banking and correspondent bank accounts involving foreign persons and special measures under the USA PATRIOT Act and the Combating Russian Money Laundering Act.

None of the above requires a final CIP rule. Instead, developing this portion of the AML requirements, now, will allow for timelier implementation of a comprehensive program once the CIP rule is finalized.

III. Treasury’s Loss of Direction in the Fight Against Illicit Finance

Simply put, this NPRM, when considered alongside Treasury’s effective dismantling of the CTA’s beneficial ownership reporting regime earlier this year, marks a turning point in the history of the Department’s AML/CFT efforts. Together, they make clear that the current period will be remembered for its misdirection and lack of commitment to fighting illicit finance, regardless of its notorious and ever-increasing consequences for the American people.

Instead of building upon the bipartisan momentum and international leadership established over the preceding two and a half decades—during which the United States enacted landmark reforms such as the USA PATRIOT Act, the Anti-Money Laundering Act (including the CTA), the Global Magnitsky Human Rights Accountability Act, and the Foreign Extortion Prevention Act—this Treasury has reversed course. The agency’s decisions to exempt all U.S. reporting companies and U.S. beneficial owners of foreign reporting companies from the CTA, and now to propose delaying implementation of the IA AML Rule, collectively represent the most significant rollback of U.S. anticorruption and anti-illicit finance policy of the last quarter century. The message sent—to U.S. allies and illicit actors alike—is that the United States has deprioritized security and integrity in favor of supposed expedience and deregulation.

Leadership at Treasury and FinCEN thus appears to have become comfortable with the notoriety of being the first leadership since September 11, 2001, to actively dismantle and delay core CFT and AML safeguards. What previous administrations understood as the backbone of national security—the ability to trace dirty money, cut off terrorist financiers, and hold the corrupt accountable—has, under this Treasury, been treated as a matter of administrative preference.

Contrast, above all, is what cements legacy most indelibly. And when future leaders, officials, and practitioners look back on this period, the comparison will not be between perfection and failure, but between progress and reversal. The stark difference between Treasury's high-water mark of leadership over the past 25 years and its present and ongoing abdications will define this era. And if, as the past makes premonitive here, a high-profile corruption scandal, sanctions-evasion network, or terrorist-financing scheme should flow through U.S. channels, responsibility will rest squarely with this Treasury's decisions to dismantle and delay the very reforms designed to prevent them.

The NPRM's proposed delay in the implementation and enforcement of the IA AML Rule will have serious and measurable costs for U.S. national security and public safety, global leadership, and private-sector stability:

1. *National Security Risks.* FinCEN itself has repeatedly warned that gaps in U.S. AML coverage are exploited by sanctioned actors, terrorist organizations, corrupt officials, and foreign adversaries.⁴ The longer these gaps remain, the more the U.S. financial system will serve as a permissive environment for the laundering of dirty money, including that connected to Iran, China, Russia, and transnational drug cartel and other criminal networks.
2. *Erosion of U.S. Credibility.* For years, FATF, the IMF, and G7 partners have pressed the United States to modernize its AML regime and close loopholes that enable non-bank intermediaries to hide beneficial ownership and move illicit funds. Each delay further undermines U.S. credibility in these fora, weakens diplomatic leverage, and diminishes Treasury's ability to credibly advocate for global financial transparency reforms.⁵ At a time when peer nations are racing ahead to modernize their beneficial ownership systems and close regulatory gaps, the U.S. stands almost alone in retreat. From London to Brussels to Canberra, governments are refining, not delaying, AML frameworks and enforcement to better detect high-risk transactions, trace assets tied to sanctioned entities, and bolster national security defenses.⁶ Treasury's actions, by contrast, position the United States as an outlier among developed democracies—one that preaches transparency abroad while permitting opacity at home.

⁴ FinCEN, "National Priorities for Anti-Money Laundering and Countering the Financing of Terrorism," June 30, 2021, [https://www.fincen.gov/system/files/shared/AML_CFT%20Priorities%20\(June%2030%2C%202021\).pdf](https://www.fincen.gov/system/files/shared/AML_CFT%20Priorities%20(June%2030%2C%202021).pdf).

⁵ FATF, "Anti-Money Laundering and Counter-Terrorist Financing Measures: United States, Fourth Round Mutual Evaluation Report," 2016, <https://www.fatf-gafi.org/en/publications/Mutualevaluations/Mer-united-states-2016.html>; International Monetary Fund, "2023 Review of the Fund's AML/CFT Strategy," December 2023, <https://www.imf.org/en/Publications/Policy-Papers/Issues/2023/12/05/2023-Review-of-The-Funds-Anti-Money-Laundering-and-Combating-The-Financing-of-Terrorism-542015>.

⁶ See FATF, "Mutual Evaluation Reports: United Kingdom (2022); European Union (2023); Australia," 2024, <https://www.fatf-gafi.org/en/topics/mutual-evaluations.html>.

3. *Market and Business Impacts.* Far from serving the interests of U.S. businesses, delay generates regulatory uncertainty, weakens investor and other market participant confidence, and exposes legitimate businesses to heightened compliance and reputational risks. Given the year-long advanced notice, many companies have already invested in compliance systems necessary to meet the IA AML Rule’s requirements and will face sunk costs and confusion, and further delay risks disproportionately harming smaller businesses and markets.

IV. How Investment Adviser AML Rules Can Prevent Crime & Abuse

The risks of delay are not theoretical. Treasury’s own *2024 Investment Adviser Risk Assessment* documents how the absence of AML safeguards in this sector has enabled corrupt officials and criminal organizations to exploit the U.S. financial system.⁷ As we noted in our July 2024 comment on FinCEN and the SEC’s proposed CIP rule for investment advisers,⁸ comprehensive AML obligations for this industry could have disrupted numerous cases of high-risk and illicit activity.

1. *Russian Oligarchs.* Russian Oligarch Roman Abramovich used a sprawling network of anonymous companies to move billions of dollars between major U.S. hedge funds and private equity firms.⁹ A robust AML regime for investment advisers—including customer due diligence and beneficial ownership verification—could have flagged or prevented those transactions before they reached U.S. markets.
2. *Chinese State-Linked Investments in Sensitive Technologies.* Chinese venture capital firms have invested in U.S. tech startups tied to defense and artificial intelligence research, sometimes through obfuscated fund structures.¹⁰ AML/CFT obligations for investment advisers would have required the identification of beneficial owners, among other protections, helping to prevent national security exposure.
3. *Politically Exposed Persons and Corruption Proceeds.* FinCEN and Treasury have highlighted that investment advisers often lack foundational information about their

⁷ See Treasury, “2024 Investment Adviser Risk Assessment,” February 2024, <https://home.treasury.gov/system/files/136/US-Sectoral-Illicit-Finance-Risk-Assessment-Investment-Advisers.pdf>.

⁸ TI US, “Comment on Customer Identification Programs for Investment Advisers,” July 22, 2024, <https://us.transparency.org/resource/comment-on-ia-cip-nprm>.

⁹ See Matthew Goldstein & David Enrich, “How One Oligarch Used Shell Companies and Wall Street Ties to Invest in the U.S.,” *The New York Times*, Mar. 21, 2022, <https://www.nytimes.com/2022/03/21/business/russia-roman-abramovich-concord.html>.

¹⁰ See The FACT Coalition, Global Financial Integrity, and TI US, “Private Investments, Public Harm: How the Opacity of the Massive U.S. Private Investment Industry Fuels Corruption and Threatens National Security,” Dec. 2, 2021, 23, <https://us.transparency.org/resource/private-investments-public-harm-report/>.

clients;¹¹ AML/CFT requirements could have disrupted the laundering of proceeds of corruption—such as those tied to Russian or Venezuelan officials—through private investment vehicles.¹²

4. *Drug Trafficking Networks*. Mexican drug cartels operating in Los Angeles and Orange Counties reportedly recruited and paid individuals to open hedge fund accounts at private banking institutions; the cartels are believed to have laundered roughly \$1 million per week through these accounts before withdrawing the funds to purchase gold.¹³ Similarly, Treasury’s *2024 Investment Adviser Risk Assessment* highlighted a case in which two Florida investment advisers were prosecuted for laundering drug proceeds on behalf of a transnational trafficking organization.¹⁴ Comprehensive AML/CFT requirements for investment advisers would have forced scrutiny on these inflows, potentially depriving these networks of access to U.S. markets and helping to disrupt a channel for drug proceeds.

V. The Cost of Inaction

Treasury’s own assessments acknowledge that tens of billions of dollars in illicit proceeds enter or move through the U.S. financial system annually.¹⁵ Even a modest reduction in those flows through implementation of modernized AML/CFT requirements would generate far greater public benefit than the administrative costs associated with compliance.

Treasury’s stated rationale for the delay—industry preparation, regulatory sequencing, and efficiency—rings hollow. The statutory basis for the IA AML Rule, the USA PATRIOT Act, was enacted nearly twenty-five years ago, and the impacted community has been on notice since FinCEN’s July 2024 proposal. Far from minimizing confusion, postponement extends it, while leaving well-documented vulnerabilities open to abuse. In practical terms, the “efficient sequencing” Treasury describes amounts to a conscious choice to allow dirty money continued access to the U.S. financial system.

¹¹ See, e.g., Treasury, “2024 Investment Adviser Risk Assessment,” February 2024, 2, <https://home.treasury.gov/system/files/136/US-Sectoral-Illicit-Finance-Risk-Assessment-Investment-Advisers.pdf>.

¹² See *id.* at 1, 18.

¹³ See The FACT Coalition, Global Financial Integrity, and TI US, “Private Investments, Public Harm: How the Opacity of the Massive U.S. Private Investment Industry Fuels Corruption and Threatens National Security,” Dec. 2, 2021, 25, <https://us.transparency.org/resource/private-investments-public-harm-report/> (note this this reporting has not been independently verified).

¹⁴ Treasury, “2024 Investment Adviser Risk Assessment,” February 2024, 17, <https://home.treasury.gov/system/files/136/US-Sectoral-Illicit-Finance-Risk-Assessment-Investment-Advisers.pdf>.

¹⁵ See Treasury, “2024 National Money Laundering Risk Assessment,” February 2024, <https://home.treasury.gov/system/files/136/2024-National-Money-Laundering-Risk-Assessment.pdf>.

As we have urged in previous comments, Treasury and FinCEN must do more to quantify these benefits, demonstrating that the public returns on robust AML/CFT enforcement—detering corruption, protecting national security, and safeguarding the reputation of U.S. markets, among many other benefits—far outweigh any transitional burdens. Failure to do so risks perpetuating the false narrative that compliance costs are prohibitive, while ignoring the enormous economic and human toll of corruption and other forms of illicit finance.

VI. Conclusion

The choice before Treasury and FinCEN is not procedural—it is historic, moral, and strategic. Your decision to delay or to act will define how this period is remembered: as one in which the United States reasserted its commitment to countering the financing of terrorism and other illicit finance through financial transparency and the rule of law, or as one in which it faltered when consistent global leadership was essential. The world is watching whether the United States will uphold the principles it has long demanded of others. Treasury and FinCEN must proceed with the full and immediate implementation of the IA AML Rule and reaffirm that the U.S. financial system will no longer be a refuge for the corrupt, the criminal, or the sanctioned.

Thank you for the opportunity to comment on this rulemaking. For additional information or questions, please contact Scott Greytak, Deputy Executive Director of Transparency International U.S., at sgreytak@us.transparency.org.

Respectfully submitted,

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