

Delay, Rewrite of Anti-Money Laundering Safeguards Opens Private Investment Markets to Corrupt and Criminal Cash

A statement from Transparency International U.S.
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WASHINGTON, D.C. – On Monday, the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) released plans to delay implementation of an anti-money laundering/countering the financing of terrorism rule covering investment advisors that was scheduled to take effect at the end of this year.

As stated in the [FinCEN release](#), the rule seeks to “address ongoing illicit finance risks, threats, and vulnerabilities posed by criminals and foreign adversaries that exploit the U.S. financial system and assets through investment advisers.” The stated reason for the review is to consider compliance costs for industry and to reduce regulatory uncertainty.

FinCEN anticipates the delay will extend to January 1, 2028.

Gary Kalman, Executive Director of Transparency International U.S., issued the following statement in response to the news:

This latest announcement from the U.S. Treasury Department is a potentially dangerous and unjustified delay in long overdue safeguards to our financial system.

The suspended rule was twenty years in the making. That’s two decades of discussion, debate and evidence-based decision-making. The risks to our financial system, our national security and harms to our communities are [well documented](#). Mexican drug cartels enlisted hedge fund accounts to launder their illicit proceeds, and Russian organized crime syndicates used private equity accounts to access U.S. markets. Private investment accounts have also been used to evade U.S. sanctions and perpetrate fraudulent cryptocurrency schemes.

With a full year of lead time since the final rule was announced, delay, more than timely implementation, will create the uncertainty for the industry that the review purports to address. There is nothing unique or extraordinary in these rules. Anti-money laundering rules are common for financial institutions. Commercial banks

and investment brokers, among many others, have been performing anti-money laundering checks for decades. Investment advisors have been one of the remaining exceptions among those that serve as gatekeepers to the U.S. financial system. Suspending these basic checks means that private investment will once again become a multi-trillion dollar loophole through which the very drug cartels and transnational criminal organizations targeted by this Administration will be able to use to avoid detection.

In practice, the rules simply require investment advisors to ask some questions when taking on new investors to reduce the risk of aiding or assisting corrupt and criminal actors from accessing the U.S. financial system. This type of information from other financial service providers who already have these responsibilities has become a critical part of law enforcement investigations seeking to follow and seize the money that fuels illicit networks. The rules are a common sense response to a well-recognized threat.

We strongly urge the U.S. Treasury Department to rethink and reverse this decision, support law enforcement efforts, and ensure robust implementation of these safeguards to our financial system.

Transparency International U.S. is part of the world's largest coalition against corruption. In collaboration with national chapters in more than 100 countries, we are leading the fight to turn our vision of a world free from corruption into reality.

Related Resources

- [Read](#) the U.S. Treasury Department's press release;
- [Read](#) TI US's comment on the rulemaking;
- [Read](#) TI US's report with the FACT Coalition and Global Financial Integrity, "*Private Investments, Public Harm*";
- [Read](#) TI US's takeaways document on the final rule; and,
- [Read](#) TI US's factsheet on money laundering risks in the private investment sector.

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