

TD Bank: Lessons on the Importance of Effective Controls in Money Laundering Prevention

Toronto Dominion Bank (TD Bank) will pay approximately \$3 billion in fines for failures in its anti-money laundering (AML) controls.

In an agreement with the U.S. Department of Justice (DOJ), TD Bank's U.S. entity pleaded guilty to criminal charges. As part of the settlement, TD Bank will pay \$1.8 billion to the DOJ, while \$1.3 billion will go to the Financial Crimes Enforcement Network, the country's financial intelligence unit. Additionally, the Office of the Comptroller of the Currency (OCC) will impose a cap on TD Bank's assets in the U.S., restricting its growth in the country. As part of its guilty plea, TD Bank agreed to appoint an independent monitor to oversee the implementation of an adequate AML program and to cooperate with further investigations by the authorities.¹

The investigation revealed several significant failures in TD Bank's AML system:²

1. Deficiencies in its AML program (between 2014-2022):
 - TD Bank failed to update its transaction monitoring system.
 - TD Bank did not implement adequate AML training programs for its staff.
 - Despite warnings from regulators, consultants, and even its own employees, TD Bank failed to address deficiencies in its AML program.

As a result, customers, with the help of five bank employees, laundered approximately \$671 million through the bank's accounts, exposing it to criminal networks.³

2. Submission of inaccurate reports:
 - The bank filed 564 incorrect Currency Transaction Reports (CTRs), involving more than \$412 million in transactions. These reports omitted the identities of the individuals who carried out the transactions, hindering authorities' investigations.
3. Money laundering conspiracy:
 - Five employees participated in opening accounts and other activities in exchange for payments, facilitating the laundering of more than \$39 million in illegally obtained funds, transferred from the U.S. to Colombia.

1 Charges: United States v. TD Bank, N.A., No. 2:24-cr-00667-ES, Doc. 4 (D.N.J. Oct. 10, 2024).
Charges: United States v. TD Bank, No. 2:24-cr-00668-ES, Doc. 4 (D.N.J. Oct. 10, 2024).

2 Plea Agreement: United States v. TD Bank, N.A., No. 2:24-cr-00667-ES, Doc. 4 (D.N.J. Oct. 10, 2024).
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Having robust AML controls is crucial to protecting the integrity of the financial system and preventing banks from being used for illicit activities. The fines imposed on TD Bank and the appointment of independent monitors emphasize the importance of strict AML controls. Financial institutions must continuously update their monitoring systems and ensure that staff are well-trained to identify and report suspicious transactions. Compliance not only protects the institution but is also vital in the global fight against money laundering and other financial crimes.

This case serves as a warning to other financial institutions, highlighting the severe consequences of “prioritizing profit over compliance” and failing to address deficiencies in money laundering prevention programs.

The TD Bank case reflects not only the transnational nature of money laundering but also its enforcement. This capacity for international intervention is crucial in the fight against global organized crime networks, requiring financial institutions worldwide to be vigilant not only to local regulations but also to international standards.

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S I N C E R E L Y

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