

**Fact Sheet: OCC Cease and Desist Order and Civil Money Penalty
against TD Bank N.A. and TD Bank USA, N.A.**

Background: The Office of the Comptroller of the Currency announced on October 10, 2024, a cease and desist order and a \$450 million civil money penalty against TD Bank, N.A. and TD Bank USA, N.A., (collectively the “bank”) for deficiencies in the bank’s Bank Secrecy Act (BSA) and anti-money laundering (AML) compliance program.

The OCC determined that the bank violated:

- 12 C.F.R. § 21.21 (procedures for monitoring BSA compliance),
- 12 C.F.R. § 21.11 (suspicious activity report violations), and
- 31 C.F.R. § 1010.312 (currency transaction report violations).

The OCC’s enforcement actions against the bank include both novel and customary elements. Taken together, the breadth of the action is historically significant and ensures accountability because of the combination of components including:

- \$450 million civil money penalty,
- an asset cap, with prolonged noncompliance triggering further potential reductions,
- business restrictions,
- board certification prior to dividend payments,
- a third-party assessment of the bank’s BSA/AML program,
- comprehensive corrective action, and
- a suspicious activity review lookback.

OCC Cease and Desist Order

Asset Cap

- The asset cap will limit the bank’s total consolidated assets (to include the combined assets of both charters – TD Bank, N.A. and TD Bank USA, N.A.) to those reported as of September 30, 2024, for the duration of the order.
- If the bank does not achieve compliance with all actionable articles in the order by the timeline approved by the OCC, the OCC may, in its discretion, require the bank to reduce its total consolidated assets by up to 7%.
- For each successive year the bank is in noncompliance with the Order, the OCC may, in its discretion, require the bank to reduce its total consolidated assets by up to an additional 7% per year.

Business Restrictions

- The bank cannot open a new branch (including a loan production office or deposit production office) or enter a new market without the OCC’s no supervisory objection.
- The bank must improve its policies and procedures for evaluating the BSA/AML risks posed by adding a new product or service and ensuring the Bank has adequate controls to

mitigate the risks.

- Until the bank has improved policies and procedures, it must receive OCC no supervisory objection before adding new products or services.
- After the bank has improved policies and procedures, it must receive OCC no supervisory objection before adding new products of services with medium- or high-BSA/AML risk.

Comprehensive Remediation of the BSA/AML Program

- The bank must completely and timely correct its BSA/AML deficiencies. Corrective action requirements cover the full scope of the BSA/AML program include: BSA/AML officer and staffing; training; internal controls; customer due diligence and risk identification; suspicious activity identification, evaluation, and reporting; and independent testing.

Prioritization of Expenditure on Remediation

- To ensure the bank allocates adequate resources to correcting deficiencies in its BSA/AML program, the bank's board of directors must submit a certification to the OCC prior to declaring or paying dividends, engaging in share repurchases, or making any other capital distribution.
- The certification must include an explanation and justification for the bank's current allocation of resources to comply with the order and a description of the bank's progress in complying with the order.

Independent Third-Party Assessment of the Bank's BSA/AML Program

- The bank must engage an independent third party to conduct an end-to-end assessment of its BSA/AML program.
The bank must remediate any concerns identified by the independent assessment.

Suspicious Activity Review Lookback

- The bank must engage an independent third party to conduct a transaction lookback and report any previously unreported suspicious activity.

Accountability for Employee Misconduct

- The bank cannot rehire any employees who participated in the misconduct discussed in the order.

OCC Reservation of Rights

The OCC reserves its right to do the following:

- Institute enforcement actions against current or former bank personnel (institution-affiliated parties as defined by 12 U.S.C. § 1813(u)) based on the Comptroller's Findings in the Order, or other findings.

- Assess civil money penalties or take other enforcement actions against the Bank if the OCC determines that the Bank has continued, or failed to correct, the practices and/or violations described in the Order or that the Bank otherwise is violating or has violated the Order.

In addition to CMPs, other actions could include additional requirements and restrictions, such as:

- (a) requirements that the Bank make or increase investments, acquire or hold additional capital or liquidity, or simplify or reduce its operations; or
- (b) additional restrictions on the Bank's growth, business activities, or payment of dividends.

- Assess CMPs against the Bank based on the results of the lookback required by the Order.