

From: [REDACTED]
To: [Comments](#)
Subject: [REDACTED] RIN: 3064-ZA31 - March 12, 2024 - Agency Information Collection Activities; Comment Request (OMB 3064-0015)
Date: Tuesday, April 2, 2024 10:10:33 AM

[REDACTED]

Please redact my personally identifiable information

Proposed Agency Information Collection Activities; Comment Request Interagency Bank Merger Application

As administrator of the Bank Secrecy Act (BSA), the Financial Crimes Enforcement Network (FinCEN) should be consulted on the effectiveness of bank efforts to combat money laundering, terrorist financing, and other illicit activity. This would help address regulatory capture, where banking agency executives decide that a merger should proceed before reviewing any statutory factors, and subsequently subvert the process to support approval. I worked for the FDIC [REDACTED] when a [REDACTED] merger was approved without faithful consideration of the effectiveness of the bank's anti-money laundering/counter terrorist financing (AML/CFT) compliance program. As part of my job duties, I provided documentation and analysis that would not be considered supportive of the AML/CFT statutory factor and I was proactively removed from the merger review process. The merger could not have been approved if this information was considered.

After the merger was publicly announced, "subject to receipt of customary regulatory approvals", [REDACTED] the FDIC [REDACTED] terminated [REDACTED] AML/CFT enforcement action [REDACTED]. These terminations occurred despite the bank's substantial noncompliance with the enforcement actions. The bank continued to exhibit systemic deficiencies in its AML/CFT compliance program, leading to significant failures in reporting suspicious activity.

Rather than addressing the bank's significant AML/CFT violations, FDIC executives went out of their way to blame the bank's weaknesses on examiner misconduct. I participated in an internal review that later debunked this idea and uncovered systemic deficiencies within the bank's AML/CFT compliance program, which were overlooked by FDIC executives. At the same time, the FDIC was terminating the subsequent nonpublic AML/CFT enforcement action that replaced the consent order. It is still unclear what procedures or reviews the FDIC undertook to approve the bank's anti-money laundering record. The merger approval process should be transparent.

Furthermore, during the public consultation period, a bank whistleblower raised objections to the merger in a letter [REDACTED], citing the bank's failure to remediate its AML/CFT compliance program. The whistleblower complaint was [REDACTED] ignored. The agency must be required to address whistleblower complaints. Even when the

Office of the Inspector General (OIG) issued a report criticizing the FDIC's consent order termination, executive leadership dismissed the recommendations as unnecessary, and covered up their actions with respect to the merger (<https://www.fdicoin.gov/news/summary-announcements/termination-bank-secrecy-actanti-money-laundering-consent-orders-summary>).

The banking agencies should establish channels enabling agency employees to report misconduct within the merger approval process. Without such mechanisms in place, the integrity of the regulatory framework is compromised. The policy statement should also delineate appropriate standards for interactions between bank and agency executives.

The resulting merger ██████████ was a regulatory failure. Banking supervisors understand the challenges associated with integrating bank systems, which frequently lead to AML/CFT violations even within adequate programs. The scrutiny placed on examiner findings had a chilling effect on their capacity to identify and document regulatory violations. The merger review process should evaluate the bank's AML/CFT compliance program rather than second guess the supervisory process. Agency officials should be neutral in the process. There should be no special alternatives to going through the formal appeals process when a bank disagrees with examiner findings.

The bank's compliance officer appeared to wield significant influence over the examination scope and agency executives now cannot allow examiners to identify significant AML/CFT deficiencies because it would expose their prior mistakes. After the merger, the bank requested a regulatory nonobjection to forgo its AML/CFT risk assessment, a proposition that would not be entertained if agency officials had not previously compromised themselves. The statement of policy should require banks to submit a proforma AML/CFT risk assessment with the merger application. Banks should also be required to conduct a comprehensive risk assessment within a reasonable time after a merger is completed. Merger review procedures should ensure that the new consolidated bank will be able to effectively identify, monitor, and report suspicious activity.

In the case that I witnessed, FDIC executives had decided to approve the merger before the application was submitted and then manipulated the review process to come to a conclusion that would allow the merger. The process needs checks and balances and a way for agency employees to report unethical actions by agency executives.