



Financial Crimes Enforcement Network

A bureau of the U.S. Department of the Treasury

FinCEN news releases are available on the Internet and by e-mail subscription at www.fincen.gov.
For more information, please contact FinCEN's Office of Public Affairs at (703) 905-3770.

FOR IMMEDIATE RELEASE

September 23, 2013

CONTACT: Steve Hudak

703-905-3770

FinCEN Fines TD Bank for Failing to Report Nearly \$1 Billion in Suspicious Transactions Related to Florida Ponzi Scheme

WASHINGTON, DC – The Financial Crimes Enforcement Network (FinCEN) today announced the [assessment](#) of a \$37.5 million civil money penalty against TD Bank, N.A. for failure to file suspicious activity reports related to the massive Ponzi scheme orchestrated by Florida attorney Scott Rothstein. The Office of the Comptroller of the Currency also announced the assessment of a concurrent \$37.5 million penalty against the Bank for related violations. Additionally, the Securities and Exchange Commission has assessed a separate [\\$15 million penalty](#) against the Bank for related securities violations.

From April 2008 through September 2009, the Bank willfully violated the Bank Secrecy Act's reporting requirements by failing to detect and adequately report suspicious activities in a timely manner. During that period, Rothstein orchestrated a major Ponzi scheme by fraudulently inducing victims to invest in purported settlements involving whistleblower and sexual harassment lawsuits. Thousands of transactions flowed through his multiple law firm accounts at TD Bank which included transactions related to Rothstein's Ponzi scheme. While the Rothstein law firm's accounts alerted in TD Bank's anti-money laundering surveillance software for suspicious activity, TD Bank employees failed to recognize the suspicious activity and file SARs in a timely manner. On January 27, 2010, Rothstein pleaded guilty to a racketeering conspiracy in the United States District Court for the Southern District of Florida and is currently serving a 50-year prison sentence.

In 2011, the Bank conducted a review of the Rothstein transactions. Based on the results of the review it filed five late suspicious activity reports, totaling an estimated \$900 million in aggregate suspicious transaction activity occurring between April 2008 and October 2009. A lack of adequate training for both the anti-money laundering and business staff contributed to the failure to recognize this suspicious activity.

“In the face of repeated alerts on Mr. Rothstein’s accounts by the Bank’s anti-money laundering surveillance software over an 18 month period, the Bank did not do enough to prevent the pain and financial suffering of innocent investors,” FinCEN Director Jennifer Shasky Calvery stated. “Financial institutions must do a better job of protecting our financial system and citizens from such harm. It is not acceptable to have a poorly resourced and trained staff overseeing such a critical function.”

This is the first civil money penalty assessed by FinCEN’s new Enforcement Division. The Enforcement Division was created under FinCEN’s June 2013 reorganization and is comprised of an elite group of personnel who target the exploitation of the financial system by illicit actors. Its efforts are focused on: compromised financial institutions and their officers, managers, and employees; compromised jurisdictions; and third party money launderers who facilitate financial crime. The division has a broad array of enforcement authorities to target both domestic and foreign actors affecting the U.S. financial system.

###

FinCEN’s mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.