

The Better Markets Rap Sheet Report



Image: Shutterstock GenAI

Chronic Lawlessness in the Banking Industry, the Harm It Inflicts on American Consumers, and the Administration's Role in Making the Problem Worse

By STEPHEN HALL and ANDRES CHOVIL
January 14, 2026

SUMMARY

- ✓ **The Continued Lawlessness.** The largest banks in the U.S. have a shocking but largely overlooked track record of violating the law. It spans decades and includes every conceivable type of financial crime. Actions against the banks that have come to light over the past two years show that this pattern is continuing, with violations ranging from facilitating sex trafficking to manipulating markets, discriminating against customers, and engaging in fraud and theft. Consumer complaints and violations under the consumer protections laws have risen substantially in recent years, providing further evidence of the banks' persistent misconduct.
- ✓ **The Harm.** The banks' recidivism has caused, and continues to cause, widespread and sometimes devastating financial harm to millions of everyday Americans who have been gouged by illegal fees, had their cars towed away in unlawful repossessions, or suffered other abuses. Illegal conduct by banks and their executives also inflicts broader harm: Market manipulation hurts countless investors; the failure to comply with anti-money laundering rules facilitates a host of sordid crimes; and when smaller banks fail due to illegal or risky behavior, bank shareholders and depositors can suffer huge losses.
- ✓ **The Administration's Role.** The Trump Administration ("Administration") is making the problem vastly worse by weakening the rules that help curb illegal behavior and by making it more difficult for supervisors to detect bank misconduct. The Administration is also dramatically downsizing the agencies charged with enforcing the law, walking away from pending and even settled enforcement actions, and handing out pardons for those who have committed egregious financial crimes. The Administration's indefensible retreat from strong banking oversight and enforcement threatens a new surge in illegal conduct as banks are emboldened to violate the law. That means more harm to American consumers, more bank failures, and more systemic instability that threatens the entire financial system.
- ✓ **The Solutions.** Reversing the trend will require halting the Administration's relentless effort to weaken the bank regulation framework; re-establishing strong banking supervision rules and practices; and above all, making aggressive enforcement of those standards a top priority.¹
- ✓ **This Report.** In this report, we take a fresh look at the issue of bank misconduct, with a focus on four topics: 1) evidence of the continued pattern of lawlessness among banks; 2) the harm this enduring failure inflicts on everyday consumers and potentially the financial system; 3) the federal government's historically weak approach to enforcement against illegal conduct by banks, now being made worse by the Administration's retreat from white collar crime enforcement; and 4) solutions to help address banks' illegal behavior.

Consumer complaints and violations under the consumer protections laws have risen substantially in recent years, providing further evidence of the banks' persistent misconduct.

¹ This report focuses primarily on misconduct by the largest U.S. banks, although some of the trends we cite are supported by examples that relate to nonbank financial firms, including the Administration's termination of consent orders, its pardons, and its embrace of crypto.

MORE EVIDENCE OF LAWLESS AND PREDATORY BANK BEHAVIOR HAS COME TO LIGHT OVER THE PAST TWO YEARS

For years, Better Markets has [tracked](#) enforcement actions against the largest U.S. bank holding companies and the takeaway has been clear: Despite their polished ads and self-proclaimed desire to help Americans achieve their financial dreams, those banks have often been bad actors. They have accumulated long RAP sheets reflecting every conceivable type of financial violation, both civil and criminal, including fraud, market manipulation, bribery, kickbacks, reckless trading practices, price fixing, breach of fiduciary duty, money laundering, and [many others](#). Although some indicators of bank misconduct may rise and fall, such as government enforcement actions across different administrations, what remains constant is the banks' penchant for breaking the law and taking advantage of customers and markets. Evidence of lawlessness by the banks accumulated over the past two years indicates that the pattern of lawlessness continues.

Actions Against Banks Have Continued

Our [last RAP sheet report](#) was issued in 2023, cataloguing a wave of cases involving illegal conduct by the nation's six largest banks. Since then, the banks' RAP sheets have continued to grow, again reflecting a wide range of actions, including civil enforcement cases, criminal prosecutions, and private lawsuits. Below are examples of abusive and illegal activity among the largest U.S. banks, expanded to include the top 10 banks.

JPMorgan

- In October 2024, the [SEC announced](#) a \$151 million fine for multiple enforcement actions against JPMorgan affiliates for misleading disclosures, breach of fiduciary duty, prohibited principal trades, and failures to act in the best interest of customers.
- In May 2024, the [CFTC fined](#) JPMorgan Securities \$200 million for failing to monitor billions of client orders on a U.S. designated contract market.
- In March 2024, both the [Federal Reserve](#) and the [OCC](#) fined JPMorgan Chase a total of \$348 million for failing to monitor client trading activities, including surveillance gaps in trades across at least 30 global trading venues.
- In January 2024, JPMorgan was fined \$18 million by the SEC for violating whistleblower protection rules by requiring retail investors who received credits or settlements exceeding \$1,000 to sign confidentiality agreements preventing voluntary contact with the SEC.
- In November 2023, a [New York federal court](#) approved a \$290 million settlement resolving claims by survivors of Jeffrey Epstein's sex-trafficking operation that JP Morgan improperly kept him as a client despite warning signs.

Bank of America

- In September 2025, the [U.S. Department of Justice announced](#) that Bank of America agreed to pay \$5.6 million to settle a criminal case alleging that two of its traders manipulated the U.S. Treasury market by placing more than 1,000 spoof orders.

- In April 2025, a [federal judge ordered](#) Bank of America to pay \$540.3 million to the FDIC for underpaying deposit insurance premiums and interest from 2013 to 2014.
- In December 2024, the [OCC issued a cease-and-desist order](#) against Bank of America for failures under the anti-money laundering rules, such as delays in filing of suspicious activity reports and deficiencies in customer verification and risk-assessments.
- In June 2024, Bank of America agree to a \$21 million [class-action settlement](#) to resolve claims the bank charged a hidden \$15 fee on incoming wire transfers without adequate disclosure.
- In May 2024, a federal court approved an \$8 million [class-action settlement](#) resolving claims that Bank of America unfairly charged customers fees for Automated Clearing House transfers, even though those transactions could have been processed for free if initiated by the receiving financial institution.

Goldman Sachs

- In January 2025, Goldman Sachs and other banks [agreed](#) to pay a total of \$20 million to settle litigation alleging that they conspired to fix the prices of the precious metals palladium and platinum. Court filings did not specify each company's share of the settlement; assuming an equal split, Goldman Sachs would have paid approximately \$5 million.
- In October 2024, the [CFPB ordered](#) Goldman Sachs and Apple to pay a combined \$89.8 million for widespread customer service breakdowns and misrepresentations affecting hundreds of thousands of Apple Card users. The CFPB found that Apple failed to send tens of thousands of consumer disputes to Goldman Sachs, and that Goldman did not follow legal requirements for investigating disputes, leading to long refund delays and inaccurate credit reporting. Goldman Sachs was required to pay at least \$19.8 million in redress and a \$45 million civil penalty.

Wells Fargo

- In October 2025, a federal court approved a settlement under which Wells Fargo agreed to [pay \\$85 million](#) to resolve allegations that it concocted sham interviews to appear it was meeting its stated policy to proportionately consider women, nonwhite, or otherwise disadvantaged candidates for high-paying jobs.
- Also in October 2025, Wells Fargo announced it would [pay \\$100 million](#) to end a lawsuit brought by shareholders who alleged Black and Hispanic borrowers were unfairly and disproportionately denied mortgage assistance.
- In December 2024, Wells Fargo [agreed](#) to a \$185 million settlement of a class-action lawsuit to resolve claims that the bank placed mortgages into COVID-19 forbearance without informed consent between March 1, 2020, and December 31, 2021. The settlement became effective on February 15, 2025.
- In September 2024, the OCC took [enforcement action](#) against Wells Fargo for widespread deficiencies in its anti-money-laundering (“AML”) and Bank Secrecy Act compliance program. The agency required the bank to overhaul its AML and compliance controls, strengthen oversight, and obtain OCC approval before launching new products or services.
- In January 2024, Wells Fargo [agreed](#) to an \$82 million class action settlement in Pennsylvania to resolve claims by auto-loan borrowers that the bank engaged in wrongful practices, including improperly repossessing vehicles. The settlement was approved by a federal court in February 2024.

Citigroup

- In August 2024, Citigroup [agreed](#) to a \$29.5 million class-action settlement to resolve allegations the bank made unsolicited robocalls to non-customers regarding past-due credit-card accounts. A federal court granted final approval of the settlement agreement in January 2025.
- In July 2024, the [Federal Reserve fined](#) Citigroup more than \$60 million for failing to comply with a 2020 consent order requiring improvements to its data governance, regulatory reporting, and internal controls. The [OCC also amended](#) its 2020 cease-and-desist order against Citibank for ongoing deficiencies in risk management and compliance, imposing an additional \$75 million civil penalty.

Morgan Stanley

- In August 2025, the New York Supreme Court approved a [\\$120 million class action settlement](#) resolving claims that Morgan Stanley, Goldman Sachs, and Wells Fargo failed to disclose significant, non-public financial exposure to ViacomCBS stock through swap agreements with Archegos Capital Management when marketing the company's March 2021 securities offerings.
- In December 2024, the [SEC fined](#) Morgan Stanley \$15 million for failing to reasonably supervise four financial advisors who stole millions from advisory clients and brokerage customers.
- In September 2024, Morgan Stanley was [fined \\$2 million by the Massachusetts Securities Division](#) for failing to monitor more than \$6.8 million in stock sales by a former Chairman of First Republic Bank before its collapse in March 2023.
- In January 2024, the U.S. Attorney's Office for the Southern District of New York announced that Morgan Stanley had entered into a [non-prosecution agreement](#) and agreed to pay \$153 million to resolve its role in a criminal scheme perpetrated by one of the banks former employees, Pawan Passi, in which information about upcoming block trades was shared with favored investors who traded ahead of those transactions.

U.S. Bancorp

- In February and March 2024, the [SEC](#) and [CFTC](#) fined U.S. Bank \$8 million and \$6 million respectively for failing to maintain required business-communication records and to supervise employees' use of unapproved messaging platforms.
- In December 2023, the [CFPB](#) and [OCC](#) fined U.S. Bank \$20.7 million and \$15 million respectively for unfairly preventing customers from regaining access to unemployment benefits distributed through its prepaid card program after their accounts were improperly frozen.

Capital One

- In January 2025, the CFPB sued Capital One, alleging deceptive practices and violations of the Truth in Savings Act, seeking over \$2 billion in redress for consumer harm resulting from the bank's misleading customers about available interest rates on savings accounts. The Administration dropped this action in February 2025, but a separate class action lawsuit filed by the bank's customers resulted in a provisional \$425 million settlement. However, on November 6, 2025, the presiding federal judge [rejected the proposed settlement](#), finding that the customers deserve "significantly greater relief" than what was outlined in the settlement.

PNC

- In June 2024, a [federal court](#) approved a \$6.1 million settlement between PNC and its former employees of BBVA USA over alleged mismanagement of 401(k) plans.

Truist

- In October 2024, Truist Bank agreed to pay \$9.125 million to the [Department of Justice](#) to resolve allegations under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 that SunTrust Bank improperly approved disbursements from trust accounts established for injured beneficiaries who had settled lead-poisoning claims.
- In August 2024, the [SEC](#) and [CFTC](#) ordered Truist to pay \$5.5 million and \$3 million respectively in civil penalties for failures to maintain required business records and improper supervision of employee communications.
- In February 2024, Truist agreed to a \$6.3 million [settlement](#) to resolve claims that its acquisition of BB&T Corporation resulted in improperly lowering interest rates on high-yield money-market accounts originally opened decades earlier.

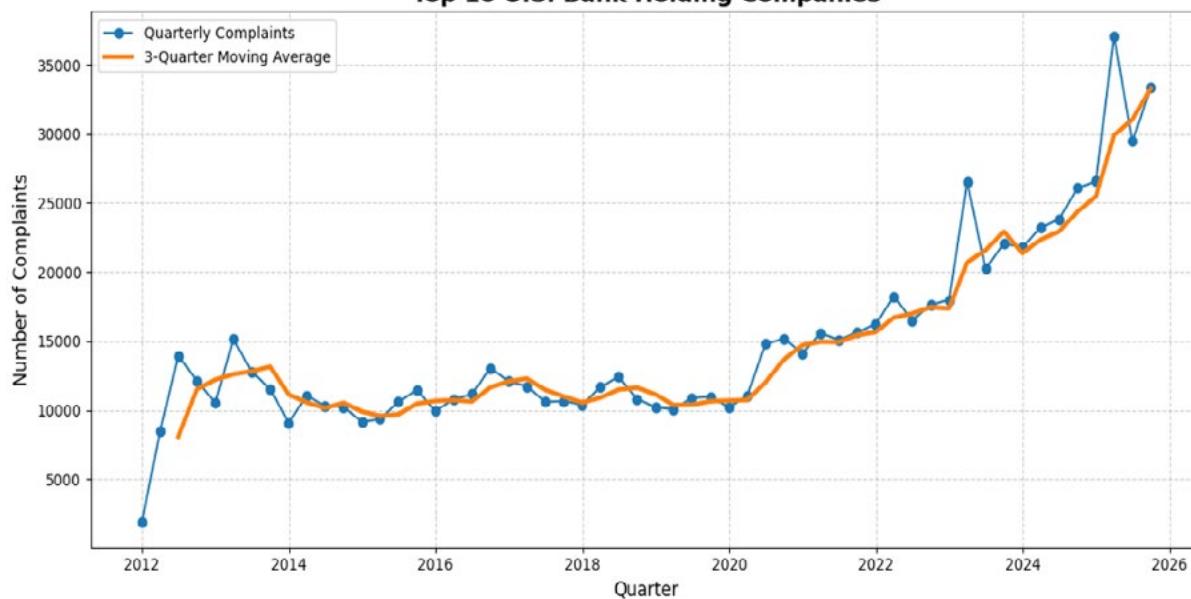
Other Metrics Indicate That the Pattern of Abusive and Potentially Illegal Conduct By or Through Banks Continues

In addition to enforcement actions and lawsuits, other metrics show that banks continue to engage in abusive and unlawful conduct. These indicators include complaints from consumers as well as a steady rise in consumer law violations cited by bank examiners.

Complaints Against Banks

Customer complaints against the large banks have been steadily rising, more than tripling over the last five years. They involve a wide range of products, including checking and savings accounts, mortgages, credit cards, auto loans, and student loans. Consumers report a variety of problems, such as credit report issues, improper fees or interest, and accounts opened without consent or knowledge. Moreover, these complaints are directed at all of the top 10 banks, with Bank of America, Wells Fargo, JPMorgan Chase, and Capital One accounting for the majority of complaints in roughly equal shares. This evidence indicates that these banks continue to engage in practices that harm customers and likely violate the law.

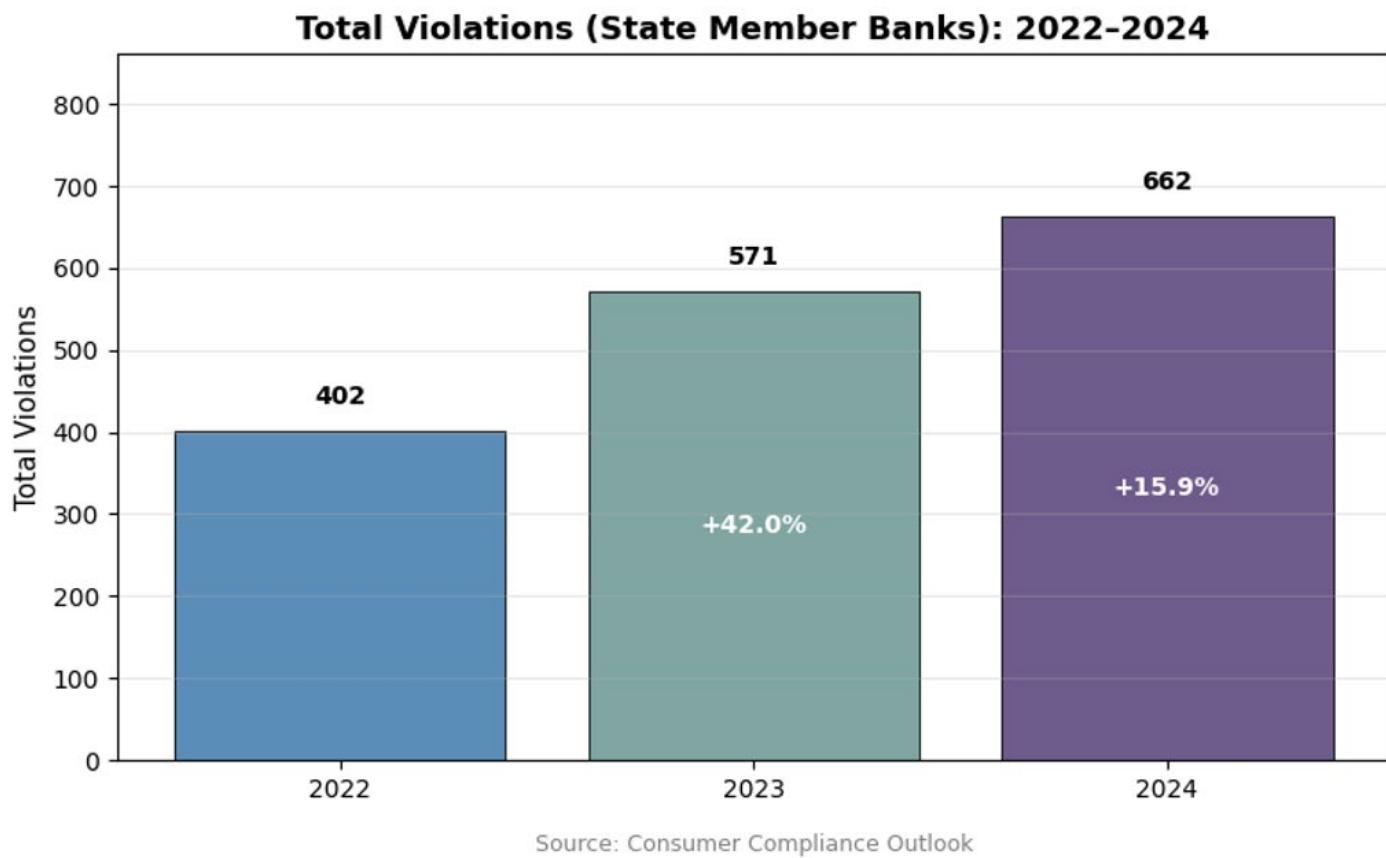
**Consumer Complaints Over Time (Quarterly)
Top 10 U.S. Bank Holding Companies**



Source: CFPB Consumer Complaint Database

Consumer Law Violations

Consumer law violations cited by Federal Reserve examiners have risen sharply since the Fed began publishing aggregate supervisory data on state member banks. Violations increased 42% from 2022 to 2023 and a further 15.9% in 2024. This two-year trend suggests a rise in noncompliance with consumer protection laws across state member banks. Of course, if the Fed under the current Administration shifts examiners' focus away from consumer law violations, then this type of misconduct may appear to decline even though in reality, banks continue their evident pattern of customer-facing abuses.



While the majority of violations across this time period involve Home Mortgage Disclosure Act requirements, state member banks continue to breach a range of other consumer protection laws. In 2024, [Federal Reserve System data](#) showed that the most frequently cited violations included:

- failures to properly investigate and resolve consumer error notices as required by the Electronic Fund Transfers Act (Regulation E);
- deficiencies in disclosing account terms and conditions prior to opening, as mandated by the Truth in Savings Act (Regulation DD);
- violations of the Federal Trade Commission Act, which prohibits unfair or deceptive acts or practices in connection with consumer financial services;
- violations of the Truth in Lending Act (Regulation Z), particularly failures to provide accurate and timely loan estimates and closing disclosures for mortgage transactions.

– II –

BANK MISCONDUCT THREATENS EVERY AMERICAN AS WELL AS THE ENTIRE FINANCIAL SYSTEM

The banks' lawlessness matters a great deal to the vast majority of Americans. The American public represents a huge and essentially captive group of consumers who depend on banking services to manage their everyday lives and meet their most basic needs, from paying their bills to obtaining mortgages and auto loans. Moreover, finance is complicated and the terms and risks of financial products often remain hidden or incomprehensible. People therefore depend on bankers to deal with them fairly. But too often that's not the case.

Illegal activity by banks inflicts multiple forms of harm. First and most importantly, bank customers suffer direct financial losses when banks violate the law. Sometimes the damage is in relatively small increments in the form of illegal fees. But even those fees can impose a substantial financial burden on families already stretched thin and living paycheck to paycheck. Moreover, the cumulative harm can be massive when measured across the thousands of customer victims. Often, financial crimes inflict very substantial harm on individual bank customers, resulting from outright theft and fraud to breaches of fiduciary duty. The infamous series of illegal practices committed by Wells Fargo illustrate the point. In December of 2022, the [CFPB announced](#) \$3.7 billion in sanctions against the bank for its hair-raising pattern of abusing its customers, including unlawfully repossessing vehicles, denying mortgage modifications leading to foreclosures, charging surprise overdraft fees, and freezing accounts. The harm to 16 million accounts totaled billions of dollars in losses.

Other harms follow when banks violate the law. Unlawful discrimination by banks unfairly deprives customers of access to credit that is often vital. Customers can also be deprived of access to credit when banks wrongfully mar their credit reports. Market manipulation by banks compromises the integrity of entire markets, to the detriment of potentially millions of investors. The banks' failure to adequately monitor and address money laundering and suspicious activity aids and abets criminals engaged in an array of [predatory activities](#) well beyond the financial markets. And when banks collapse due to reckless or fraudulent mismanagement, depositors lose money above the level of deposit insurance; shareholders can be wiped out; families and small businesses lose access to local bank branches; and local economies suffer.

And the damage is potentially far greater. When banks engage in large-scale, systemic violations of the law, such as flooding the markets with fraudulent subprime mortgages, they can imperil the entire financial system and the economy, thus threatening a financial calamity that harms individuals and businesses throughout the country. Recall the 2008 financial crash and its [\\$20 trillion price tag](#). More generally, when there is no appropriate punishment for breaking laws or failing to comply with financial safety rules, banks are not effectively deterred from seeking enormous profits by engaging in unsafe and illegal behavior. And the stakes are constantly rising, as Wall Street's banks are growing ever larger, more complex, more interconnected, and increasingly too big to fail.

Often, financial crimes inflict very substantial harm on individual bank customers, resulting from outright theft and fraud to breaches of fiduciary duty.

– III –

THE APPROACH TO ENFORCEMENT AGAINST LAWLESS BANKS HAS BEEN HISTORICALLY WEAK, AND IT PROMISES TO BE FAR WORSE UNDER THE CURRENT ADMINISTRATION

Enforcement has long failed to deter misconduct by the large banks, and the Administration is making matters worse. It is shrinking or demolishing the agencies that police the banks, slashing their budgets, firing their staff, rescinding their rules that can help curb and detect illegal activity, and abandoning their enforcement actions.

Enforcement Against the Banks Has Long Been Inadequate

The longstanding approach to enforcement against banks has proven ineffective at deterring bank misconduct for decades. In the years leading up to the 2008 financial crash, through the wave of deregulation during the first Trump Administration, and as the 2023 banking crisis was incubating, the Fed and other banking regulatory agencies failed to effectively enforce the rules and laws against the large Wall Street banks. Instead, as Better Markets has detailed, the regulators have relied on an opaque, behind-the-scenes, handshake style of enforcement, marked by a series of fundamental weaknesses: a lack of transparency; the failure to pursue high-level bank executives; fines that have minimal impact given huge bank profits; and inaccurate perceptions of bank culpability given their image-building strategies and distorted media reporting.

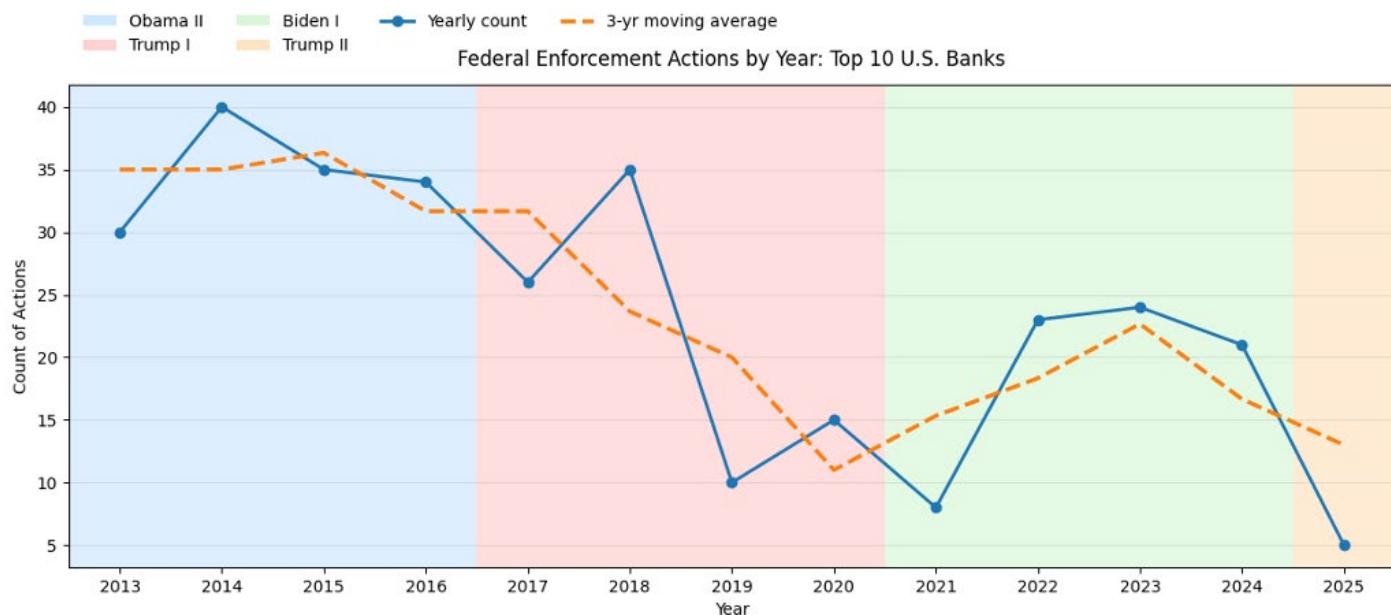
History proves the point. A light-touch approach to banking oversight before the 2008 financial crash contributed to the growth of predatory, reckless, and, in many cases, illegal behavior, all of which resulted in the buildup of massive systemic risks that ignited the crisis. The banking regulators' weak approach to enforcement was based largely on a mistaken yet widespread belief among many policymakers that the least regulation was the best because banks themselves had a strong interest in prioritizing their self-preservation over profits. This view was combined with the notion that the markets would punish banks for engaging in bad or dangerously risky behavior (even if the activities were profitable in the short term) and would serve to constrain the banks from engaging in overly dangerous activities. The history of the 2008 financial crash showed that these notions were deeply flawed.

The pattern of lawless bank conduct and ineffective enforcement has persisted. Long after the 2008 financial crash and leading up to the 2023 banking crisis, large banks continued to regularly break the law and exhibit routine and ongoing failures in basic risk management and consumer financial protection practices. Wells Fargo is the most egregious example, but there are many others, including the basic risk management and control failures leading to the JPMorgan “London Whale” debacle in 2012, the Goldman Sachs 1MDB crimes in 2012, the failure of the Archegos hedge fund in March 2021, and banks' underreporting of suspicious activity by Jeffrey Epstein. The series of RAP sheets issued by Better Markets—including the litany of misconduct set forth above—provides further proof that bank misconduct has continued and that the prevailing approach to enforcement has failed.

A light-touch approach to banking oversight before the 2008 financial crash contributed to the growth of predatory, reckless, and, in many cases, illegal behavior, all of which resulted in the buildup of massive systemic risks that ignited the crisis.

The Administration Is Intensifying the Problem by Dramatically Scaling Back Oversight and Enforcement Against Banks, Nonbank Financial Institutions, and White-Collar Crime in General

The number and nature of federal enforcement actions against the large banks over the years suggest that the approach to enforcement depends largely on the Administration: Is it committed to combating financial crime or not? During the Obama Administration, for example, there was relatively robust effort to punish lawbreaking banks and provide help for consumers who had been harmed by banks. That era was followed by a decline during the first Trump Administration and then a return to more robust enforcement during the Biden Administration.



Predictably, in 2025, there has been a precipitous drop in enforcement actions. The reasons for this trend are clear: Federal enforcement in the financial markets is now being scaled back at an historic pace under the Trump Administration. Part of the problem lies in the Administration's campaign to eliminate specific regulatory requirements that help curb and detect illegal bank activity. More directly, the Administration is dismantling the core elements of an effective enforcement program, as it institutes mass layoffs at agencies, slashes agency budgets, abandons or even seeks to roll back finalized enforcement actions, and establishes a culture where enforcement against white collar crime is relegated to the bottom of the Administration's priorities.

Abolishing Standards That Help Curb and Detect Illegal Bank Conduct, While Injecting New Risks into the Banking System

In just its first year, the second Trump Administration has significantly weakened the rules and the supervisory framework that helps ensure banks comply with the law. For example, the FDIC has [halted a rulemaking](#) that would have increased [bank board and management accountability](#). The lack of accountability among bank board members and executives is a major reason why bankers routinely violate the law, take too much risk, and cause failures that lead to bailouts. The FDIC [said](#) the rule "would have created . . . overly prescriptive and process-oriented expectations" for bank boards and management. In reality, it would have [implemented necessary and long overdue standards for the boards and management teams at the largest banks in the country](#).

In addition, a rule to implement Section 956 of the Dodd-Frank Act remains unfinished. The statute requires six agencies (Fed, SEC, FDIC, OCC, NCUA, and FHFA) to issue regulations designed to curb [incentive-based compensation arrangements](#) that encourage risky and potentially illegal activity at large financial institutions. Such a rule is vital because financial executives and traders regularly pocket million-dollar bonuses keyed to metrics that incentivize excessive and unjustified risks. The rule would help correct these dangerous incentive structures, but it is now more than 14 years overdue. The Fed has backed away from recent efforts to resuscitate a prior rulemaking, with Fed Chair Powell [refusing to even acknowledge](#) that incentive-based compensation for bank executives is a problem. In March 2025, the FDIC Board voted to [withdraw](#) the proposed incentive compensation rule, consigning it to an indefinite limbo.

The Administration's banking regulators have also directly and repeatedly undermined bank supervision. For example, the Fed recently finalized a [rule](#) that weakens supervision by allowing large banks with serious unresolved deficiencies, including consumer compliance violations and repeated misconduct, to expand their operations. Among the most dangerous threats to effective bank oversight is the Administration's decision to place blinders on bank supervisors. The banking agencies have taken drastic steps in 2025 to eliminate bank supervisors' tools that are necessary to identify wrongdoing and risks at banks. For example, Supervisors will no longer be watching for [reputational risk](#) or a host of [unsafe and unsound practices](#) and flawed risk management approaches that create huge operational risks. They will be forced to ignore red flags and bad acts that can ultimately victimize customers and threaten the very survival of a bank. All of these steps will increase lawbreaking, victimize depositors and shareholders, result in more bank failures and bailouts, aid and abet sex-traffickers like Jeffrey Epstein and crypto criminals like Binance founder Changpeng Zhao and FTX founder Sam Bankman-Fried, and foster egregiously poor management like that which helped bring down Silicon Valley Bank. The FDIC and the OCC furthermore [proposed](#) weakening supervisors' ability to identify and stop unsafe and unsound practices through Matters Requiring Attention ("MRAs"). And the FDIC [proposed](#) to weaken the supervisory appeals process by allowing individuals without supervisory experience to overturn FDIC supervisory decisions.

In response to a 2025 Trump Executive Order, the OCC and the FDIC removed disparate impact liability from their bank supervisory processes. This will be particularly harmful for people of color and low-income communities...

The Administration's rollbacks will also deprive bank supervisors of an important tool in the fight against race discrimination. In response to a 2025 Trump [Executive Order](#), the [OCC](#) and the [FDIC](#) removed disparate impact liability from their bank supervisory processes. This will be particularly harmful for people of color and low-income communities because supervisors will focus solely on acts of intentional discrimination, while ignoring unintentional acts and practices that can have profoundly harmful discriminatory effects.

Finally, the Administration is scaling back banks' obligation to monitor and respond to Suspicious Activity Reports or ("SARs"). This poses a direct threat to customers and will hamper the ability of enforcement authorities to detect and prosecute an increasingly diverse array of financial crimes. For 2024, [FinCEN data](#) shows that banks filed more than 2 million SARs, nearly double the 1.1 million SARs filed 5 years ago, in 2019. [Fraud-related SARs](#) were the most common, accounting for half of all reports. However, the reported fraudulent activities go well beyond the familiar schemes involving check fraud or stolen credit card numbers, as criminals are adapting to and exploiting new technologies, economic vulnerabilities, and regulatory gaps in the banking system. Customers are likely to suffer losses if banks fail to implement robust systems for following up on the threats flagged in the SAR reports. Unfortunately, the Trump Administration is responding to this mounting threat in precisely the wrong way: It recently issued new [guidance](#) in the form of FAQs which limits the duty to file SARs under some circumstances, reduces their

frequency, and limits some of the documentation requirements. The guidance was issued in “[response to longtime industry requests](#)” and Treasury Secretary Scott Bessent claimed they would “[ease regulatory burdens](#)” for banks related to SARs. He also [insisted](#) that the new guidance would not undermine law enforcement efforts—an implausible claim given the steady increase in the volume of fraud and other financial crime reports. Rather than ignoring potential criminal activity, banks and regulators should be establishing even better protections.

All of the foregoing deregulatory actions will undoubtedly intensify bank lawlessness rather than control it. The damage promises to be especially grave given current trends. The banking agencies are choosing to narrow the scope of their supervision and walk away from enforcement, as illustrated by the Fed’s [dismantling](#) of its supervision of crypto and fintech activities in banks. At the same time, they are also encouraging banks to embrace crypto, under the guise of [innovation](#). Fed Vice Chair for Supervision Michelle Bowman is even considering [encouraging Fed staff to invest in crypto](#). In reality, [most banks](#) and [most Americans do not use crypto assets and don't want to](#), because they are risky, volatile, and interconnected with so many [criminal activities](#).

Decimating Agency Staffs

At the direction of the Administration, the Fed, OCC, and FDIC are implementing historically large layoffs, which will hamper both their supervisory and enforcement work. The banking regulators must be adequately staffed to do their jobs, enforce the law, and support the stability of the economy and the financial system, but those essential human resources are being dangerously cut back.

- At the Fed, Chair Powell has said that [10% of the staff](#)—2,000 employees in Washington and at the 12 Federal Reserve Banks—would be eliminated by the end of 2027. More recently, Fed Vice Chair for Supervision Michelle Bowman said that staffing cuts to the Fed’s supervision and regulation division would be deeper than the reductions slated for other parts of the organization, with [30% of staff](#)—150 of 500 positions—being eliminated by the end of 2026.
- The FDIC intends to cut [20% of its staff](#)—1 out of every 5 positions for a total of 1,200 across the country. This follows [a wave of resignations](#) that included senior leaders throughout the organization and bank supervisory staff with specialized skills and experience overseeing large and complex banks. This is in addition to the agency’s [rescission of job offers](#) made to newly hired staff, which will dangerously erode the pipeline of bank supervisors in training at the FDIC for years to come. The layoffs also come on the heels of serious problems with FDIC workplace culture that, without question, remain a distraction for FDIC staff attempting to focus on their bank supervision work. [Reports](#) in 2024 revealed that more than 900 FDIC employees had experienced harassment or other related misconduct at work, and more than 800 had witnessed it.
- The OCC reports that it too will reduce staffing. Although the expected cuts will be less than those at the other agencies, they will not be insignificant, totaling [140 positions](#).

Dismantling the CFPB

Shortly after taking office, the Administration launched a series of attacks on the CFPB, ultimately aimed at shutting down the agency. This is among the most profoundly damaging moves by the Administration, as the CFPB is responsible for overseeing consumer protection compliance by not only the large banks but also the rapidly emerging nonbank financial companies such as pay-day lenders and fintech firms. And as noted above, the CFPB has a proven track record of success through its robust enforcement

program, [providing over \\$21 billion](#) in relief to consumers injured by predatory financial practices. Those benefits to consumers have far [outweighed](#) the costs: \$1 in CFPB spending in 2020 yielded nearly \$4.5 for consumers; by 2024 that return had risen to just over \$10. Yet the Administration’s assault on the agency continues, including orders to cease work, large staffing reductions, and huge budget cuts (now roughly half under the July budget bill). Russell Vought, the director of the Office of Management and Budget and acting head of the CFPB, recently [said](#) he anticipates shutting down the entire agency within two to three months.

Eliminating Prosecutors at the Department of Justice (“DOJ”) and Shifting Priorities

The Administration is also shrinking the workforce at the DOJ. [Thousands of staff](#) may have already left the Department this year, resulting from firings, forced resignations, and people choosing to leave given the toxic culture at the Department. In April, it was [reported](#) that Attorney General Pam Bondi is “swapping out and sidelining career supervisors who were responsible for charging crimes such as corruption, price fixing and securities fraud.”

The Administration is also shifting its enforcement priorities away from white collar financial crime. An early sign of the Administration’s agenda was the President’s February [executive order](#) pausing enforcement of the Foreign Corrupt Practices Act (“FCPA”), the post-Watergate law that forbids American businesses from bribing foreign officials. Yet the FCPA is a vitally important crime-fighting statute, and it was the primary tool that prosecutors relied upon to pursue Goldman Sachs for its [infamous role](#) in the looting of a Malaysian sovereign wealth fund.

While the Criminal Division’s list of priorities set forth in a [memo issued by the DOJ](#) in May ostensibly includes white collar crime, it also signals a softer approach, noting that rigorous enforcement of corporate law is a burden on businesses. It goes on to say that “Prosecutors must avoid overreach that punishes risk-taking and hinders innovation,” adding that the department has to strike the right balance between investigating criminal wrongdoing and minimizing burdens on businesses. Other [sources](#) show that as a general matter, the DOJ’s efforts to prosecute white collar crime have been declining. Moreover, the Administration has [halted or dropped](#) dozens of corporate investigations, with an emphasis on technology firms and crypto companies like [Binance, Coinbase, Kraken, and Ripple](#). As to the Project 2025 blueprint, it advocates for the DOJ to focus principally on violent and organized crime, national security, immigration enforcement, and other areas rather than white collar crime and financial fraud.

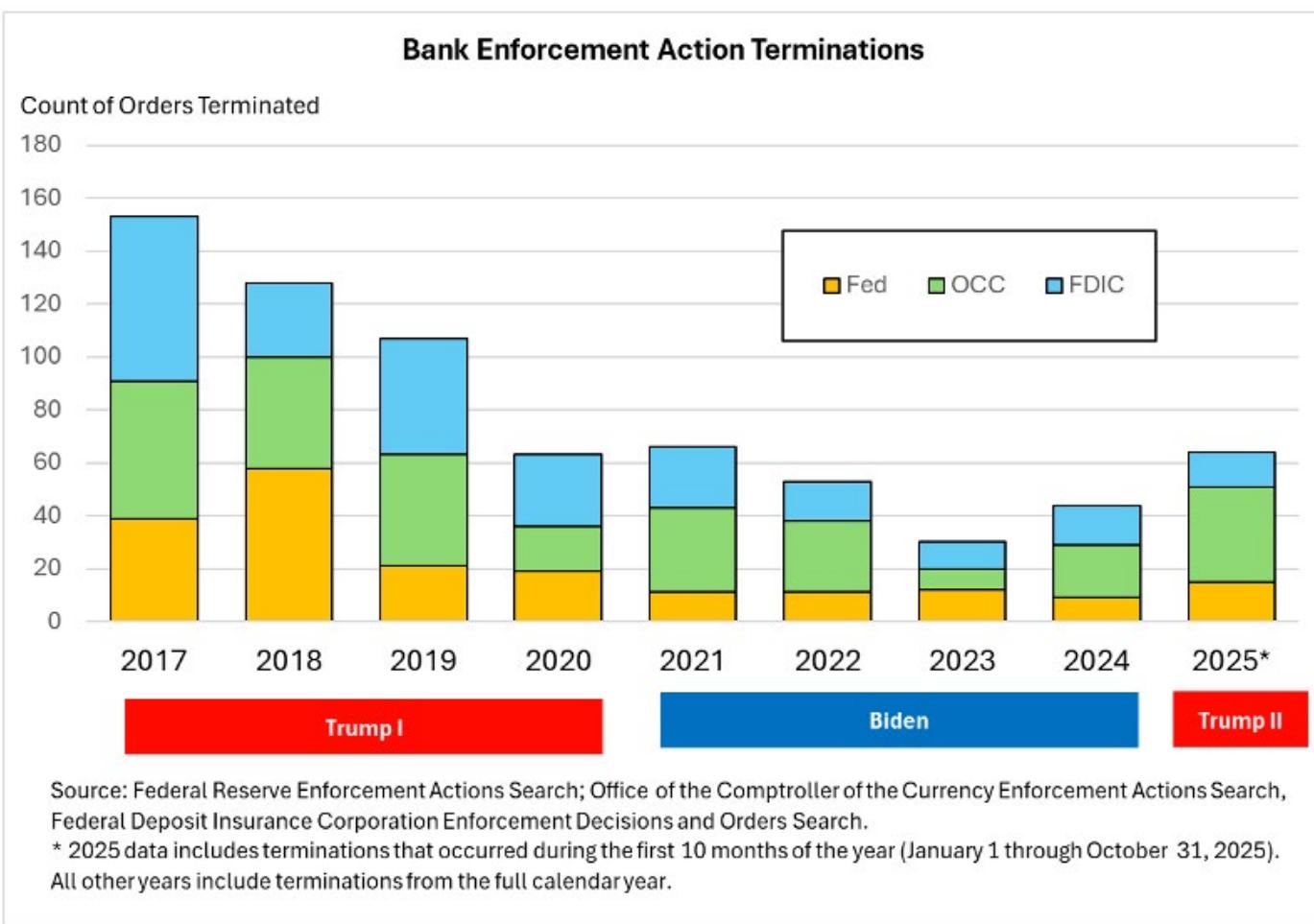
Abandoning Agency Enforcement Actions and Even Rescinding Prior Sanctions

The Administration has engaged in a pattern of abandoning meritorious enforcement actions against banks and other financial firms and in some cases seeking to nullify completed actions and unwind sanctions. An especially unseemly example is the OCC’s recent decision to essentially [abandon a long fight](#) to hold a Wells Fargo executive accountable for her central role in the “fake accounts” scandal. After pursuing a \$10 million fine and an industry ban against former senior risk officer Russ Anderson for years, the OCC in October agreed to drop the case in exchange for a cease and desist order—and no other sanctions.

More generally, the banking agencies are terminating enforcement actions against banks at an exceptionally high pace. Typically, the agencies will terminate enforcement actions when they are deemed no longer necessary to ensure a bank is operating in a safe and sound manner. However, the rate of case terminations under the current Administration appears to reflect a light-touch approach to bank enforcement, not a

successful track record in curbing bank misconduct. For example, during the first Trump Administration, from 2017-2020, the banking regulators terminated 451 total enforcement actions, or an average of more than 100 per year. Termination activity slowed sharply during the Biden Administration. Less than 200 orders were terminated in total during 2021-2024, or an average of 50 per year.

The pace of enforcement action terminations has accelerated during the first 10 months of the second Trump Administration. From January 1 to October 31, 2025, 64 enforcement actions have been terminated. This is approaching the pace of the first Trump Administration and already exceeds the total from each full calendar year during the Biden Administration. Termination documents typically provide little detail or justification for the termination, beyond the conclusory assertion that further enforcement action is unnecessary. It is therefore difficult to evaluate these terminations, and the public is left to trust the regulators' assessment of a banks' remediation actions. That trust appears to be misplaced with respect to the agencies' current terminations.



For its part, the CFPB is dramatically curtailing its enforcement efforts. It has dismissed at least 22 enforcement actions that were pending at the time the President took office, and it has sought to abolish or modify orders in at least 20 settled actions where the lawbreaking companies were obligated to compensate victims and pay fines for their misconduct. In some of those actions, the CFPB is seeking to reward the lawbreakers by returning or reducing the companies' civil money penalties rather than make the victims whole. The agency is expected to bring the lowest number of enforcement actions since it was created.

Granting Pardons to Those Convicted of Serious Financial Crime

President Trump has issued a series of pardons to people convicted of serious white collar crimes, ranging from securities scams to crypto-related violations. In some of these cases, the pardons have wiped out obligations to make restitution to victims or pay fines and have also led to the SEC's dropping related enforcement actions. This has sent a clear message from the Administration to the world that financial crime can indeed pay, without accountability or consequences, especially when convicted criminals display loyalty or financial support for the President. Consider these examples.

- On March 27, 2025, the President pardoned Trevor Milton, who was sentenced to 48 months in prison for securities fraud, fined \$1 million, and ordered to repay \$661 million in restitution to retail investors. The pardon terminated Milton's restitution obligation. Milton and his wife had donated \$1.8 million to Trump's re-election campaign fund one month before the November 2024 election.
- On March 28, 2025, the President pardoned Marion Morgan, who was sentenced to 405 months in prison and ordered to pay \$19,958,995 in restitution for fraud, money laundering, and other crimes in connection with a Ponzi scheme that cost investors \$28 million. The pardon ended Morgan's restitution obligation.
- On October 21, 2025, the President pardoned Changpeng Zhao, the founder of the cryptocurrency firm Binance, who was sentenced to four months in prison and fined \$50 million for failure to maintain an effective anti-money laundering program, a violation that enabled criminals to engage in child sex abuse, narcotics trafficking, and terrorist financing. The pardon followed a \$2 billion investment in Binance by an Abu Dahbi investment firm, which was settled using USD1, a stablecoin created by the Trump family's crypto venture, World Liberty Financial.
- On December 1, 2025, the President commuted the sentence of former private equity CEO David Gentile, who was sentenced to seven years in prison for conspiracy to commit securities fraud, conspiracy to commit wire fraud, securities fraud, and two counts of wire fraud. Gentile was released from prison and also from his obligation to pay \$15.5 million in restitution.

– IV –

THE SOLUTION IS TO RESTORE STRONG SUPERVISION AND ENFORCEMENT

The single most effective solution to bank lawlessness is clear: Reverse the Administration's current approach and establish a strong supervision and enforcement system that can effectively identify, punish, and deter lawless behavior among banks and other financial institutions. That will mean 1) adopting, and in some cases restoring, strong rules and supervisory standards governing the banks; 2) beefing up rather than hobbling or dismantling the agencies that enforce those rules; and 3) establishing an Administration-wide commitment to combatting white collar crime aggressively. Such a rebuilding process must ensure that the supervisory and enforcement framework has a number of essential elements.

Increase Transparency

As a foundational reform, the framework that keeps bank supervision information confidential must be re-evaluated. The longstanding emphasis on the confidentiality of supervisors' assessments of large banks undermines both the potential effectiveness of the banking agencies' supervisors and the potential for more meaningful and better-informed market discipline. While there may well be some information that

is appropriately kept confidential (such as genuinely proprietary bank information), publicly disclosing the maximum practical amount of information from supervisors' assessments, whether the assessment leads to an enforcement action or not, would provide a number of important benefits.

Such transparency would allow for better-informed decisions by market participants and the broader public about banks which they may want to invest in or do business with. It would also encourage bank boards of directors to give greater attention to ensuring a bank is responsibly and lawfully run to avoid negative public scrutiny. This would promote and perhaps finally strengthen the potentially useful role market discipline might play in prompting management to operate more safely and within the limits of the law. Finally, it would promote accountability among the banking agencies, allowing the public to better understand—and when appropriate, seek to change—what the banking agencies are doing to foster a fairer, more stable, and more law-abiding banking system.

Make Boards More Accountable

Second, bank boards should be held accountable for the performance and compliance failures of banks, particularly large banks. Simply put, there is currently an insufficient focus on bank boards of directors. Evaluations of bank boards should be a standard and prominent part of supervisors' periodic assessments of large banks and boards of directors should bear the ultimate responsibility for ensuring a bank is operated safely and in compliance with the law.

Impose More Meaningful Punishments to Better Deter Crime

Finally, the approach to enforcement against banks that violate the law must be fortified. In connection with its series of memos regarding high-profile sentences, Better Markets has detailed a [comprehensive list](#) of measures that are necessary for effective white-collar crime enforcement. Here are some of the most important elements.

- **Public enforcement.** At a minimum, formal enforcement actions should be used more often when banks are run poorly and in violation of the law. Those actions must be publicly disclosed and include binding agreements on what must be improved and by when, along with meaningful business restrictions.
- **Individual accountability.** Enforcement actions must be taken not only against institutions but also against the high-level executives who are involved in or responsible for the violations. As Better Markets has said, banks don't violate the law, bankers do. And criminal prosecutions with the threat of prison sentences are essential for deterring violations, as the threat of simply monetary sanctions against rich banks and bankers does far less to incentivize compliance.
- **Meaningful penalties.** The monetary penalties that are imposed when banks are badly managed need to be consequential enough in relation to a bank's profits and an executive's personal wealth to create appropriately strong incentives to obey the law.

Rebuilding the supervisory and enforcement framework with these elements is not merely a regulatory imperative, it is an economic one. A more robust enforcement regime delivers tangible benefits for both consumers and the broader economy. As demonstrated by a 2022 Federal Reserve study, bank enforcement actions do more than address unsafe or unsound practices or enjoin abusive practices—they can also produce positive social spillovers, improving banks' internal lending processes and expanding access to mortgage credit for minority borrowers.

In the Meantime, Look to Other Resources and Plan to Eventually Restore More Meaningful Bank Supervision and Enforcement

Until these reforms are in place, Americans must turn to other allies and resources to fend off the predatory behavior of banks and the harm they cause. State and local regulatory agencies and prosecutors can help fill the void being created by the Administration's retreat from enforcement and consumer financial protection, as we have detailed in a [special report](#). Investors and consumers can band together in private litigation to seek just compensation from banks and other financial institutions that engage in illegal and predatory conduct. And investors and financial consumers can better equip themselves to avoid or at least mitigate the threats from financial predators through education.

Finally, organizations like Better Markets and others can track and expose the government's broad retreat from effective regulation and enforcement, with an eye toward rebuilding these crucial frameworks once the political stage is reset. Better Markets has established a "[Trump Deregulation Tracker](#)," which maintains an up-to-date catalogue of actions at all the major financial regulators that weaken rules, scale back enforcement, and reduce transparency. This tracker will ultimately provide the road map for rebuilding meaningful financial regulation and enforcement at the federal level.



Better Banks | Better Businesses
Better Jobs | Better Economic Growth
Better Lives | Better Communities

Better Markets is a public interest 501(c)(3) non-profit based in Washington, D.C. that advocates for greater transparency, accountability, and oversight in the domestic and global capital and commodity markets, to protect the American Dream of homes, jobs, savings, education, a secure retirement, and a rising standard of living.

Better Markets fights for the economic security, opportunity, and prosperity of the American people by working to enact financial reform to prevent another financial crash and the diversion of trillions of taxpayer dollars to bailing out the financial system.

By being a counterweight to Wall Street's biggest financial firms through the policymaking and rulemaking process, Better Markets is supporting pragmatic rules and a strong banking and financial system that enables stability, growth, and broad-based prosperity. Better Markets also fights to refocus finance on the real economy, empower the buyside, and protect investors and consumers.

For press inquiries, please contact us at press@bettermarkets.org or (202) 618-6430.



[**SUBSCRIBE**](#) to our Monthly Newsletter

————— [**FOLLOW US ON SOCIAL**](#) ————

