CLIENT ALERT

FinCEN Sets the Bar Higher, Again: Second Historic Broker-Dealer Penalty in 2026 Redefines Enforcement Expectations

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On Monday, August 3, 2026 the Financial Crimes Enforcement Network ("**FinCEN**") assessed a $125 million civil monetary penalty against UBS Financial Services Inc. ("**UBSFS**"), a sum that FinCEN described as "the largest penalty ever imposed against a broker-dealer for [Bank Secrecy Act ("**BSA**")] violations to date."[1] The action comes just five months after FinCEN's March 2026 penalty against Canaccord Genuity LLC, which at the time also set the record for the largest BSA penalty against a broker-dealer.[2] While both penalties remain dwarfed by FinCEN's headline-grabbing enforcement actions against Binance ($3.4 billion) and TD Bank ($1.3 billion), the rapid succession of record-setting broker-dealer penalties signals a clear escalation in regulatory scrutiny of anti-money laundering ("**AML**") compliance across the securities industry.

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1 FinCEN Assesses Historic $125 Million Penalty Against UBS Financial Services Inc. for Recidivist BSA Violations, FinCEN (Aug. 3, 2026), https://www.fincen.gov/news/news-releases/fincen-assesses-historic-125-million-penalty-against-ubs-financial-services-inc.

2 FinCEN Assesses Historic $80 Million Penalty Against Canaccord Genuity LLC for Securities Fraud-Related Bank Secrecy Act Violations, FinCEN (Mar. 6, 2026), https://www.fincen.gov/news/news-releases/fincen-assesses-historic-80-million-penalty-against-canaccord-genuity-llc.

The message for broker-dealers is unmistakable: regulators have sharpened their focus on BSA violations and AML compliance, and firms that have previously committed to remediation will face heightened scrutiny. FinCEN underscored this point in its press release, warning that "recidivist financial institutions will face severe repercussions. Repeat violators of the Bank Secrecy Act jeopardize the integrity of our financial system, especially those that expose it to high-risk customers and activities without effective controls."[3]

This is not UBSFS's first encounter with FinCEN. In December 2018, the firm entered into a Consent Order and paid a $14.5 million civil monetary penalty for BSA violations.[4] The 2026 action builds on that history in a dramatic fashion, finding that UBSFS failed to remediate the compliance deficiencies that prompted the original penalty and missed the reform timelines that it agreed to under the 2018 Consent Order. Specifically, UBSFS had represented to FinCEN that it would deploy a new automated monitoring system for foreign currency wires, currency transactions, and wire activity—the very categories of activity underlying the 2018 deficiencies. The firm did not implement that system until March 2021, and planning and testing failures led to continued monitoring gaps through the second quarter of 2023.

Beyond its failure to address legacy deficiencies, FinCEN identified an array of new AML-related shortcomings. According to FinCEN, UBSFS failed to implement and maintain a reasonably designed AML program, resulting in inadequate controls for monitoring foreign currency wires, deficient procedures for conducting ongoing customer due diligence—particularly for customers whose sources of wealth were linked to high-risk jurisdictions such as Russia—and a failure to report suspicious transactions involving tens of millions of dollars. Notably, FinCEN flagged procedural breakdowns in manual systems alongside technical failures in automated systems, underscoring that financial institutions cannot treat AML compliance as a box-ticking exercise. UBSFS also failed to resolve red flags surfaced through its own due diligence processes, including concerns regarding sources of wealth, negative news, and political exposure.

Under the 2026 Consent Order, UBSFS committed to conducting a lookback review of foreign currency wire transactions to identify unreported suspicious activity, and engaging an independent consultant to evaluate and remediate its AML program. That review will focus on issues that FinCEN has designated as high priorities for illicit finance risk, including the U.S. southwest border, cartels, and potential narcotics trafficking. On the monetary front, UBSFS will pay a total of $48 million to the Commodity Futures Trading Commission ("**CFTC**"), the Securities and Exchange Commission ("**SEC**"), and the Financial Industry Regulatory Authority ("**FINRA**"), plus an additional $77 million to FinCEN (subject to offsets for costs incurred in connection with the remediation measures described above). FinCEN noted that UBSFS's failure to remediate the violations underlying the 2018 Consent Order contributed to multiple aggravating factors that drove the penalty to its record-setting level.

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3 FinCEN Assesses Historic $125 Million Penalty Against UBS Financial Services Inc. for Recidivist BSA Violations, FinCEN (Aug. 3, 2026), https://www.fincen.gov/news/news-releases/fincen-assesses-historic-125-million-penalty-against-ubs-financial-services-inc.

4 FinCEN Assesses $14.5 Million Penalty against UBS Financial Services for Anti-Money Laundering Failures, FinCEN (Dec. 17, 2018), https://www.fincen.gov/news/news-releases/fincen-assesses-145-million-penalty-against-ubs-financial-services-anti-money.

The UBSFS penalty makes clear that FinCEN expects regulated financial institutions not merely to adopt AML programs on paper, but to implement and maintain programs that are meaningfully effective in practice. Firms that fall short, particularly those that have already committed to remediation, should expect enforcement consequences that reflect both the severity of the underlying violations and the broken promises that preceded them.

If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

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