



EXECUTIVE ORDER

14406

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RESTORING INTEGRITY TO AMERICA'S FINANCIAL SYSTEM

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose. America's financial institutions serve a critical role in safeguarding the American people against financial fraud and abuse. My Administration has taken significant steps to lower the costs of providing financial services for Americans and reduce unnecessary and burdensome Federal regulations that restrain economic growth and hamper the competitiveness of financial service providers nationwide. However, it has long been the policy of the United States to adopt tailored measures to safeguard our financial system from illicit use and promote safe and sound lending and other practices by financial institutions. My Administration will not tolerate national security and public safety risks caused by illicit cross-border financial activity, nor will it permit risks to our financial system posed by the extension of credit or financial services to the inadmissible and removable alien population.

Even the provision of the most basic financial services, absent proper know-your-customer practices, can be abused to facilitate the funding of activities that pose significant threats to national security and public safety. Low-dollar cross-border funds transfers have been used to facilitate or commit terrorist financing, narcotics trafficking, human trafficking, and other illegal activity. Financial trend analyses have uncovered hubs of deadly fentanyl-related

financial activity in the United States related to Mexico-based cartels. A recent analysis of Chinese money laundering networks identified how foreign passport holders have used United States-based accounts to facilitate the laundering of over \$312 billion for criminal organizations, with human trafficking highlighted among the activities associated with the transfers. Robust customer identification programs and enhanced due diligence measures are necessary to mitigate these risks.

Banks and other financial institutions should also be attentive to the credit risks posed by the extension of mortgage and auto loans, credit cards, and other consumer credit to the inadmissible and removable alien population. Many of those borrowers face the possibility of the loss of wages due to removal or their employers' decisions to comply with immigration law. Lending to aliens without legal work authorization or who face a substantial loss-of-wage risk creates a structural "ability to repay" deficiency that undermines the safety and soundness of the national banking system. Additionally, employers who violate immigration law may underreport wages, use mismatched or invalid Social Security numbers and taxpayer identification numbers, or fail to properly withhold or remit payroll taxes. Such schemes can create vulnerabilities within our financial system by obscuring income sources, distorting credit underwriting, and facilitating underground economic activity.

It is the policy of my Administration to restore integrity to America's financial system, safeguard financial institutions against structural risks, and deter fraud and abuse.

Sec. 2. Definition. The term "Federal functional financial regulator" means the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency,

the Federal Deposit Insurance Corporation, and the National Credit Union Administration.

Sec. 3. Safeguarding Against Fraud and Abuse. (a) Within 60 days of the date of this order, the Secretary of the Treasury shall issue a formal Advisory to financial institutions regarding the risks associated with the exploitation of the United States financial system by non-work authorized populations and their employers. This Advisory shall describe specific red flags and typologies associated with the following categories of suspicious activity:

- (i) evidentiary patterns of payroll tax evasion by employers or labor brokers, including the systematic failure to withhold or remit Federal employment taxes for non-work authorized individuals;
- (ii) the utilization of certain foreign-identity documents, nominee accounts, shell companies, or complex "funnel" structures designed to obfuscate the identity of the ultimate beneficial owners or conceal the true nature of payroll disbursements;
- (iii) the strategic use of unregistered money services businesses, third-party payment processors, or peer-to-peer platforms to facilitate "off-the-books" wage payments intended to bypass Bank Secrecy Act reporting thresholds or tax obligations;
- (iv) patterns of repetitive, sub-threshold cash withdrawals or deposits that correlate with payroll cycles conducted outside of regulated payroll processing systems, also known as "structuring and micro-structuring";
- (v) financial activity indicative of labor trafficking or forced labor (as defined in 18 U.S.C.

1589), where proceeds are commingled with legitimate business revenue or transferred to foreign jurisdictions; and

(vi) the use of an individual taxpayer identification number (ITIN) to obtain credit products or open depository accounts where the applicant lacks verified lawful immigration status. Although an ITIN facilitates tax compliance, its use in lieu of a Social Security number or valid work-authorized visa may be identified as a risk factor requiring enhanced due diligence to ensure the account is not being utilized to facilitate the unlawful employment of unauthorized aliens.

(b) Within 90 days of the date of this order, the Secretary of the Treasury shall, in consultation with the appropriate Federal functional financial regulators, propose changes to applicable implementing regulations of the Bank Secrecy Act to strengthen risk-based customer due diligence requirements for covered financial institutions. Such changes should ensure that:

(i) institutions collect and verify sufficient customer identity information to reasonably identify the nominal and beneficial owners of accounts in order to assess risks related to illicit finance, sanctions evasion, fraud, or other unlawful activity; and

(ii) institutions maintain the authority, where warranted by other risk indicators or supervisory concerns, to obtain additional information necessary to resolve material compliance concerns, including information relevant to whether account holders possess lawful immigration status and employment

authorization in the United States when such information is relevant to assessing risks associated with fraud, identity misrepresentation, sanctions evasion, or other illicit financial activity, as part of a risk-based customer due diligence program.

(c) Within 180 days of the date of this order, the Secretary of the Treasury and the appropriate Federal functional financial regulators shall consider changes to applicable implementing regulations of the Bank Secrecy Act to strengthen risk-based customer identification program requirements for covered financial institutions. Any changes considered should account for the risks foreign consular identification cards pose to the integrity of the United States financial system.

Sec. 4. Addressing Structural Credit Risks. (a) Within 60 days of the date of this order, the Consumer Financial Protection Bureau shall consider clarifying that potential deportation and loss of wages are factors that could adversely affect a non-work authorized borrower's ability to repay an extension of credit under the "ability-to-repay" standards in 12 CFR Part 1026 and its appendices and supplements, and that lenders may consider such factors as part of a reasonable and good-faith underwriting determination.

(b) Within 60 days of the date of this order, each appropriate Federal functional financial regulator shall issue guidance regarding the management of the potential credit risks posed by the non-work authorized population.

Sec. 5. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

(d) The costs for publication of this order shall be borne by the Department of the Treasury.

THE WHITE HOUSE,

May 19, 2026.

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