

# Executive Order Targets Potential Risks of “Non-Work-Authorized Populations”

June 3, 2026

On May 19, 2026, President Trump issued Executive Order 14406, “Restoring Integrity to America’s Financial System.” Citing financial fraud and abuse as well as credit risks posed to lenders by “the inadmissible and removable alien population,” the Executive Order (“EO”) directs the U.S. Treasury Department (“Treasury”) and the federal banking regulators – the Federal Reserve, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the National Credit Union Administration – to take a series of actions to strengthen requirements related to anti-money laundering (“AML”)/Bank Secrecy Act (“BSA”) compliance, customer due diligence, customer identification and consumer lending. Additionally, the EO directs the Consumer Financial Protection Bureau (“CFPB”) to consider clarifying the impact of potential deportation and loss of wages on “ability-to-repay” standards.

The EO follows widely circulated reports from earlier this year that the Trump Administration was considering requiring financial institutions to collect and verify citizenship data for new and existing customers.<sup>1</sup> The EO appears to back away from such a mandate, although the scope of new requirements and their practical significance to financial institutions’ compliance efforts will only become apparent following the forthcoming regulatory actions to implement the EO. The EO may be understood as part of the Administration’s broader effort to use existing financial regulatory tools, including BSA/AML compliance obligations and lending rules, to advance policy goals outside the traditional scope of those requirements.

The EO provides various deadlines for mandated regulatory actions:

## **60 Days: Treasury Formal Risk Advisory – July 20, 2026**

The EO directs Treasury, within 60 days, to issue a formal advisory to financial institutions regarding risks associated with exploitation of the U.S. financial system by non-work-authorized populations and their employers. The EO does not define “non-

---

<sup>1</sup> See Eleanor Mueller, Semafor, Trump administration weighs citizenship requirement for bank account holders (February 24, 2026), available [here](#).

---

work authorized” populations; however, the EO is framed to implement requirements that take into account an individual’s immigration status.

The Treasury advisory is required to describe specific red flags and typologies associated with several categories of suspicious activity. These categories include: (i) payroll tax evasion by employers or labor brokers; (ii) use of foreign identity documents, nominee accounts, shell companies or complex “funnel” structures to obscure ultimate beneficial ownership or the nature of payroll disbursements; (iii) use of unregistered money services businesses, third-party payment processors or peer-to-peer platforms to facilitate “off-the-books” wage payments; (iv) repetitive sub-threshold cash withdrawals or deposits correlated with payroll cycles; (v) financial activity indicative of labor trafficking or forced labor; and (vi) use of individual taxpayer identification numbers to obtain credit products or open depository accounts where the applicant lacks verified lawful immigration status.

#### **60 Days: CFPB Ability to Repay Standards – July 20, 2026**

The EO instructs the CFPB, within 60 days, to 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.”

#### **60 Days: Credit Risk Guidance – July 20, 2026**

The EO also directs the federal functional financial regulators, within 60 days, to issue guidance on management of potential credit risks posed by the non-work authorized population.

#### **90 Days: Customer Due Diligence Rule Proposal – August 17, 2026**

The EO directs Treasury, in consultation with the appropriate federal functional financial regulators, to propose changes within 90 days to strengthen risk-based customer due diligence requirements for covered financial institutions. The EO directs that these changes should ensure that institutions: (1) collect and verify sufficient customer identity information to identify the nominal and beneficial owners of accounts; and (ii) maintain authority, where warranted by risk indicators or supervisory concerns, to obtain additional information necessary to resolve 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.”

---

**180 Days: Customer Identification Program Proposal – November 16, 2026**

Treasury and the federal functional financial regulators are directed, within 180 days, to consider changes to strengthen risk-based customer identification requirements. The EO directs that any changes “should account for the risks foreign consular identification cards pose to the integrity of the United States financial system.”

**What to Watch For**

The EO leaves significant implementation questions to be resolved through the forthcoming agency advisories, rulemaking and guidance. Key issues include how financial institutions will be expected to collect, verify and use information regarding immigration status and employment authorization; whether and how those expectations will apply to existing customer relationships as well as new accounts; and what policies, procedures and controls institutions may need to adopt to evaluate customer relationships on an ongoing basis.

The EO also raises questions regarding the interaction between any new requirements and existing BSA/AML compliance and consumer protection frameworks. In this regard, how the EO will be reconciled with recently proposed rules to amend AML and countering the financing of terrorism program requirements under the BSA and to introduce a new supervision and enforcement framework for banks remains to be determined.<sup>2</sup> Feedback from the public on the proposed rules, with comments due June 9, 2026, may play a role in shaping BSA/AML reform, a top priority for Treasury Secretary Scott Bessent.<sup>3</sup>

**CONCLUSION**

The EO does not itself impose new compliance obligations on financial institutions, but it sets in motion a series of agency actions that could materially affect BSA/AML compliance, customer due diligence, customer identification, suspicious activity monitoring and credit underwriting expectations. The EO leaves open many questions as to how these directives will be operationalized, but financial institutions may wish to

---

<sup>2</sup> See FinCEN, Anti-Money Laundering and Countering the Financing of Terrorism Programs, 91 Fed. Reg. 18704 (Apr. 10, 2026), available [here](#); We discussed the recent BSA/AML proposals in a previous client update available [here](#).

<sup>3</sup> U.S. Department of the Treasury, Press Release, “Remarks by Secretary of the Treasury Scott Bessent Before the Fed Community Bank Conference” (Oct. 9, 2025), available [here](#).

---

survey their policies and procedures and consumer underwriting standards in preparation for agency action.

\* \* \*

Please do not hesitate to contact us with any questions.



**Courtney M. Dankworth**  
Partner, New York  
+ 1 212 909 6758  
cmdankworth@debevoise.com



**Satish M. Kini**  
Partner, Washington, D.C.  
+ 1 202 383 8190  
smkini@debevoise.com



**Jane Shvets**  
Partner, New York  
London  
+ 1 212 909 6573  
+ 44 20 7786 9163  
jshvets@debevoise.com



**Aseel M. Rabie**  
Counsel, Washington, D.C.  
+ 1 202 383 8162  
arabie@debevoise.com



**Tealanie Baldwin**  
Law Clerk, New York  
+ 1 212 909 6045  
tnbaldwi@debevoise.com

*This publication is for general information purposes only. It is not intended to provide, nor is it to be used as, a substitute for legal advice. In some jurisdictions it may be considered attorney advertising.*