

# Congress of the United States

Washington, DC 20515

September 18, 2025

The Honorable Scott Bessent  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

Dear Secretary Bessent:

We write to request information regarding the Administration's decision to postpone and reopen a final rule designed to safeguard the multi-trillion dollar U.S. investment adviser sector from known misuse by criminals, foreign adversaries, and terrorist financiers.

On August 5, 2025, the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) announced the postponement of the compliance date for their 2024 anti-money laundering rule (IA AML Rule) for investment advisers from January 1, 2026, to January 1, 2028.<sup>1</sup> The IA AML rule was designed to close a key vulnerability in U.S. anti-money laundering and countering the financing of terrorism (AML/CFT) requirements for the rapidly-growing investment adviser and private fund industries.<sup>2</sup> The decision to delay compliance leaves American national security and economic stability vulnerable.

The investment adviser sector is "one of the most significant gaps" in the United States' anti-money laundering regime, largely due to a lack of comprehensive AML/CFT regulations that apply across the industry.<sup>3</sup> Advisers to small or private funds may accept investors without knowing the ultimate beneficial owners or sources of funds they manage, making the private funds industry "the only major U.S. capital market actor without a legal obligation to know their clients or perform due diligence."<sup>4</sup> This regulatory gap enables criminals and fraudsters to enter our economic system largely unnoticed. Beyond the private funds industry, larger investment advisers face more regulation than smaller funds but still lack comprehensive AML/CFT requirements.<sup>5</sup> Even when advisers voluntarily implement AML/CFT programs, bad actors may

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<sup>1</sup> U.S. Department of the Treasury, "Treasury Announces Postponement and Reopening of Investment Adviser Rule," press release, July 21, 2025, <https://home.treasury.gov/news/press-releases/sb0201>; Financial Crimes Enforcement Network, U.S. Department of the Treasury, "Exemptive Relief Order to Delay the Effective Date of the Investment Adviser Rule," August 5, 2025, <https://www.fincen.gov/sites/default/files/shared/IA-Rule-Exemptive-Relief-Order.pdf>.

<sup>2</sup> 31 CFR Parts 1010 and 1032.

<sup>3</sup> U.S. Department of the Treasury, "2024 National Strategy for Combating Terrorist and Other Illicit Financing," May 2024, p. 11, <https://home.treasury.gov/system/files/136/2024-Illicit-Finance-Strategy.pdf>.

<sup>4</sup> FACT Coalition, "Treasury Exposes U.S. to Increased Risks of Dirty Money By Delaying, Reopening Private Investment Anti-Money Laundering Rule," Ian Gary and Erica Hanichak, July 21, 2025, <https://thefactcoalition.org/private-investment-aml-rule-delay-rescope/>.

<sup>5</sup> U.S. Department of the Treasury, "2024 Investment Adviser Risk Assessment," February 2024, <https://home.treasury.gov/system/files/136/US-Sectoral-Illicit-Finance-Risk-Assessment-Investment-Advisers.pdf>.

be able to “shop around” for an adviser who follows less stringent AML/CFT protocols, ultimately resulting in the flow of illicit funds.<sup>6</sup> As the industry continues to grow—with \$144.6 trillion in assets under management in 2024, a 12 percent increase from 2023 alone—so do the risks it poses to American citizens, our economic and national security, and our democracy.<sup>7</sup>

Investment advisers have also been a top target for foreign entities seeking to infiltrate the U.S. financial system and steal crucial developing technologies. In 2018, for example, the Department of Defense found that a Silicon Valley venture capital fund had invested in startups specializing in drones, cybersecurity, and artificial intelligence, with holdings in “some of the most sensitive technology sectors”—all while having been established and financed largely through the Chinese government.<sup>8</sup> Treasury has also identified several U.S. venture capital firms with significant ties to Russian oligarch investors that have invested in firms highly relevant to U.S. national security, such as those developing autonomous vehicle technology and artificial intelligence systems as well as contractors to the U.S. government.<sup>9</sup> All in all, Treasury estimates that some advisers may manage billions of dollars ultimately controlled by sanctioned entities—entities that threaten our national interests.<sup>10</sup>

To address these vulnerabilities, FinCEN issued the IA AML rule in September 2024 to “help safeguard investments in the United States and help prevent criminals and other illicit actors from laundering money through the U.S. financial system.”<sup>11</sup> Investment advisers were newly defined as “financial institutions” under the Banking Secrecy Act, making them subject to common-sense requirements already applied to all other major capital markets sectors.<sup>12</sup> The rule set minimum industry-wide standards for AML/CFT programs, helping to “level the regulatory playing field” and cutting off the cycle of regulatory arbitrage exploited by illicit finance.<sup>13</sup> The rule also mandated advisers to report suspicious activity to FinCEN, providing key data to law enforcement and national security agencies to keep Americans safe.<sup>14</sup>

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<sup>6</sup> U.S. Department of the Treasury, “Fact Sheet: FinCEN Issues Final Rule to Combat Illicit Finance and National Security Threats in the Investment Adviser Sector,” August 28, 2024, <https://www.fincen.gov/sites/default/files/shared/IAFinalRuleFactSheet-FINAL-508.pdf>.

<sup>7</sup> Investment Adviser Association, “Industry Statistics,” <https://www.investmentadviser.org/industry-snapshots/>.

<sup>8</sup> FACT Coalition, “PRIVATE INVESTMENTS, PUBLIC HARM: How the Opacity of the Massive U.S. Private Investment Industry Fuels Corruption and Threatens National Security,” December 2021, [https://thefactcoalition.org/wp-content/uploads/2021/12/TI\\_Private-Investments-Public-Harm-10.pdf](https://thefactcoalition.org/wp-content/uploads/2021/12/TI_Private-Investments-Public-Harm-10.pdf).

<sup>9</sup> FACT Coalition, “Treasury Exposes U.S. to Increased Risks of Dirty Money By Delaying, Reopening Private Investment Anti-Money Laundering Rule,” Ian Gary and Erica Hanichak, July 21, 2025, <https://thefactcoalition.org/private-investment-aml-rule-delay-rescope/>.

<sup>10</sup> U.S. Department of the Treasury, “2024 Investment Adviser Risk Assessment,” February 2024, <https://home.treasury.gov/system/files/136/US-Sectoral-Illicit-Finance-Risk-Assessment-Investment-Advisers.pdf>.

<sup>11</sup> U.S. Department of the Treasury, “Fact Sheet: FinCEN Issues Final Rule to Combat Illicit Finance and National Security Threats in the Investment Adviser Sector,” August 28, 2024, <https://www.fincen.gov/sites/default/files/shared/IAFinalRuleFactSheet-FINAL-508.pdf>; 31 CFR Parts 1010 and 1032.

<sup>12</sup> U.S. Department of the Treasury, “Fact Sheet: FinCEN Issues Final Rule to Combat Illicit Finance and National Security Threats in the Investment Adviser Sector,” August 28, 2024, <https://www.fincen.gov/sites/default/files/shared/IAFinalRuleFactSheet-FINAL-508.pdf>.

<sup>13</sup> *Id.*, p. 3.

Despite the importance of FinCEN’s rule, the agency announced the postponement of the compliance date for the rule from January 1, 2026, to January 1, 2028.<sup>15</sup> FinCEN’s extension of the compliance date forgoes these needed protections for the next two years despite its mission to “safeguard the financial system from the abuses of financial crime, including terrorist financing, money laundering and other illicit activity.”<sup>16</sup> Even more troubling, FinCEN also announced its plans to “revisit the substance of the IA AML Rule through a future rulemaking process” during the delay period, raising concerns that they may plan to significantly weaken the Rule or rescind it altogether.<sup>17</sup>

The Administration has already taken several steps to roll back illicit finance protections, including disbanding multiple Department of Justice teams tasked with protecting against money laundering and illicit finance<sup>18</sup> and narrowing enforcement of U.S. foreign bribery laws.<sup>19</sup> Treasury’s decision to delay the IA AML Rule compliance date—and potentially revisit the rule’s substance—once again raises significant questions about the Administration’s plans to protect our financial system and the American people. Therefore, we request answers to the following questions no later than October 3, 2025.

1. FinCEN’s August 5, 2025, Exemptive Relief Order notes that the reevaluation of the IA AML rule will ensure the rule is “effectively tailored to the diverse business models and risk profiles of the investment adviser sector.”<sup>20</sup> What are the specific segments of the investment adviser sector that drove Treasury’s decision to postpone this national security measure, and what information or evidence supports that decision?
2. What steps will the Treasury Department and FinCEN take to counter money laundering exploiting the investment adviser sector in the interim period before January 1, 2028, given that there are no standardized AML program requirements for investment advisers without the Final Rule?

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<sup>14</sup> *Id.*, p. 2.

<sup>15</sup> U.S. Department of the Treasury, “Treasury Announces Postponement and Reopening of Investment Adviser Rule,” press release, July 21, 2025, <https://home.treasury.gov/news/press-releases/sb0201>; Financial Crimes Enforcement Network, U.S. Department of the Treasury, “Exemptive Relief Order to Delay the Effective Date of the Investment Adviser Rule,” August 5, 2025, <https://www.fincen.gov/sites/default/files/shared/IA-Rule-Exemptive-Relief-Order.pdf>.

<sup>16</sup> Financial Crimes Enforcement Network, “History of Anti-Money Laundering Laws,” <https://www.fincen.gov/history-anti-money-laundering-laws>.

<sup>17</sup> U.S. Department of the Treasury, “Treasury Announces Postponement and Reopening of Investment Adviser Rule,” press release, July 21, 2025, <https://home.treasury.gov/news/press-releases/sb0201>.


<sup>18</sup> Just Security, “The Anti-Corruption Tracker: Mapping the Erosion of Oversight and Accountability,” Dani Schulkin et al, July 23, 2025, <https://www.justsecurity.org/117267/anti-corruption-tracker/>.

<sup>19</sup> Reuters, “Trump loosens enforcement of US law banning bribery of foreign officials,” Steve Holland and Nandita Bose, February 11, 2025, <https://www.reuters.com/world/us/trump-loosen-enforcement-us-law-banning-bribery-foreign-officials-2025-02-10/>.

<sup>20</sup> Financial Crimes Enforcement Network, U.S. Department of the Treasury, “Exemptive Relief Order to Delay the Effective Date of the Investment Adviser Rule,” August 5, 2025, <https://www.fincen.gov/sites/default/files/shared/IA-Rule-Exemptive-Relief-Order.pdf>.

3. Which external parties did Treasury communicate with or receive input from regarding reevaluation of the IA AML rule? Please provide any and all external communications and documents related to this reevaluation.
4. What are the agency's plans to "revisit the substance of the IA AML Rule through a future rulemaking process?"<sup>21</sup>
5. Will you commit to upholding the new January 1, 2028, deadline for compliance with the IA AML rule? If not, explain.
6. Does FinCEN's August 5, 2025, Exemptive Relief Order comply with the Administrative Procedure Act? Explain.

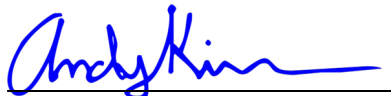
Sincerely,



Elizabeth Warren  
Ranking Member  
Committee on Banking,  
Housing, and Urban Affairs



Maxine Waters  
Ranking Member  
Committee on Financial  
Services



Andy Kim  
Ranking Member  
Subcommittee on National  
Security and International  
Trade and Finance  
Committee on Banking,  
Housing, and Urban Affairs  
United States Senate

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<sup>21</sup> US Department of the Treasury, "Treasury Announces Postponement and Reopening of Investment Adviser Rule," press release, July 21, 2025, <https://home.treasury.gov/news/press-releases/sb0201>.