

BFA Defeats Motion to Dismiss in TD Bank Securities Litigation

On October 13, 2026, Judge Arun Subramanian of the Southern District of New York partially denied Defendants' motion to dismiss the securities fraud class action *Tiessen v. The Toronto-Dominion Bank*.

The Amended Complaint centers on Defendants' alleged misrepresentations regarding The Toronto-Dominion Bank's ("TD") Bank Secrecy Act and anti-money laundering ("AML") controls, processes, and procedures. Defendants assured investors the Company was "committed to taking all reasonable and appropriate steps to detect and deter persons engaged in money laundering from utilizing TD products or services."

In truth, from January 2014 to October 2023, "pervasive" and "systemic deficiencies" plagued TD's AML controls. Despite these "known" and "glaring deficiencies," Defendants "chose profits over compliance" and "failed to appropriately fund and staff [TD's] AML program, opting to postpone and cancel necessary AML projects" to keep costs down because "senior executives" required TD's annual budget not increase. As a result, from January 2018 to April 2024, TD failed to monitor most of its transactions which allowed criminals to launder hundreds of millions of dollars using the Company's products and services.

According to Judge Subramanian, the Amended Complaint sufficiently alleges that "'high-level executives'" and 'senior executive management' of TD divisions knew of 'long-term, pervasive, systemic deficiencies' in the AML program[, yet] nevertheless enforced the Flat Cost Paradigm and repeatedly prioritized the 'customer experience' over AML compliance." Judge Subramanian further wrote that while "defendants argue that plaintiffs' allegations merely suggest that 'Defendants . . . gradually learned of the company's emerging problems and engaged in evolving efforts to investigate and address them'. . . the Court disagrees that it is a compelling inference at this stage."

In addition to claims of misrepresentations, Judge Subramanian upheld claims of scheme liability against two TD executives because the Amended Complaint adequately alleged “deceptive conduct” that is “*beyond* misstatements and omissions.” (emphasis in original.) Specifically, the Court ruled that the allegations pled with particularity “that defendants concealed TD’s AML deficiencies during OCC examinations in 2017, 2018, 2019, and 2021 by misleading examiners about planned monitoring enhancements and falsely telling them in July 2021 that TD was monitoring Zelle activity,” that “these acts allegedly corrupted the independent scrutiny that could have exposed the truth” and that the “object” of these TD executives “was to conceal TD’s deficiencies ‘from the government and the public.’”

A team of BFA attorneys, including partners Joseph A. Fonti, George N. Bauer, Benjamin F. Burry, and associate Frederick William Green were involved in investigating and drafting the Amended Complaint and opposing Defendants’ motion to dismiss.

The case will now proceed to discovery.