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Court Narrowly Interprets Whistleblower Protections Under AMLA and FIRREA

Proskauer Whistleblower Defense on **October 20, 2025**

On September 23, 2025, in *Park v. Shinhan Bank America*, the U.S. District Court for the Southern District of New York dismissed whistleblower retaliation claims brought by four former compliance officers of Shinhan Bank America ("SHBA") pursuant to Rule 12(b)(6). No. 22-CV-10331 (VSB). The claims arose under the Anti-Money Laundering Act of 2020 ("AMLA") and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"). After moving to dismiss, but prior to the court's ruling, the defendants moved to compel arbitration.

Background

As part of a 2017 Consent Order with the Federal Deposit Insurance Corporation ("FDIC"), SHBA agreed to overhaul its Bank Secrecy Act and Anti-Money Laundering compliance program. Plaintiffs, who were senior compliance officers tasked with remediating the program, alleged that management prematurely launched a new transaction monitoring system. They claimed this rollout created significant compliance gaps and that, after reporting these issues (and others) internally and to the FDIC, they were discharged in retaliation.

Court Rulings

The court first considered whether defendants waived the right to arbitrate by first moving to dismiss. The court held that defendants waived the right to arbitrate by filing their Rule 12(b)(6) motion to dismiss before moving to compel arbitration.

The court then dismissed the AMLA retaliation claim for lack of subject matter jurisdiction, holding that a whistleblower must first file an AMLA complaint with the Secretary of Labor before suing in federal court. The court further held that AMLA's retaliation provision applies only to employers, not to individual officers or employees.

Plaintiffs also asserted claims under FIRREA, which prohibits an insured depository institution from discriminating against an employee for providing information to any federal banking agency or the Attorney General. The court dismissed these claims because plaintiffs did not plausibly allege that the bank knew about their FDIC complaints, and thus they could not show their alleged whistleblowing was a contributing factor to their terminations. The court also found that, taken alone, temporal proximity between the complaints and the terminations was insufficient to establish causation. In addition, the court dismissed the FIRREA claims against the individual defendants because the statute imposes liability only against an "insured depository institution."

Implications

The decision underscores the significance of immediately raising arbitrability to the court, and provides narrow readings of the whistleblower protections under the AMLA and FIRREA.

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