

Bank of America operating under secret regulatory sanction: report

By [Global Research](#)

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Bank of America Corp is operating under a secret U.S. regulatory sanction that requires it to overhaul its board and address perceived problems with risk and liquidity management, The Wall Street Journal reported, citing people familiar with the situation.

Rarely disclosed publicly, the so-called memorandum of understanding (MOU) gives banks a chance to work out their problems without the glare of outside attention, the paper said.

Financial institutions that fail to address deficiencies can be slapped with harsher penalties that include a publicly announced cease-and-desist order, the newspaper said.

According to the paper, the order was imposed in early May, shortly after shareholders of the bank stripped Chief Executive Kenneth Lewis of his duties as chairman.

The MOU is the most serious procedural action taken against Bank Of America by federal regulators since the financial crisis erupted, the newspaper said.

The report said the MOU surprised some Bank Of America executives who had not expected federal regulators to issue such a formal rebuke. It said the bank responded swiftly with six directors resigning since May 26.

Bank of America faces a series of deadlines, some at the end of July and others in August, the paper said.

Bank of America could not be immediately reached for comment by Reuters.

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