



U.S. Department of Justice

Criminal Division

Fraud Section

Washington, D.C. 20530

September 17, 2025

John A. Fagg, Jr., Esq.
Moore & Van Allen PLLC
100 North Tryon Street
Suite 4700
Charlotte, NC 28202

Re: BofA Securities, Inc.

Dear Counsel:

Pursuant to Part I of the Criminal Division's Corporate Enforcement and Voluntary Self-Disclosure Policy ("CEP"), and in light of, among other things, your client's timely and voluntary self-disclosure of the criminal conduct described below, the Department of Justice, Criminal Division, Fraud Section (the "Government") has resolved its investigation into and declined prosecution of your client, BofA Securities, Inc. ("BoAS"), for violations of commodities spoofing (7 U.S.C. §§ 6c(a)(5)(C)), commodities manipulation (7 U.S.C. § 13(a)(2)), wire fraud (18 U.S.C. § 1343), securities fraud (18 U.S.C. § 1348), securities fraud (15 U.S.C. §§ 78j(b) and 78ff; 17 C.F.R. § 240.10b-5), securities manipulation (15 U.S.C. § 78i(a)(2)), and conspiracy (18 U.S.C. §§ 371, 1349), in accordance with terms described below.

The Government's investigation found evidence that from in or about November 2014 through approximately April 2020 ("the relevant time period"), two BoAS employees separately engaged in schemes to manipulate the secondary (or "cash") market, and one of those employees also engaged in a scheme to manipulate the futures markets, for U.S. Treasuries by entering spoof orders—that is, orders placed without the intent to execute them at the time they were placed. Collectively, these two employees—Employee 1, a former junior trader, and Employee 2, a former senior trader of BoAS's U.S. Treasuries desk—entered more than a thousand spoof orders during the relevant time period.

The Government is resolving this case under Part I of the CEP, as revised in May 2025, and the Principles of Federal Prosecution of Business Organizations (Justice Manual 9-28.300), based on an assessment of the factors including but not limited to: (1) BoAS's timely and voluntary self-disclosure of the misconduct, which occurred after BoAS first became aware of information from a third party securities exchange regarding suspicious trades conducted by Employee 1; (2) BoAS's full and proactive cooperation in this matter (e.g., providing all known relevant facts about the misconduct, including information about the individuals involved and substantial data analysis of their trading conduct) and its agreement to continue to cooperate with any ongoing Government investigations and prosecutions that have resulted or might result in the future; (3) the nature and seriousness of the offense; (4) BoAS's timely and appropriate remediation, including the

termination of Employee 1, an internal review of the trading of all traders on its U.S. Treasuries desk, an internal review of its compliance program and internal controls, a thorough and systematic root-cause analysis, significant investment in and improvements to its surveillance programs and parameters, enhancements to its broader compliance program, and the implementation of external testing of its internal controls; (5) the absence of aggravating circumstances; and (6) the fact that BoAS agrees to disgorge the amount of its ill-gotten gains and compensate victims.

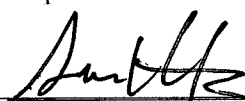
Pursuant to this letter agreement, BoAS agrees to continue to fully cooperate with the Government's ongoing investigation, including but not limited to the continued provision of any information and making available for interviews and/or testimony those officers, employees, or agents who possess relevant information, as determined in the sole discretion of the Government.

BoAS further agrees to disgorge \$1,966,323.35 (the "Disgorgement Amount"), which represents the profit to BoAS from the spoof trades conducted by Employee 1 and Employee 2, as calculated and agreed to by the parties. Within 30 days of the execution of this letter agreement, BoAS shall pay the Disgorgement Amount to the United States Treasury.

BoAS further agrees to establish and administer a Victim Compensation Fund. BoAS will contribute \$3,603,819.09 ("Victim Compensation Amount") to the Victim Compensation Fund. The Victim Compensation Amount represents the market losses resulting from the spoof trades conducted by Employee 1 and Employee 2, as calculated and agreed to by the parties. BoAS shall hold the Victim Compensation Amount in escrow for a period of three years after the execution of this letter or until the Victim Compensation Amount is depleted, whichever is earlier. BoAS shall administer the Victim Compensation Fund, including publicizing the Victim Compensation Fund and soliciting and administering claims from potential victims. BoAS shall regularly report to the Government on the status of the Victim Compensation Fund until it is depleted and/or closed. Any portion of the Victim Compensation Amount that is subject to a pending claim at the end of the three-year term of the Victim Compensation Fund shall remain in escrow until the claim is fully resolved. At the end of the three-year term of the Victim Compensation Fund, remaining funds, if any, shall revert to the United States Treasury.

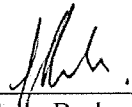
This letter agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with BoAS. If the Government learns of information that changes its assessment of any of the facts outlined above, it may reopen its inquiry.

Sincerely,
LORINDA I. LARYEA
Acting Chief, Fraud Section
Criminal Division
U.S. Department of Justice

BY: 
SARA A. HALLMARK
JOHN J. LIOLOS
Trial Attorneys, Fraud Section

I have read this letter agreement and carefully reviewed every part of it with outside counsel for BoAS. The Board of Directors of BoAS has been advised of the terms of this letter agreement. I understand the terms of this letter agreement and, on behalf of BoAS, voluntarily agree and consent to the facts and conditions set forth herein, including that BoAS will remit the Disgorgement Amount as described, and will establish and maintain a Victim Compensation Fund as described.

Date: 17 September 2025

By: 
Sally Burke
Associate General Counsel &
Managing Director
BofA Securities, Inc.