U.S. Prohibits Transactions with Three Mexican Financial Institutions for Cartel-Linked Money Laundering

June 30, 2025

On June 25, 2025, the U.S. Treasury Department's Financial Crimes Enforcement Network ("FinCEN") issued orders identifying three well-known Mexican financial institutions as being "of primary money laundering concern in connection with illicit opioid trafficking."[1] These institutions include two banks—CIBanco S.A., Institución de Banca Multiple and Intercam Banco S.A., Institución de Banca Multiple—and brokerage firm Vector Casa de Bolsa, S.A. de C.V.(collectively, the "Designated FIs").

Effective July 21, 2025, the orders prohibit covered U.S. financial institutions—including, as described below, banks, broker-dealers, money services businesses, and mutual funds—from transmitting funds from or to the Designated FIs. These are the first orders that FinCEN has issued pursuant to new authority under Section 2313a of the FEND OFF Fentanyl Act of 2024 (the "Fentanyl Act").[2]

The Section 2313a orders are part of a larger effort by the Trump Administration to target international cartels and, in turn, the financial institutions that allegedly assist them. Notably, the U.S. State Department previously designated as Foreign Terrorist Organizations ("FTOs") several of the Mexican drug trafficking organizations with which FinCEN alleges the Designated FIs had dealings. Thus, any party continuing to deal with the Designated FIs may need to consider potential legal and reputational risks

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1 FinCEN, Press Release, "Treasury Issues Unprecedented Orders under Powerful New Authority to Counter Fentanyl" (June 25, 2025), *available* here; FinCEN, Imposition of Special Measure Prohibiting Certain Transmittals of Funds Involving CIBanco S.A., Institución De Banca Multiple (June 30, 2025), *available* here; FinCEN, Imposition of Special Measure Prohibiting Certain Transmittals of Funds Involving Intercam Banco S.A., Institución de Banca Multiple (June 30, 2025), *available* here; FinCEN, Imposition of Special Measure Prohibiting Certain Transmittals of Funds Involving Vector Casa de Bolsa, S.A. de C.V. (June 30, 2025), *available* here.

2 21 U.S.C. § 2313a. In 2024, Congress enacted the FEND Off Fentanyl Act (Division E, Title II, section 3201(a) of Public Law 118-50 (Apr. 24, 2024)), which added 21 U.S.C. § 2313a.

of doing so, including potential exposure under the material support statute,[3] which prohibits knowingly providing "material support or resources" to an FTO.[4]

BACKGROUND

The Fentanyl Act authorizes the U.S. Treasury Secretary to impose targeted obligations or restrictions on U.S. financial institutions when the Secretary determines that reasonable grounds exist to conclude that a foreign financial institution, transaction, or account is "of primary money laundering concern" in connection with illicit opioid trafficking. On such a finding, the Secretary may require U.S. financial institutions to comply with one or more "special measures."

These special measures include those available under Section 311 of the USA PATRIOT Act, such as enhanced record keeping and reporting requirements and conditions or restrictions on foreign correspondent accounts. They also include a sixth special measure not available under Section 311 to prohibit or impose conditions on certain transmittals of funds. Unlike the notice-and-comment rulemaking required for Section 311 actions, Section 2313a authorizes Treasury to act by agency order or rulemaking.

SUMMARY OF THE ORDERS

The Treasury Department alleges the Designated FIs have "collectively played a longstanding and vital role in laundering millions of dollars on behalf of Mexico-based cartels and facilitating payments for the procurement of precursor chemicals needed to produce fentanyl."[5] FinCEN further notes in the orders that, based on public and nonpublic information available to it, reasonable grounds exist to conclude that the Designated FIs are of primary money laundering concern in connection with illicit opioid trafficking through their provision of financial services that facilitate illicit opioid trafficking by Mexico-based drug trafficking organizations.

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3 18 U.S.C. § 2339B.

4 For a more detailed discussion of the risks associated with the recent FTO designations of eight cartels, please refer to our prior client update. Debevoise In Depth, "Cartels as Foreign Terrorist Organizations: Key Implications for Multinational Companies" (March 5, 2025), *available* here.

5 U.S. Treasury Department, Press Release, "Treasury Issues Historic Orders under Powerful New Authority to Counter Fentanyl" (June 25, 2025), *available* here.

Which Institutions Must Comply?

The restrictions imposed by the orders apply only to covered U.S. financial institutions under the Bank Secrecy Act and do not impose obligations on their non-U.S. affiliates or offices. For purposes of the orders, covered U.S. financial institutions include, among others, banks, broker-dealers, money services businesses, and mutual funds.

Investment advisers are not currently covered by the relevant definition under the Bank Secrecy Act and therefore are not subject to the Section 2313a orders. However, this will change for certain registered investment advisers and exempt reporting advisers on the effective date of FinCEN's regulations implementing anti-money laundering requirements for investment advisers, which is currently scheduled for January 1, 2026.

What Is Restricted?

Covered U.S. financial institutions are prohibited from engaging in any transmittal of funds from or to the Designated FIs. The orders define transmittals of funds as the sending and receiving of funds, including convertible virtual currency.

Who Are the Targets?

The orders target only the Mexico-based operations of the three Designated FIs. Specifically, transmittals to and from the Designated FIs or their branches, subsidiaries, and offices located in Mexico are prohibited.

The orders do not target: (i) branches, subsidiaries, or offices of the Designated FIs located outside of Mexico, including those located in the United States; (ii) any other affiliates, whether inside or outside of Mexico; or (iii) parent holding companies.

What Are the Compliance Obligations?

The orders require a covered U.S. financial institution to reject any prohibited transmittal of funds. The orders do not require blocking or asset freezes.

Covered U.S. financial institutions are not required to file suspicious activity reports ("SARs") when rejecting funds transmittals pursuant to a Section 2313a order. However, FinCEN encourages covered financial institutions to consider the designations "of primary money laundering concern" when investigating activity and evaluating whether to file a SAR. If a SAR is filed on transactional activity involving a Designated FI, institutions are asked to include "CIBanco2313a FIN-2025," "Intercam2313a FIN-2025," or "Vector2313a FIN-2025," as appropriate, in Field 2 of the SAR form.

The orders do not restrict correspondent accounts and, therefore, do not trigger the issuance of standard Section 311-style notices used to alert foreign correspondent account holders of such restrictions.

Are There Any Grandfathered Transactions or Exemptions?

There is no grandfathering for future or contingent payment obligations arising under agreements that predate the orders; any transmittal of funds to or from a Designated FI on or after the effective date of the Section 2313a orders is prohibited. Although the orders do not exempt any transactions, FinCEN reserves authority under each order to grant appropriate exemptions or to condition certain transmittals.

When Do the Orders Expire?

The orders do not have a cessation date.

What Are the Consequences of Noncompliance?

Willful violations of a Section 2313a order may trigger civil and criminal liability for a covered financial institution and its directors, officers, and employees. FinCEN may impose a civil money penalty of not less than two times the amount of the violative transaction, up to a statutory maximum of $1,776,364 (subject to adjustment for inflation), on any covered financial institution that violates a Section 2313a order.[6] Willful violations may result also in criminal penalties, including fines of at least two times the amount of the transaction, up to $1,000,000.[7]

COMPLIANCE IMPLICATIONS AND CONSIDERATIONS

The Section 2313a orders carry significant implications both for U.S. financial institutions subject to compliance obligations and more broadly for financial institutions and other parties transacting with the Designated FIs.

U.S. financial institutions should begin taking steps to ensure compliance with the Section 2313a orders by the effective date of July 21, 2025. FinCEN expects covered financial institutions to implement procedures to ensure compliance with the orders and to exercise reasonable due diligence to prevent prohibited transactions. Steps financial institutions may take now to prepare include:

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6 31 U.S.C. § 5321; 31 CFR 1010.821 (civil penalty inflationary adjustment table).

7 31 U.S.C. § 5322(d).

- Ensure that customer screening and transaction monitoring tools are calibrated to detect and reject transmittals involving the Designated FIs.

- If engaged in dealings with Designated FIs, review agreements to understand any consequences or remedial actions with respect to rejecting or prohibiting transmittals of funds.

- Review existing client relationships, counterparties, and transaction flows to evaluate exposure to the Designated FIs and identify and mitigate risks.

- Confirm that relevant stakeholders across all impacted business lines—particularly in their compliance, operations, and customer-facing functions—understand the restrictions and are prepared to identify, reject, and escalate prohibited transmittals.

- Consider whether updates to red flags or SAR processes may be appropriate to address transactions that may involve a Designated FI.

There remain open questions as to how the orders apply where a Designated FI acts solely as trustee. Absent clarification from FinCEN, customers of the Designated FIs may wish to evaluate the potential impact of the orders on trust-related transactions and consider whether transitioning to alternative financial institutions may be appropriate.

More broadly, the Section 2313a orders reflect FinCEN's findings that the Designated FIs have relationships with certain Mexican cartels. Those include cartels that are and others that in the future may be designated as FTOs under U.S. law. FTO designations have significant consequences for anyone doing business with such cartels or their affiliated members or partners.[8] For example, a business that makes payments to a designated cartel—even entirely outside the United States—could face prosecution by the U.S. Department of Justice for providing "material support" to an FTO.

Given the Section 2313a orders, similar risks may exist for transactions involving the Designated FIs. For example, a company that engages with a Designated FI could be investigated on a theory that the company may have conspired with the Designated FI to help a designated cartel. Consequently, even financial institutions and other parties not directly required to comply with the orders should carefully assess their exposure to the Designated FIs, particularly regarding any funds flows that may be prohibited by the U.S. financial institutions that would process those transactions.

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[8] *See* Debevoise In Depth, "Cartels as Foreign Terrorist Organizations: Key Implications for Multinational Companies," *supra* note 4.

As noted above, the material support statute applies extraterritorially, meaning U.S. authorities can prosecute individuals and entities for conduct occurring outside the United States. Among other bases for jurisdiction, the statute applies to conduct that has even a de minimis effect on interstate or foreign commerce (e.g., most transactions facilitated by a multinational or local bank). In addition, non-U.S. persons determined to have provided "material support" may be designated under U.S. sanctions authorities and become a target of blocking sanctions.

POTENTIAL FUTURE DEVELOPMENTS

The legal and diplomatic landscape remains fluid. The Mexican government publicly rejected the allegations underlying FinCEN's designations, asserting that the United States failed to provide supporting evidence.

At the same time, in response to the orders, Mexico's banking regulator (the Comision Nacional Bancaria y de Valores) intervened by appointing temporary administrators at the Designated FIs. These interventions impose direct regulatory supervision and control over key management decisions at the Designated FIs. Negotiations between Mexico and the United States could alter or provide future clarification regarding the scope and duration of the restrictions under the orders.

In addition, particularly as the first use of Treasury's new statutory authority under the Fentanyl Act, the orders could face legal or political challenges from the Designated FIs or the Mexican government itself.

The Trump Administration has made combatting illicit drug trafficking, especially activity with a nexus to illicit opioids, a high priority. The U.S. government is likely to continue leveraging a combination of new authorities and existing tools, such as its declaration of a national emergency to deal with the threat posed by cartels and FTO designations of cartels, to combat drug trafficking and related threats. Maintaining well-calibrated and up-to-date risk-based compliance programs will be key in navigating this evolving landscape.

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