

# Advisory on Financial Crime Risks Posed by “Non-Work Authorized Populations”

June 9, 2026

On June 5, 2026, the Financial Crimes Enforcement Network (“FinCEN”) joined federal banking regulators and the Internal Revenue Service to issue an advisory directing financial institutions to be vigilant against illicit activity related to “non-work authorized populations” (the “Advisory”).<sup>1</sup> The Advisory is the first step in implementing President Trump’s executive order on “Restoring Integrity to America’s Financial System,” which calls on federal regulators to take a series of actions to strengthen requirements related to anti-money laundering (“AML”)/Bank Secrecy Act (“BSA”) compliance, customer due diligence, customer identification and consumer lending.<sup>2</sup>

The Advisory calls for vigilance “against fraud schemes and other suspicious or potentially criminal activities involving the unlawful employment of illegal aliens and the associated risks to the integrity of the U.S. financial system.” The Advisory indicates financial institutions, and particularly banks, should take comprehensive actions to identify, monitor and report activity connected to employers that hire non-work authorized persons and the intermediaries that facilitate payment to them.

**Fraud Typologies and Schemes.** The Advisory notes that federal law prohibits U.S. persons from knowingly hiring unlawful immigrants for employment and explains that many employers in the agriculture, construction, domestic service and hospitality industries knowingly facilitate the hiring, concealment and, in some cases, exploitation of non-documented workers to reduce labor costs and gain an unfair advantage over competitors.

According to FinCEN, a key feature of these schemes is the use of identity theft and payroll fraud to conceal violations of U.S. immigration laws. The Advisory notes that unlawful immigrants illicitly obtain Social Security numbers (“SSNs”) and other

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<sup>1</sup> FinCEN et al., FIN-2026-A002, “Joint Advisory on Non-Work Authorized Populations and Their Employers and Risks to the Integrity of the U.S. Financial System” (June 5, 2026), [available here](#).

<sup>2</sup> Executive Order 14406 of May 19, 2026, “Restoring Integrity to America’s Financial System,” 91 Fed. Reg. 30479 (May 22, 2026), [available here](#); Debevoise Update, “Executive Order Targets Potential Risks of ‘Non-Work-Authorized Populations’” (June 3, 2026), [available here](#).

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personally identifiable information of U.S. citizens and lawful permanent residents to make their employment appear legitimate.

FinCEN also notes that complicit employers may house, transport and pay unlawful workers through off-the-books payroll schemes that evade payroll taxes and workers' compensation benefits. According to the Advisory, the schemes often start with employers contracting with a labor broker, with the broker using a shell company, often an unregistered money services business ("MSB"), to provide off-the-books payroll or payment processor services for the employers. The shell companies may have generic names such as ABC Construction or XYZ Logistics that may correlate to the initials of the labor broker's name.

According to FinCEN analysis, the labor brokers, or individuals acting on their behalf, may use a foreign identity document, such as a foreign passport, or an Individual Taxpayer Identification Number ("ITIN") to open an account for the shell company with themselves listed as self-employed, as a laborer or with a similar term. The labor broker may also try to evade Customer Identification Program requirements by using a Commercial Mail Receiving Agency (a private business that rents postal boxes) instead of the broker's real address to obfuscate the broker's lack of business operations. The labor broker then will direct an employer to write checks payable to the shell company for purported services or products related to the employer's industry. The complicit labor broker can then launder funds by cashing the checks in structured transactions through banks and MSBs or depositing the checks into the shell company's bank account. The labor broker then sends payments to undocumented workers through cash couriers, checks or peer-to-peer platforms in repetitive transactions designed to fall below BSA reporting and recordkeeping thresholds.

**Enhanced Due Diligence for ITINs.** The Advisory encourages banks to enhance diligence practices when customers present ITINs, which are issued to individuals not eligible for SSNs. The Advisory highlights that ITINs, which do not confer work authorization or legal immigration status, should be assessed as a relevant risk factor when presented in lieu of an SSN or a valid employment authorization document to obtain financial services. Citing the risks posed by use of ITINs in relation to the employment of unlawful immigrants, FinCEN encourages banks to conduct an assessment, in relation to other risk factors, when an ITIN is used to obtain credit and deposit products for the purpose of developing customer risk profiles and conducting ongoing monitoring to identify and report suspicious transactions.

**Red Flag Indicators.** The Advisory identifies 18 red flags to aid financial institutions in detection, prevention and reporting of suspicious activity connected to the employment of the non-work authorized population. The red flags are organized around three customer profiles: (i) individual customers; (ii) large companies in the agriculture,

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construction, domestic service, hospitality and staffing industries; and (iii) small companies in the agriculture, construction, domestic service, hospitality and staffing industries. Some factors most significant for banks include:

- a customer's use of an SSN that, on verification with the Social Security Administration ("SSA"), is inconsistent with or inaccurate when compared to the SSA's records;
- a customer who works in one of the identified industries opening a bank account with an ITIN with little transactional activity besides remittances to foreign jurisdictions or with transfers into and out of the account consistent with the identified labor broker typology;
- a customer with significant business operations and transactional activity that lacks corresponding payroll activity commensurate to the customer's profile;
- federal and state payroll tax deposits that are significantly less than what would be expected based on a customer's business operations and associated workforce size; and
- a customer's issuance of recurring, large volumes of checks for under \$1,000 to a significant number of separate individuals.

**SAR Filing and Other Reporting.** FinCEN requests that a financial institution filing a suspicious activity report ("SAR") related to the activities identified in the Advisory include the key term "FINANCIALINTEGRITY-2026-A002" in SAR field 2 and the filing narrative. In addition, FinCEN encourages financial institutions and the public to report tips or complaints about employers that knowingly employ and/or exploit non-work authorized workers to the U.S. Immigration and Customs Enforcement's Tip Form or by calling (866) 347-2423.

**Implications for Financial Institutions.** The Advisory signals an expectation that financial institutions incorporate risks related to undocumented workers into their BSA/AML compliance frameworks. The Advisory is the first step in implement Trump's executive order on "Restoring Integrity to America's Financial System," and financial institutions may need to be prepared for additional customer due diligence and SAR requirements related to undocumented workers, as well as supervisory and enforcement expectations increasingly focused on institutions' ability to identify, monitor and report activity linked to the employment of non-work authorized individuals and related fraud schemes.

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Please do not hesitate to contact us with any questions.



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