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Treasury Designates Mexican Financial Firms for Opioid-Related Money Laundering

FinCEN Uses New Authority Under Recently Enacted Fentanyl Law

SUMMARY

On June 25, 2025, the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN") issued three orders designating two Mexico-based commercial banks—CIBanco S.A., Institución de Banca Multiple ("CIBanco") and Intercam Banco S.A., Institución de Banca Multiple ("Intercam")—and a Mexico-based brokerage firm, Vector Casa de Bolsa, S.A. de C.V. ("Vector"), as being of "primary money laundering concern" in connection with their purported ties to opioid trafficking and international drug cartels. These orders, which are the first FinCEN has issued pursuant to a recently enacted fentanyl trafficking law,¹ broadly prohibit domestic U.S. financial institutions and agencies from transferring any funds to or from the designated entities. The orders take effect 21 days after their publication in the Federal Register. Financial institutions and other companies worldwide should immediately be vigilant for potential money laundering risks relating to these entities.

BACKGROUND

The Trump administration has made clear through executive orders and public statements that combatting narcotics trafficking, especially fentanyl and the flow of related illicit funds, is a top enforcement priority. For example, President Trump [issued an executive order](#) on his first day in office declaring international drug cartels and other transnational criminal organizations unique and extraordinary threats to U.S. national security and directed the U.S. Secretary of State to consider designating such organizations as Foreign Terrorist Organizations ("FTOs") and/or Specially Designated Global Terrorists ("SDGTs").² On February 20, 2025, the U.S. Department of State designated eight cartels and transnational criminal organizations as FTOs and SDGTs.³ The Office of Foreign Assets Control ("OFAC") also added these groups to its Specially Designated Nationals and Blocked Persons List as SDGTs.⁴

These three orders reflect the administration's continued focus on combatting narcotics trafficking. In announcing the designations, Treasury Secretary Scott Bessent stated that "[f]inancial facilitators like CIBanco, Intercam, and Vector are enabling the poisoning of countless Americans by moving money on behalf of cartels, making them vital cogs in the fentanyl supply chain." Secretary Bessent further noted that, "[t]hrough the first use of this powerful authority, today's actions affirm Treasury's commitment to using all tools at our disposal to counter the threat posed by criminal and terrorist organizations trafficking fentanyl and other narcotics."⁵

AUTHORITIES

Section 311 of the USA PATRIOT Act

Section 311 of the USA PATRIOT Act ("Section 311") provides the Secretary of the Treasury with authorities, which he has delegated to FinCEN, to designate financial institutions operating outside of the United States as "of primary money laundering concern." Pursuant to these authorities, the Secretary can require domestic U.S. financial institutions and agencies, as defined in 31 CFR § 1010.605(e), to adhere to enumerated "special measures" in their dealings with such designated entities. The five special measures, which the Treasury Secretary can impose sequentially or in combination with each other, include:

- (1) Recordkeeping and reporting certain transactions of the designated institution;
- (2) Collection of information relating to beneficial ownership of the designated institution;
- (3) Collection of information relating to certain payable-through accounts of the designated institution;
- (4) Collection of information relating to certain correspondent accounts of the designated institution; and
- (5) Prohibition or conditions on the opening or maintaining of correspondent or payable-through accounts with the designated institution.

In order to designate a party under Section 311, the Secretary must first issue findings that "reasonable grounds exist" for concluding that the party is of primary money laundering concern. The statute also requires the Secretary to follow notice and comment rulemaking before making such a designation.

The FEND Off Fentanyl Act (21 U.S.C. § 2313(a))

In April 2024, Congress enacted the FEND Off Fentanyl Act—which is the authority that FinCEN relied on in issuing its June 25 orders. The Act includes a provision, 21 U.S.C. § 2313(a), that, in relevant part, grants the Secretary authority to designate a financial institution operating outside of the United States as of primary money laundering concern specifically "in connection with *illicit opioid trafficking*."⁶ If the Secretary makes such a finding, then he may require domestic U.S. financial institutions and agencies to follow one or more of six special measures designed to safeguard the U.S. financial system.⁷ Specifically, the Secretary may impose one or more of the five special measures provided for in Section 311 (discussed above), or a sixth measure codified at 21 U.S.C. § 2313a(a)(2). The sixth special measure permits the

Secretary to either restrict or *entirely prohibit* domestic U.S. financial institutions and agencies from transmitting any funds to or from an entity designated under Section 2313(a).

Distinguishing 21 U.S.C. § 2313(a) from Section 311

Both Section 2313(a) and Section 311 provide the Secretary authority to combat risks posed by institutions of primary money laundering concern. There are, however, notable differences between the two laws. Unlike Section 311, Section 2313(a) focuses on illicit opioid trafficking specifically.⁸ Section 2313(a) also provides more expansive powers than the authority granted under Section 311, because it authorizes the above-referenced sixth special measure under which the Secretary can broadly prohibit domestic financial institutions or agencies from transmitting any funds to or from a designated party—not only funds sent via correspondent or payable-through accounts. Additionally, Section 2313(a) permits special measures to be imposed by an agency order alone and, unlike Section 311, does not require notice and comment rulemaking.⁹

DESIGNATIONS

The recent FinCEN designations prohibit domestic financial institutions and agencies from engaging in *any* transfers of funds to or from CIBanco's, Intercam's, and Vector's Mexican entities, including their Mexico-based branches, subsidiaries, and offices. The orders do not apply to these companies' branches, subsidiaries, or offices located outside of Mexico. The orders apply only prospectively and do not apply to historical transactions. If a covered U.S. financial institution continues to transact with any of these three designated entities in violation of the orders after the 21-day implementation period, the financial institution could face civil monetary penalties or, in the event of willful violations, criminal penalties.¹⁰

According to the Treasury's June 25, 2025 press release, CIBanco, Intercam, and Vector 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.”¹¹ In particular:

CIBanco

FinCEN designated CIBanco as of primary money laundering concern “based on its long-standing pattern of associations, transactions, and provision of financial services that facilitate illicit opioid trafficking by Mexico-based cartels,” including cartels that were designated as FTOs and SDGTs.¹² According to FinCEN, CIBanco also “facilitated the procurement of precursor chemicals from China for illicit purposes.”¹³

Intercam

FinCEN similarly designated Intercam as of primary money laundering concern “based on its long-standing pattern of associations, transactions, and provision of financial services that facilitate illicit opioid trafficking by Mexico-based cartels,” including cartels that were designated as FTOs and SDGTs.¹⁴ According to

FinCEN, Intercam also processed funds transfers that “finance[d] the procurement of precursor chemicals from China on behalf of drug trafficking organizations for illicit purposes.”¹⁵

Vector

FinCEN designated Vector as of primary money laundering concern “due to its facilitation of money laundering activities of Mexico-based cartels,” including cartels that were designated as FTOs and SDGTs.¹⁶ FinCEN also alleges that Vector “facilitated the procurement of precursor chemicals from China for illicit purposes.”¹⁷

OBSERVATIONS AND IMPLICATIONS

FinCEN’s first use of this new and powerful designation authority signals that the Trump administration will continue its whole-of-government approach to prioritize enforcement against narcotics traffickers, cartels, and those who support or facilitate their activities. Financial institutions and other companies should therefore be mindful of several key points:

First, covered U.S. financial institutions should take extra care to ensure that they are not transacting with the designated entities. These institutions should pay close attention to public guidance from FinCEN, which states that the agency “expects covered financial institutions to: (1) implement procedures to ensure compliance with the terms of the orders; and (2) exercise reasonable due diligence to prevent engaging in transmittals of funds involving CIBanco, Intercam, or Vector.”¹⁸ FinCEN also recommends that once the orders are effective, “covered financial institutions should: (1) cease any and all transmittals of funds, from or to CIBanco, Intercam, or Vector, as defined in the orders; and (2) consider the finding of primary money laundering concern regarding CIBanco, Intercam, and Vector when complying with their other Bank Secrecy Act obligations, including any applicable obligations to establish and maintain anti-money laundering and countering the financing of terrorism (AML/CFT) compliance programs.”¹⁹ Moreover, FinCEN recommends that covered financial institutions “continue to implement appropriate AML/CFT procedures and systems, including traditional compliance screening to identify customers and determine their involvement in a transmittal of funds involving CIBanco, Intercam, or Vector.”²⁰

Second, while the FinCEN designations only prohibit “covered” financial institutions (*i.e.*, U.S. domestic financial institutions and agencies) from transacting with the designated entities, non-covered institutions will likely also face increased compliance and business risks. For example, non-covered institutions that continue to do business with the designated entities could find themselves under scrutiny by U.S. authorities for potential money laundering or narcotics trafficking-related violations to the extent that their activities have a U.S. nexus. In addition, U.S. financial institutions will likely take steps in the near term to ensure that their non-U.S. correspondent bank customers are not allowing the designated entities’ transactions to flow through accounts in the United States. These U.S. financial institutions therefore might conduct due diligence and/or require written representations about relationships with these designated Mexican entities.

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Accordingly, non-U.S. financial institutions would be well-advised to evaluate whether continued dealings with the designated entities could jeopardize important U.S. correspondent banking and other relationships.

Third, parties engaging in transactions with these firms will now have to consider increased risks associated not only with narcotics trafficking and money laundering but also with terrorist financing. The administration's unprecedented designations of Mexican cartels as FTOs (including several cartels that FinCEN alleges had dealings with Banco, Intercam, and/or Vector) mean that parties who transact with these financial firms could become ensnared in U.S. counterterrorism investigations. One statutory basis for such investigations is 18 U.S.C. § 2339B, which imposes criminal liability on individuals who "knowingly provide[] material support or resources to a foreign terrorist organization, or attempt[] or conspire[] to do so." The statute defines "material support" broadly to include "any property, tangible or intangible, or service, including currency or monetary instruments or financial securities, [or] financial services." In addition, the statute has expansive extraterritorial reach. Therefore, parties worldwide that maintain relationships with CIBanco, Intercam, and Vector should evaluate the heightened risks and reputational damage that could arise in the wake of FinCEN's public findings that these entities actively support FTOs.

Finally, in connection with these orders, financial institutions and other companies should carefully review their compliance programs as they relate to narcotics trafficking and terrorist financing and should continue to monitor developments in this area. For example, companies would be well-advised to review and incorporate applicable FinCEN guidance and advisories addressing opioid and fentanyl typologies, including the [June 2024 Supplemental Advisory on the Illicit Procurement of Fentanyl Precursor Chemicals and Manufacturing Equipment](#).

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ENDNOTES

- 1 <https://home.treasury.gov/news/press-releases/sb0179>; see <https://www.fincen.gov/sites/default/files/shared/Section-2313a-order-CIBanco-508.pdf>; <https://www.fincen.gov/sites/default/files/shared/Section-2313a-order-Intercam-Banco-508.pdf>; <https://www.fincen.gov/sites/default/files/shared/2313a-Vector-508C.pdf>.
- 2 <https://www.whitehouse.gov/presidential-actions/2025/01/designating-cartels-and-other-organizations-as-foreign-terrorist-organizations-and-specially-designated-global-terrorists/>.
- 3 <https://www.state.gov/terrorist-designations-of-international-cartels/>.
- 4 <https://ofac.treasury.gov/media/934096/download?inline>.
- 5 <https://home.treasury.gov/news/press-releases/sb0179>.
- 6 21 U.S.C. § 2313(a) (emphasis added).
- 7 See *id.*
- 8 21 U.S.C. § 2302 defines “opioid trafficking” for purposes of 21 U.S.C. § 2313(a).
- 9 <https://www.fincen.gov/sites/default/files/shared/Final-FAQs.pdf>; see 31 U.S.C.A. § 5318A(c)(1).
- 10 <https://www.fincen.gov/sites/default/files/shared/Final-FAQs.pdf>.
- 11 <https://home.treasury.gov/news/press-releases/sb0179>.
- 12 *Id.*
- 13 *Id.*
- 14 *Id.*
- 15 *Id.*
- 16 *Id.*
- 17 *Id.*
- 18 <https://www.fincen.gov/sites/default/files/shared/Final-FAQs.pdf>.
- 19 *Id.*
- 20 *Id.*

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