

Anti-Money Laundering

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First Terrorism Indictments Announced Over Drug Cartel Support

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Last Friday, the U.S. Department of Justice (DOJ) unsealed its first indictment against a foreign national for providing material support to a Mexican drug cartel that the current administration recently designated a foreign terrorist organization (FTO).¹ Specifically, Maria Del Rosario Navarro-Sanchez of Mexico is alleged to have facilitated firearms, narcotics, cash, and human trafficking on behalf of the Cartel de Jalisco Nueva Generación (CJNG). CJNG is one of eight Latin American criminal groups designated an FTO by the U.S. Department of State in February because of their threats to U.S. national security interests by jeopardizing the border through money laundering, bribery, extortion of migrants, and acts of violence and intimidation.² Under the same indictment, two other individuals were named for conspiracy to smuggle people across the border, drug possession, and firearms and drugs trafficking. All three defendants are fugitives.

In a January executive order, President Trump declared that “international cartels constitute a national-security threat beyond that posed by traditional organized crime” and directed federal agencies to implement the terrorism designation against such international criminal organizations (the Executive Order).³ This designation of cartels as FTOs is unprecedented, as historically the FTO designation has been reserved for organizations that use violence for political causes rather than economic gain.

Also under the Executive Order directive, the U.S. Department of the Treasury Financial Crimes Enforcement Network (FinCEN) recently issued a Geographic Targeting Order (GTO) directing all financial institutions in multiple border towns across California and Texas to file currency transaction reports (CTRs) with FinCEN at a \$200 threshold (instead of the typical \$10,000 threshold as required under the Bank Secrecy Act, as discussed below) in connection with any cash transactions.⁴ Filing a CTR also necessitates that the financial institution collect identifying information on the customer and verify their identity. The GTO is set to expire in September.

Pursuant to the Bank Secrecy Act of 1970 (BSA), financial institutions already have to file CTRs for any transaction over \$10,000. The BSA also requires financial institutions to file suspicious activity reports (SARs) when a customer makes transactions seemingly designed to avoid filing a CTR in a process called structuring. Under the GTO, FinCEN is encouraging financial institutions to voluntarily file SARs where a customer is structuring their transactions to evade the \$200 reporting threshold in the affected areas.

Conclusion

The newly unsealed indictment is the first of what is anticipated to be many terrorism charges against individuals aiding or abetting a cartel or other foreign criminal enterprise now designated an FTO. It also is anticipated that there will be increased regulatory rulemaking and targeted actions, similar to FinCEN's GTO, as all federal agencies analyze and implement the Executive Order. It is imperative that companies keep informed of new regulatory obligations and review the list of entities and individuals added to the FTO list and other similar terrorist and sanctions lists, as the lists are being updated on a new and evolving basis.

For more information or for clarifications to this Client Alert, please contact your primary Lowenstein Sandler attorney, or contact the Lowenstein Sandler AML team at lsamlteam@lowenstein.com.

¹ See Dept. of Justice Office of Public Affairs, “Mexican National and Alleged Alien Smuggler Indicted on First Material Support of Terrorism Charges Against CJNG Member,” May 16, 2025, available [here](#). The indictment can be found at *U.S. v. Maria Del Rosario Navarro-Sanchez*, W.D. Tex., Case No. EP:23-CR-01842-DB.

² See U.S. Dept. of State Office of the Spokesperson, "Designation of International Cartels," Feb. 20, 2025, *available here*.

³ Pres. Donald J. Trump, "Executive Order Designating Cartels And Other Organizations As Foreign Terrorist Organizations And Specially Designated Global Terrorists," Jan. 20, 2025, *available here*.

⁴ Dept. of the Treasury Financial Crimes Enforcement Network, "FinCEN Issues Southwest Border Geographic Targeting Order," Mar. 11, 2025, *available here*.

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