

Anti-Money Laundering

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Three Banks Targeted by FinCEN in FEND Off Fentanyl Act Actions: What to Know

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On June 25, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued its first orders under the FEND Off Fentanyl Act, targeting three Mexican financial institutions: CIBanco S.A. (CIBanco), Intercam Banco S.A. (Intercam), and Vector Casa de Bolsa, S.A. de C.V. (Vector), for their alleged roles in the laundering of proceeds associated with illicit opioid manufacturing and trafficking, including of fentanyl (the FinCEN Orders).¹ This action follows the Trump Administration's previous designation of Central American transnational criminal organizations as terrorist organizations,² the [first terrorism indictments related to Mexican drug cartel support](#),³ and the [Department of Justice's evolving Foreign Corrupt Practices Act \(FCPA\) enforcement guidelines](#) prioritizing matters involving drug cartels and transnational criminal organizations.⁴

The FinCEN Orders are the latest indication of the Administration's continued emphasis on its stated policy objective to combat the illegal drug trade. The FinCEN Orders further underscore the need for financial institutions subject to the Bank Secrecy Act (BSA) to remain vigilant to regulatory changes that may impact cross-border transactions and investment activities.

Impact of the FinCEN Orders

The FinCEN Orders apply specifically to the Mexico-based operations of CIBanco, Intercam, and Vector (collectively, the Targeted Mexican Banks). Covered U.S. financial institutions, as defined in 31 CFR 1010.100(t) (including but not limited to banks, money services businesses, broker-dealers, insurance companies, and other entities subject to the BSA) are required to cease all transactions and dealings in funds to or from the Targeted Mexican Banks within 21 days after publication in the *Federal Register* (the Effective Date).⁵ In addition, financial institutions must implement procedures to ensure compliance and must exercise reasonable due diligence to prevent prohibited transactions. Willful violations of the FinCEN Orders can carry significant fines, with civil and criminal penalties up to two times the amount of the transaction capped at \$1,776,364 and \$1 million per violation respectively.

What is the FEND Off Fentanyl Act?

Enacted in April 2024, the FEND Off Fentanyl Act (the Act)⁶ notably empowers the Secretary of the Treasury and FinCEN to identify foreign financial institutions, classes of transactions, or types of accounts as "primary money laundering concerns." Specifically, the Act seeks to target financial crimes associated with illicit opioid trafficking. Upon such a finding, the Secretary is authorized to impose "special measures" to protect the U.S. financial system, including prohibiting or conditioning transmittals of funds and other property between the targeted financial institution and financial institutions in the U.S. Unlike other, similar anti-money laundering (AML) regulations, such as Section 311 of the USA PATRIOT Act, Section 2313a of the Act is narrowly focused on opioid trafficking and authorizes a broader set of special measures, including allowing the Treasury Department to impose prohibitions or conditions on the transmittal of funds to act by administrative order rather than through regulation,⁷ as was done here with the Targeted Mexican Banks.

What do U.S. financial institutions need to do now?

Section 2313a orders apply to all entities subject to the BSA (including banks, money services businesses, broker-dealers, insurance companies, and, as of January 1, 2026, registered investment advisers) and requires them to cease any transmittals of funds or property to or from the Targeted Mexican Banks as of the Effective Date. Additionally, the covered entities must review all current and pending transactions for compliance with the FinCEN Orders. This review should include screening customers and counterparties for any direct or indirect involvement with the Targeted Mexican Banks. The covered entities must also update their anti-money laundering (AML) and countering the

financing of terrorism (CFT) compliance program to reflect the new prohibitions and FinCEN's administrative findings that the Targeted Mexican Banks are primary money laundering concerns. Covered entities should update transaction monitoring and customer due diligence procedures to identify and block any transactions prohibited under the FinCEN Orders, including updating compliance screening tools to detect any direct or indirect involvement of the Targeted Mexican Banks in customer relationships and transactions. Although the FinCEN Orders do not impose new Suspicious Activity Report (SAR) requirements, financial institutions should consider FinCEN's designation of the Targeted Mexican Banks as "primary money laundering concerns" when evaluating whether to file a SAR. Last, financial institutions must train their compliance professionals in these new requirements.

As the FinCEN Orders are effective after the 21-day implementation window from publication in the *Federal Register*, covered entities have until that Effective Date to wind down any business relationships with the Targeted Mexican Banks. Notably, the FinCEN Orders do not apply retroactively to transactions that occurred or will occur before the Effective Date. Therefore, covered entities are not required to "reject" funds that were received or will be received prior to the Effective Date. However, given the potential civil and criminal penalties for violations, covered entities should take immediate, proactive steps to ensure compliance.

Conclusion

The FinCEN Orders are the first exercise of Treasury's new powers under the Act and are indicative of the U.S. government's escalated approach to combating the manufacture and sale of illegal synthetic opiates. Given the Trump Administration's stated policy goal of combating drug cartels and transnational criminal organizations we expect the FinCEN Orders to be the first of many similar actions to come. Covered entities conducting business in Mexico and Central America should continue to monitor these developments, analyze whether they have financial exposure or counterparty risk to the Targeted Mexican Banks, and keep abreast of other similar U.S. regulatory actions impacting Mexico and Central America.

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

¹ See, e.g., FinCEN, "Treasury Issues Unprecedented Orders under Powerful New Authority to Counter Fentanyl" (June 25, 2025), [available here](#).

² Pres. Donald J. Trump, "Executive Order Designating Cartels And Other Organizations As Foreign Terrorist Organizations And Specially Designated Global Terrorists," January 20, 2025, [available here](#).

³ For prior Lowenstein Sandler coverage on the first terrorism charges relating to providing support to Mexican cartels, see "First Terrorism Indictments Announced Over Drug Cartel Support" (May 22, 2025), [available here](#).

⁴ For prior Lowenstein Sandler coverage on the FCPA, see "The End of 180 Days of Uncertainty? DOJ Closes Current FCPA Investigations, Issues New Guidelines for FCPA Enforcement" (June 11, 2025), [available here](#).

⁵ As of June 26, the FinCEN Orders have not been published in the *Federal Register*.

⁶ The FEND Off Fentanyl Act is Division E of Public Law 118-50 (April 24, 2024).

⁷ Section 311 of the USA Patriot Act (Public Law 107-56) typically requires formal rulemaking procedures such as public notice, comment periods, and publication in the *Federal Register* before taking effect.

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