

Alert | Financial Regulatory & Compliance/ White Collar Defense & Investigations



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FinCEN Warns US Financial Institutions of Bulk Cash Smuggling Risks from Mexico-Based Cartels

Go-To Guide

- FinCEN recently issued an alert to warn U.S. financial institutions, particularly depository institutions and money services businesses (MBSs), of the risks and red flags associated with bulk cash smuggling by Mexico-based drug cartels and other transnational criminal organizations.
- FinCEN's alert highlights the role played by Mexican and U.S. armored car services in knowingly or unknowingly introducing cartel proceeds into the U.S. financial system.
- The alert, together with several other policy announcements from the Trump administration, signals an increased regulatory and enforcement focus on the laundering of cartel funds through U.S. financial institutions.
- Financial institutions and common carriers of currency should review and update, as necessary, their compliance programs to address the identified money laundering risks.

On Mar. 31, 2025, as part of its responsibilities in administering the U.S. Bank Secrecy Act (BSA), the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued an alert urging financial institutions to be vigilant in identifying and reporting transactions potentially related to the cross-border smuggling of bulk cash from the United States into Mexico, and the repatriation of bulk cash

into the U.S. and Mexican financial systems by Mexico-based drug cartels and other transnational criminal organizations (TCOs).

The alert highlights one particular money laundering typology that drug cartels have been observed using—namely, utilizing Mexico-based businesses as cover to repatriate smuggled bulk cash back into the United States via foreign and domestic armored car services and air transport. According to FinCEN, this bulk cash is then often delivered by an armored car service to a U.S. financial institution, typically a depository institution or MSB, and either deposited into accounts that are owned by the Mexico-based businesses or transmitted by the MSBs on the Mexico-based businesses' behalf.

Highlights for US Depository Institutions and MSBs

The alert identifies several red flags for this money laundering typology that U.S.-based depository institutions and MSBs should monitor for, as appropriate, including:

- a customer who owns a Mexico-based business receiving a large credit, either from a U.S.-based armored services (ASC) company or after the customer has deposited bulk cash into the bank's vault at a U.S.-based ACS secure storage facility;
- receipt of a large cross-border wire transfer from a Canada-based financial institution to the bank account of a customer that owns a Mexico-based business;
- the transportation of large volumes of cash by an ACS company or passenger vehicles to a U.S.-based MSB located along the southwest border, followed by rapid transfer to Mexico; and
- delivery of a large volume of cash to a U.S.-based financial institution via an ACS company on behalf of a customer that operates or is affiliated with a Mexico-based business, or a business located near the U.S. southwest border, followed by (i) rapid movement of funds to a financial institution based in Mexico, (ii) a transfer to another affiliated business in the United States, or (iii) transfer to purchase a large volume of goods.

Highlights for Armored Car Services

The alert also highlights red flags that ACS companies should monitor for, including, but not limited to, where a Mexico-based business or individual requests that bulk cash be transported into the United States and/or accepted by a U.S. financial institution, but (i) the funds are not commensurate with the size of the business or the business profile; (ii) the requestor is reluctant to provide information, or provides inconsistent information, on the currency originator; or (iii) the request does not provide a clear explanation of the funds' source.

The alert also notes FinCEN's view that certain armored car services and other common carriers of currency may be engaged in "money transmission" under the BSA, which would require FinCEN registration and the implementation of a BSA-compliant anti-money laundering (AML) compliance program. Earlier this year, FinCEN and the U.S. Department of Justice concluded parallel civil and criminal resolutions, respectively, against a major U.S.-based ACS for failure to register with FinCEN and failure to maintain an adequate BSA/AML compliance program.¹

¹ Although the BSA's definition of "money transmission" includes an exception for certain currency transporters, a 2014 FinCEN administrative ruling stated that the exception does not apply when the consignee (i.e., the person appointed by the shipper to receive the currency or monetary instruments) is a third party.

Recent Related Announcements and Actions

This alert follows several additional federal actions that, like the resolutions above, signal heightened regulatory and enforcement focus on the AML and counter-terrorism risks drug cartels pose, including the role U.S. financial institutions and ACS companies—knowingly or unknowingly—play. These include:

- a Jan. 20, 2025, Executive Order in which President Donald Trump identified drug cartels as a national security threat, broadening the authority of the State Department to designate such cartels as Foreign Terrorist Organizations (FTOs);
- the State Department’s designation, on Feb. 20, 2025, of several infamous Central American drug cartels, including Sinaloa, as FTOs under that Executive Order, creating additional legal risks for companies found to have provided financial services to cartels, including under the so-called “Material Support Statute” set forth in 18 U.S.C. § 2339B; and
- the U.S. Attorney General’s identification of criminal activity connected to drug cartels, including the laundering of funds for cartels, as a DOJ enforcement priority.

Key Takeaways

- Banks, MSBs, ACS companies, and other common carriers of currency should review their AML compliance programs (whether federally-mandated or voluntary) to ensure that the risks identified in the alert are appropriately analyzed and addressed, where necessary.
- ACS companies and other common carriers of currency should review their operations with counsel to understand, and potentially respond to, the risk that FinCEN may deem certain activity to be BSA-regulated money transmission.
- All companies, whether subject to the BSA or not, that are involved in cross-border cash shipments in any capacity should review their policies for filing Currency or Monetary Instruments Reports (CMIRs). CMIRs must be filed anytime a person attempts or actually does physically transport, mail, or ship, or cause to be physically transported, mailed, or shipped, currency or other monetary instruments in an aggregate amount exceeding \$10,000 at one time into or out of the United States.

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