



FinCEN ADVISORY

FIN-2024-A002

June 20, 2024

Supplemental Advisory on the Procurement of Precursor Chemicals and Manufacturing Equipment Used for the Synthesis of Illicit Fentanyl and Other Synthetic Opioids

Amidst a nationwide opioid epidemic, FinCEN urges vigilance in identifying potential suspicious activity related to the procurement of precursor chemicals, pill presses, die molds, and other manufacturing equipment used for the synthesis of illicit fentanyl and other synthetic opioids.

Suspicious Activity Report (SAR) Filing Request:

FinCEN requests that financial institutions reference this supplemental advisory in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the key term: “**FENTANYL FIN-2024-A002**”.

Introduction

The opioid crisis continues to pose a significant threat to U.S. national security, economic prosperity, and communities, as illicit fentanyl and other synthetic opioids inflict an unprecedented epidemic of addiction and death across the nation.¹ According to provisional data from the U.S. Centers for Disease Control and Prevention (CDC), over 107,000 Americans died from drug overdoses in the 12-month period ending in December 2023, with over 74,000 of those deaths involving

synthetic opioids, principally illicitly manufactured fentanyl.² Many of these overdose deaths are the result of fentanyl poisonings, where the victims were unaware that other illicit drugs or counterfeit prescription medications they used contained lethal doses of fentanyl.³ The social and economic costs from these deaths are sobering, far-reaching, and unprecedented, as American communities lose generations of parents, children, friends, and other loved ones to these deadly drugs.⁴

1. Opioids are substances that target opioid receptors in the brain to cause analgesic and anesthetic effects and can pose a high risk of abuse, addiction, and overdose. Opioids can be sourced from natural, semi-synthetic (derived from natural opioids and opiates), or synthetic origins. Synthetic opioids, such as fentanyl and its analogues, are created using precursor chemicals and target the same opioid receptors in the brain as natural opioids. Fentanyl is approximately one hundred times more potent than morphine and fifty times more potent than heroin. See generally Jonathan Duff, Wen Shen, Liana Rosen, and Joanna Lampe, Congressional Research Service (CRS), “[The Opioid Crisis in the United States: A Brief History](#)” (Nov. 30, 2022); U.S. Drug Enforcement Administration (DEA), [Synthetic Opioids](#) (Apr. 2020); DEA, [Fentanyl](#) (Oct. 2022). For slang words used to refer to fentanyl and other synthetic opioids, see DEA, “[Slang Terms and Code Words: A Reference for Law Enforcement Personnel](#)” (July 2018), at p. 4.
2. See generally CDC, [Provisional Drug Overdose Death Counts](#); CDC, “[U.S. Overdose Deaths Decrease in 2023, First Time Since 2018](#)” (May 15, 2024).
3. Counterfeit prescription medications containing illicit fentanyl are largely made and distributed by two Mexican drug cartels, the Sinaloa Cartel and the Jalisco New Generation Cartel (CJNG), and are designed to look identical to real prescription medications, including OxyContin®, Percocet®, and Xanax®, and are often deadly. See generally DEA, “[DEA Laboratory Testing Reveals that 6 out of 10 Fentanyl-Laced Fake Prescription Pills Now Contain a Potentially Lethal Dose of Fentanyl](#)” (Nov. 21, 2022). See also DEA Administrator Anne Milgram, “[Statement Before the Senate Committee on Foreign Relations for a Hearing Entitled ‘Countering Illicit Fentanyl Trafficking’](#)” (Feb. 15, 2023), at p. 2; DEA, [One Pill Can Kill](#).
4. See generally U.S. Department of the Treasury (Treasury), “[Remarks by Deputy Secretary Adeyemo at a Press Conference Announcing New Treasury Action Against Fentanyl Supply Chain](#)” (Oct. 3, 2023); DEA, [Fentanyl Awareness](#).

As part of a larger U.S. government effort to call attention to and combat this unprecedented epidemic, the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) is issuing this supplemental advisory⁵ to U.S. financial institutions⁶ to highlight new trends in the illicit fentanyl supply chain since the publication of FinCEN’s 2019 *Advisory on Illicit Financial Schemes and Methods Related to the Trafficking of Fentanyl and Other Synthetic Opioids*⁷ (hereafter “2019 Fentanyl Advisory”), and to urge vigilance in identifying and reporting related suspicious activity. While the 2019 Fentanyl Advisory and the typologies and red flags therein remain valid, this supplemental advisory highlights how Mexico-based transnational criminal organizations (TCOs) purchase fentanyl precursor chemicals,⁸ pill presses, die molds,⁹ and other manufacturing equipment (hereafter “fentanyl precursor chemicals and manufacturing equipment”) primarily originating from companies located in the People’s Republic of China (PRC) to synthesize illicit fentanyl and other synthetic opioids in Mexico before the substances enter the illicit drug market in the United States.

In alignment with the Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) National Priorities, issued June 30, 2021, the 2024 National Money Laundering Risk Assessment, and in support of the Administration’s whole-of-government approach to tackling global illicit drug trafficking, FinCEN is issuing this supplemental advisory, which includes typologies and red flags associated with the purchase of fentanyl precursor chemicals and manufacturing equipment, to assist U.S. financial institutions in identifying and reporting suspicious activity.¹⁰ This supplemental advisory also reminds U.S. financial institutions of their regulatory requirements under the Bank Secrecy Act (BSA) and its implementing regulations.¹¹ U.S. financial institutions’ BSA reporting to FinCEN allows law enforcement to follow the money behind the illicit fentanyl supply chain, identify and prosecute the illicit actors that profit off this unprecedented epidemic, and ultimately aid in the effort to save American lives.¹²

5. FinCEN is publishing this supplemental advisory pursuant to Section 3202(a) of the FEND Off Fentanyl Act, Pub. L. 118-50, div. E (Apr. 24, 2024).
6. See 31 U.S.C. § 5312(a)(2); 31 CFR § 1010.100(t).
7. See generally FinCEN, FIN-2019-A006, “[Advisory to Financial Institutions on Illicit Financial Schemes and Methods Related to the Trafficking of Fentanyl and Other Synthetic Opioids](#)” (“2019 Fentanyl Advisory”) (Aug. 21, 2019).
8. Fentanyl precursor chemicals refer to the basic or parent chemicals that form fentanyl and can include 4-anilino-N-phenethylpiperidine (4-ANPP) and norfentanyl. Fentanyl precursor chemicals can also be manufactured with dual use and designer pre-precursor chemicals such as 4-anilinopiperidine (4-AP), N-Phenethyl-4-piperidinone (NPP), and benzylfentanyl. Chemical substances such as fentanyl precursor and pre-precursor chemicals as well as fentanyl and other synthetic opioids are registered to unique reference numbers known as Chemical Abstracts Service (CAS) numbers. For lists of CAS numbers related to fentanyl-related substances and fentanyl precursor chemicals with no currently known legitimate uses, see generally International Narcotics Control Board (INCB), “[Fentanyl-Related Substances With No Currently Known Legitimate Uses](#)” (Nov. 23, 2023). See also INCB, “[Non-Fentanyl Opioids and Related New Psychoactive Substances With No Currently Known Legitimate Uses](#)” (Nov. 23, 2023).
9. Pill presses and die molds are components used to manufacture fentanyl and other synthetic opioids in pill form. The die mold is attached to the pill press machine to print a counterfeit trademark on the pill to resemble a legitimate pharmaceutical. See generally DEA, [One Pill Can Kill](#) for comparison images of real and counterfeit pills.
10. See generally FinCEN, “[Anti-Money Laundering/Countering the Financing of Terrorism National Priorities](#)” (June 30, 2021); The White House, “[FACT SHEET: President Biden’s Unity Agenda for the Nation](#)” (Mar. 8, 2024). See also Treasury, “[2024 National Money Laundering Risk Assessment](#)” (Feb. 7, 2024), at pp. 18-22.
11. The BSA is codified at 12 U.S.C. § 1829b, 12 U.S.C. §§ 1951-1960, and 31 U.S.C. §§ 310, 5311-5314, 5316-5336, including notes thereto, with implementing regulations at 31 CFR Chapter X.
12. See FinCEN Acting Director Himamauli Das, “[Statement Before U.S. House of Representatives Committee on Financial Services](#)” (Apr. 27, 2023), at p. 9.

The information contained in this supplemental advisory is derived from FinCEN's analysis of data collected from BSA-related reporting, open-source reporting, and information provided by law enforcement partners.

Recent Developments in the U.S. Opioid Crisis

Shift in the Illicit Fentanyl Supply Chain

U.S. law enforcement has observed a significant shift in the illicit fentanyl supply chain in recent years. Previously, complicit chemical and pharmaceutical companies based in the PRC (hereafter "PRC-based suppliers") directly shipped illicit fentanyl and other synthetic opioids to U.S.-based individuals for personal consumption or domestic distribution, or to TCOs and smaller criminal networks in Mexico to be trafficked into the United States across the U.S. southwest border.¹³ After the PRC government scheduled all fentanyl-related substances as a class in May 2019, the direct purchase and shipment of illicit fentanyl and other synthetic opioids from PRC-based suppliers declined substantially.¹⁴ Since 2019, Mexico-based TCOs, such as the Sinaloa Cartel and the Jalisco New Generation Cartel (CJNG), have become the predominant traffickers of illicit fentanyl and other synthetic opioids into the United States.¹⁵ The TCOs purchase fentanyl precursor chemicals and manufacturing equipment primarily from PRC-based suppliers to synthesize illicit fentanyl and other synthetic opioids in clandestine labs in Mexico.¹⁶

Illicit fentanyl precursor chemicals and manufacturing equipment may be shipped directly from the PRC to Mexico, or be routed to Mexico through third-party jurisdictions, including the United States.¹⁷ After the TCOs use the precursor chemicals and manufacturing equipment to synthesize illicit fentanyl and other synthetic opioids in Mexico, the illicit drugs are typically smuggled across the U.S. southwest border as

13. See 2019 Fentanyl Advisory, *supra* note 7, at p. 7.

14. See Commission on Combating Synthetic Opioid Trafficking, "[Final Report](#)" (Feb. 8, 2022), at p. 5. Despite a substantial decline since 2019, law enforcement is aware that complicit PRC-based suppliers continue to traffic illicit fentanyl and other synthetic opioids into the United States, at times via third countries, through the mail and express consignment shipping services. See also U.S. Department of Justice (DOJ), "[Three Foreign Nationals Sentenced for Operating an International Fentanyl Trafficking Organization](#)" (July 25, 2023); DOJ, "[Four Members of Drug Trafficking Organization Charged with Fentanyl Analogue Distribution and Money Laundering Charges](#)" (Aug. 10, 2022). In the United States, fentanyl is a Schedule II controlled substance under the Controlled Substances Act and can only be lawfully produced and distributed by manufacturers of prescription drugs approved by the U.S. Food and Drug Administration. See generally DEA, [Drug Scheduling](#).

15. See Commission on Combating Synthetic Opioid Trafficking, "[Final Report](#)" (Feb. 8, 2022), at pp. 5-9; Financial Action Task Force (FATF), "[Money Laundering from Fentanyl and Synthetic Opioids](#)" (Nov. 30, 2022), at pp. 9-10. See generally DEA, "[2024 National Drug Threat Assessment](#)," (May 9, 2024); Liana Rosen, Ricardo Barrios, and Susan Lawrence, CRS, "[China Primer: Illicit Fentanyl and China's Role](#)" (Updated Dec. 8, 2022).

16. See generally Treasury, "[Treasury Targets Large Chinese Network of Illicit Drug Producers](#)" (Oct. 3, 2023); DOJ, "[Justice Department Announces Eight Indictments Against China-Based Chemical Manufacturing Companies and Employees](#)" (Oct. 3, 2023); DOJ, "[Justice Department Announces Charges Against Sinaloa Cartel's Global Operation](#)" (Apr. 14, 2023); DEA, "[Sinaloa Cartel: Chapitos' Flow of Fentanyl Into the US](#)" (Apr. 2023); DOJ, "[Justice Department Announces Charges Against China-Based Chemical Manufacturing Companies and Arrests of Executives in Fentanyl Manufacturing](#)" (June 23, 2023).

17. See generally U.S. Department of Homeland Security (DHS), "[Joint HSI Investigation Leads to Indictments Against China-Based Chemical Manufacturing Companies, Employees for Fentanyl Trafficking](#)" (Oct. 4, 2023); DOJ, U.S. Attorney's Office, Southern District of California, "[Former Border Patrol Agent Sentenced to Prison for Trafficking in Fentanyl Precursor and Sea Cucumber](#)" (May 31, 2019).

a powder, as an adulterant in other drugs, or pressed or encapsulated into counterfeit medication.¹⁸ Mexico-based TCOs and smaller criminal organizations then traffic the illicit fentanyl and other synthetic opioids to American consumers via person-to-person drug sales, through the mail from e-commerce marketplaces and Darknet¹⁹ vendors, and in-person deliveries arranged on social media platforms.²⁰

Traffickers have flooded American communities with these illicit drugs, and in 2023 alone, the U.S. Drug Enforcement Administration (DEA) seized over 80 million counterfeit prescription pills laced with fentanyl and 12,000 pounds of fentanyl powder, equating to more than 381 million lethal doses of fentanyl.²¹ Also in 2023, U.S. Customs and Border Protection (CBP) seized almost 550,000 pounds of illicit drugs, primarily at the U.S. southwest border, which included nearly 27,000 pounds of fentanyl.²²

U.S. Government Response

In response to this unprecedented epidemic, in 2021, President Biden declared a national emergency, deeming international drug trafficking, including the trafficking of fentanyl and other synthetic opioids, to be an unusual and extraordinary threat to U.S. national security, foreign policy, and the economy. As part of this declaration, President Biden issued Executive Order (E.O.) 14059, *"Imposing Sanctions on Foreign Persons Involved in the Global Illicit Drug Trade,"* to modernize and expand sanctions authorities to target drug trafficking organizations, their enablers, and financial facilitators perpetrating this epidemic, and E.O. 14060, *"Establishing the U.S. Council on Transnational Organized Crime,"* to coordinate government-wide efforts to combat TCOs.²³

Through E.O. 14059, Treasury's Office of Foreign Assets Control (OFAC) has sanctioned over 290 foreign nationals and entities involved in the illicit fentanyl supply chain, including: PRC-based suppliers of fentanyl precursor chemicals and manufacturing equipment; chemical brokers based in

18. See generally DOJ, "[Twelve Defendants Charged For Trafficking Fentanyl-Laced Heroin, Cocaine, and Other Drugs](#)" (Aug. 2, 2023); DEA, "[DEA Reports Widespread Threat of Fentanyl Mixed with Xylazine](#)" (Mar. 20, 2023); DEA, [Fake Pills Fact Sheet](#) (Dec. 2022); DEA, "[DEA Warns of Brightly-Colored Fentanyl Used to Target Young Americans](#)" (Aug. 30, 2022).
19. The Darknet are areas of the Internet accessible only via specialized anonymizing software, such as "The Onion Router" (Tor) network. (Sites only reachable through the Tor network are recognizable through their ".onion" URL domain suffix.) While Darknet content is varied, it is also home to hidden services such as criminal marketplaces that allow individuals to buy and sell illegal items, such as drugs, firearms, and other hazardous materials, with greater anonymity than is possible on the traditional Internet. Generally, these Darknet market websites use a variety of anonymizing and encryption technologies in an attempt to shield communications and transactions from interception and monitoring.
20. See generally DOJ, "[Three Members of Drug Trafficking Organization Plead Guilty to Importing and Distributing Narcotics](#)" (July 3, 2023); DOJ, U.S. Attorney's Office, District of Massachusetts, "[Two Convicted for Roles in Drug Trafficking Organization with Ties to Mexican Cartel](#)" (May 24, 2023); DOJ, U.S. Attorney's Office, Eastern District of Virginia (USAO-EDVA), "[Darknet Vendor Sentenced for Distribution of Fentanyl-Laced Pills and Crystal Meth](#)" (Aug. 17, 2023); DOJ, USAO-EDVA, "[Three Darknet Fentanyl Vendors Sentenced to Over 20 Years in Prison](#)" (July 14, 2023); DEA, "[Social Media Drug Trafficking Threat](#)" (Jan. 2022).
21. For 2023 and current seizure rates, see generally DEA, [One Pill Can Kill](#).
22. See generally CBP, [Drug Seizure Statistics](#).
23. See generally The White House, "[Executive Order on Imposing Sanctions on Foreign Persons Involved in the Global Illicit Drug Trade](#)" ("E.O. 14059") (Dec. 15, 2021); The White House, "[Executive Order on Establishing the United States Council on Transnational Organized Crime](#)" (Dec. 15, 2021). To further address this national emergency, the Biden-Harris Administration issued the 2022 National Drug Control Strategy, which prioritizes a whole-of-government response to treat addiction, reduce overdose deaths, and target, disrupt, and dismantle the illicit fentanyl supply chain. See generally The White House, "[2022 National Drug Control Strategy](#)" (Apr. 21, 2022).

the PRC, Mexico, and other jurisdictions; Mexico-based manufacturers, smugglers, and traffickers of illicit fentanyl and other synthetic opioids; and money launderers that obfuscate the illicit proceeds sustaining the supply chain.²⁴ President Biden reaffirmed his commitment to beating the opioid epidemic by making it a key priority in his Unity Agenda for the Nation, which calls for bipartisan action to stop fentanyl from flowing into our communities, to bring to justice those who put it there, and to deliver life-saving medication and care across America.²⁵

In addition to designating illicit actors involved in drug trafficking, Treasury has also led international engagements with critical stakeholders²⁶ to disrupt the financing behind the illicit fentanyl supply chain, including with Mexico and Canada through the North American Drug Dialogue,²⁷ and with the PRC, as part of the U.S.-PRC Counternarcotics Working Group that was the product of the November 2023 Woodside Summit between President Biden and President Xi, and the U.S.-PRC Financial Working Group.²⁸ During Secretary Yellen's trip to the PRC in April 2024, the Secretary announced the Joint Treasury-People's Bank of China Cooperation and Exchange on Anti-Money Laundering to enable the PRC and United States to share best practices and information to clamp down on loopholes in our respective financial systems.²⁹ Treasury has also expanded its public-private partnerships through FinCEN Exchange³⁰ with U.S. financial institutions and law

24. See generally Treasury, "[Deputy Secretary Adeyemo Announces New Treasury Sanctions Against Sinaloa Cartel Fentanyl Network](#)" (Mar. 22, 2024); Treasury, "[Remarks by Deputy Secretary of the Treasury Wally Adeyemo at Press Conference in Phoenix, Arizona](#)" (Mar. 22, 2024); Treasury, "[Remarks by Secretary of the Treasury Janet L. Yellen on New Treasury Actions to Counter Illicit Financing Tied to Fentanyl in Mexico City, Mexico](#)" (Dec. 6, 2023); Treasury, "[Treasury Sanctions Sinaloa Cartel Network Flush with Illicit Fentanyl on the Southwest Border](#)" (Nov. 7, 2023); Treasury, "[Remarks by Deputy Secretary Adeyemo at a Press Conference Announcing New Treasury Action Against Fentanyl Supply Chain](#)" (Oct. 3, 2023); Treasury, "[Treasury Targets Large Chinese Network of Illicit Drug Producers](#)" (Oct. 3, 2023); Treasury, "[Treasury Targets Sinaloa Cartel Fentanyl Trafficking Operations and a Colombian Cartel Leader](#)" (Sep. 26, 2023); Treasury, "[Treasury Sanctions Three Notoriously Violent Sinaloa Cartel Operators](#)" (Aug. 9, 2023); Treasury, "[Treasury Sanctions Drug Traffickers Operating Across Europe and North America](#)" (July 19, 2023); Treasury, "[Treasury Sanctions Illicit Fentanyl Network Run by Key Sinaloa Cartel Family Members](#)" (July 12, 2023); Treasury, "[Treasury Sanctions China- and Mexico-Based Enablers of Counterfeit, Fentanyl-Laced Pill Production](#)" (May 30, 2023); Treasury, "[Treasury Sanctions Fourth Member of 'Los Chapitos' and Expands Targeting of Deadly Fentanyl Supply Network](#)" (May 9, 2023); Treasury, "[U.S. Sanctions Suppliers of Precursor Chemicals for Fentanyl Production](#)" (Apr. 14, 2023); Treasury, "[Treasury Sanctions Sinaloa Cartel Network of 'Super Lab' Suppliers and Fentanyl Operators](#)" (Feb. 22, 2023); Treasury, "[Treasury Sanctions Three Fentanyl Traffickers Contributing to the U.S. Opioid Crisis](#)" (Jan. 30, 2023); Treasury, "[Treasury Sanctions Internet-based Suppliers of Illicit Fentanyl and Other Synthetic Drugs](#)" (Nov. 9, 2022); Treasury, "[Treasury Uses New Sanctions Authority to Combat Global Illicit Drug Trade](#)" (Dec. 15, 2021).

25. See generally The White House, "[FACT SHEET: President Biden's Unity Agenda for the Nation](#)" (Mar. 8, 2024).

26. See generally FATF, "[Money Laundering from Fentanyl and Synthetic Opioids](#)" (Nov. 30, 2022).

27. See generally FinCEN, "[READOUT: FinCEN Joins Trilateral North America Drug Dialogue Workshop to Address Money Laundering Associated with Drug Trafficking](#)" (June 15, 2023); The White House, "[Seventh Meeting of the North American Drug Dialogue](#)" (Nov. 11, 2023).

28. See generally Treasury, "[Treasury Department Announces Launch of Economic and Financial Working Groups with the People's Republic of China](#)" (Sep. 22, 2023).

29. See Treasury, "[Remarks by Secretary of the Treasury Janet L. Yellen at a Press Conference in Beijing, the People's Republic of China](#)" (Apr. 8, 2024); Treasury, "[READOUT: Secretary of the Treasury Janet L. Yellen's Bilateral Meeting with the Leadership of the U.S. – People's Republic of China Economic and Financial Working Groups](#)" (Apr. 16, 2024).

30. See generally FinCEN, [FinCEN Exchange](#). See also FinCEN, "[READOUT: Treasury Officials Visit Kentucky and Ohio to Meet with Financial Institutions, Hold FinCEN Exchange on Combating Fentanyl Trafficking](#)" (Aug. 8, 2023); FinCEN, "[FinCEN Exchange in San Antonio Brings Together Public and Private Stakeholders to Combat Fentanyl Trafficking and Human Smuggling](#)" (July 12, 2023); FinCEN, "[FinCEN Exchange in Los Angeles Brings Together Public and Private Sectors to Share Information on Combating Fentanyl Trafficking](#)" (Feb. 5, 2024).

enforcement, including Internal Revenue Service – Criminal Investigation as part of Treasury’s Counter-Fentanyl Strike Force,³¹ and through U.S.-Mexico Illicit Finance Roundtables with Mexican regulators, law enforcement, and financial institutions.³² These public-private partnerships promote effective suspicious activity reporting and information sharing on the synthesis and trafficking of illicit fentanyl and other synthetic opioids, as well as associated money laundering.³³

U.S.-PRC Counternarcotics Working Group

On November 15, 2023, President Biden and President Xi Jinping of the PRC announced the resumption of bilateral counternarcotics cooperation with a focus on reducing the flow of precursor chemicals fueling illicit fentanyl and synthetic drug trafficking.³⁴ As part of this resumption of cooperation, the PRC issued a law enforcement notice to its domestic industry advising on the enforcement of laws and regulations related to trade in precursor chemicals and pill press equipment, took regulatory and law enforcement action against dozens of PRC-based synthetic drug and chemical precursor suppliers, and resumed the submission of chemical incidents to the International Narcotics Control Board’s global information sharing database.³⁵ The United States and the PRC also established the U.S.-PRC Counternarcotics Working Group on January 30, 2024, to coordinate on law enforcement actions; address the misuse of precursor chemicals, pill presses, and related equipment to manufacture illicit drugs; target the illicit financing of TCO networks; engage in multilateral fora; and share information to build a common understanding of the dynamic illicit threat posed by synthetic drugs.³⁶ This work is ongoing.

Current Typologies Associated with the Procurement of Fentanyl Precursor Chemicals and Manufacturing Equipment

According to U.S. law enforcement, Mexico-based TCOs can purchase fentanyl precursor chemicals and manufacturing equipment either directly from PRC-based suppliers or through chemical brokers. Many of these PRC-based suppliers were previously involved in the manufacturing and distribution of fentanyl prior to the PRC placing controls on all fentanyl-related substances in May 2019. Similarly, chemical brokers often serve as middlemen for the illicit procurement of fentanyl precursor chemicals and manufacturing equipment and may represent multiple PRC-based suppliers and Mexico-based TCOs. These chemical brokers can be based in Mexico, the PRC, or other jurisdictions, and leverage their connections in mainland PRC and Mexico to connect the PRC-based suppliers and Mexico-based TCOs.

31. See generally Treasury, “[U.S. Treasury Launches Counter-Fentanyl Strike Force](#)” (Dec. 4, 2023); FinCEN, “[In Boston, Treasury Launches New Public-Private FinCEN Exchange Series to Fight Fentanyl Trafficking](#)” (May 20, 2024).
32. See generally FinCEN, “[FinCEN Officials Travel to Mexico for Meetings with Mexican Counterparts on Illicit Finance Trends Associated with Fentanyl and Other Threats](#)” (Aug. 4, 2023); Treasury, “[READOUT: Treasury Officials Visit Mexico to Further Collaboration on Illicit Finance](#)” (Feb. 12, 2024).
33. See generally FinCEN Director Andrea Gacki, “[Statement Before U.S. House of Representatives Committee on Financial Services](#)” (Feb. 14, 2024).
34. See generally The White House, “[Readout of President Joe Biden’s Meeting with President Xi Jinping of the People’s Republic of China](#)” (Nov. 15, 2023).
35. See generally The White House, “[Background Press Call on the Counternarcotics Working Group Trip to Beijing](#)” (Jan. 28, 2024).
36. See generally The White House, “[Readout of the U.S.-PRC Bilateral Counternarcotics Working Group Inaugural Meeting](#)” (Jan. 30, 2024); The White House, “[FACT SHEET: Biden-Harris Administration Continues Progress on Fight Against Global Illicit Drug Trafficking](#)” (Nov. 16, 2023).

Through these connections, chemical brokers can sell and purchase fentanyl precursor chemicals and manufacturing equipment on behalf of their clients and ultimately obfuscate the illicit diversion from mainland PRC to Mexico.³⁷

Based on recent U.S. Department of Justice (DOJ) indictments and OFAC designations, PRC-based suppliers and chemical brokers may also explicitly advertise in English the sale of fentanyl precursor chemicals and manufacturing equipment on chemical and pharmaceutical company websites, e-commerce marketplaces, social media platforms, and the Darknet.³⁸ Precursor chemicals are often marketed in advertisements through their associated Chemical Abstracts Service (CAS) number³⁹ for ease of reference to potential illicit buyers. Advertisements may prominently feature shipping services that would be uncharacteristic of a legitimate supplier, such as explicitly offering to provide “exit and entry customs clearance,” which is a euphemism for disguising and mislabeling the shipments to avoid scrutiny by law enforcement and customs officials.⁴⁰

These advertisements may direct Mexico-based TCOs and other illicit buyers to contact a sales representative of the supplier or their chemical broker by email, telephone, text message, or encrypted messaging applications to negotiate the sale.⁴¹ Payments for fentanyl precursor chemicals and manufacturing equipment may be conducted in single or multiple transactions from Mexico and the United States and may be structured through multiple senders and beneficiaries to evade BSA reporting and recordkeeping requirements.⁴² Although these payments often involve low-dollar amounts, they can result in significant amounts of potential drug trafficking proceeds once the Mexico-based TCOs use the precursor chemicals and manufacturing equipment to synthesize and sell illicit fentanyl and other synthetic opioids. FinCEN has identified the use of shell and front companies; money transfers through banks, money services businesses (MSBs), and online payment processors; and payments in virtual currency⁴³ as financial typologies associated with Mexico-based TCOs and their illicit procurement of

- 37. See generally U.S. Department of State, “[Ana Gabriela Rubio Zea \(Captured\)](#)” (Apr. 14, 2023); Treasury, “[U.S. Sanctions Suppliers of Precursor Chemicals for Fentanyl Production](#)” (Apr. 14, 2023); DOJ, U.S. Attorney’s Office, Southern District of New York (USAO-SDNY), “[U.S. Attorney Announces Charges Against Leadership of the Sinaloa Cartel and 25 Other Defendants in Massive Fentanyl Importation and Trafficking Conspiracies](#)” (Apr. 14, 2023).
- 38. See generally DOJ, “[Justice Department Announces Eight Indictments Against China-Based Chemical Manufacturing Companies and Employees](#)” (Oct. 3, 2023); DOJ, “[Justice Department Announces Charges Against Sinaloa Cartel’s Global Operation](#)” (Apr. 14, 2023); DOJ, “[Justice Department Announces Charges Against China-Based Chemical Manufacturing Companies and Arrests of Executives in Fentanyl Manufacturing](#)” (June 23, 2023); Treasury, “[Treasury Targets Large Chinese Network of Illicit Drug Producers](#)” (Oct. 3, 2023).
- 39. For more information on CAS numbers, see generally *supra* note 8.
- 40. See generally DOJ, “[Justice Department Announces Eight Indictments Against China-Based Chemical Manufacturing Companies and Employees](#)” (Oct. 3, 2023); DOJ, “[Justice Department Announces Charges Against Sinaloa Cartel’s Global Operation](#)” (Apr. 14, 2023); DOJ, “[Justice Department Announces Charges Against China-Based Chemical Manufacturing Companies and Arrests of Executives in Fentanyl Manufacturing](#)” (June 23, 2023); Treasury, “[Treasury Targets Large Chinese Network of Illicit Drug Producers](#)” (Oct. 3, 2023).
- 41. See generally DOJ, “[Justice Department Announces Eight Indictments Against China-Based Chemical Manufacturing Companies and Employees](#)” (Oct. 3, 2023).
- 42. “Structuring” includes not only attempts to evade reporting requirements, but also attempts to evade the Travel Rule (31 CFR § 1010.410(f)) and related recordkeeping requirements. See 31 U.S.C. § 5324. FinCEN’s regulations on structuring (see generally 31 CFR §§ 1010.100(xx), 1010.314) focus on evasion of currency transaction reporting (CTR) requirements.
- 43. See generally FinCEN, “[Application of FinCEN’s Regulations to Persons Administering, Exchanging, or Using Virtual Currencies](#)” (Mar. 18, 2013); FinCEN, “[Application of FinCEN’s Regulations to Certain Business Models Involving Convertible Virtual Currencies](#)” (May 9, 2019); FinCEN, FIN-2019-A003, “[Advisory on Illicit Activity Involving Convertible Virtual Currency](#)” (May 9, 2019).

fentanyl precursor chemicals and manufacturing equipment.⁴⁴ These typologies and red flags in the subsequent section should not be considered an exhaustive list, and U.S. financial institutions should be vigilant of any suspicious activity indicating illicit procurement of fentanyl precursor chemicals and manufacturing equipment from any jurisdiction.

Use of Shell and Front Companies

Shell and front companies⁴⁵ serve a critical role in enabling the supply chain and procurement of fentanyl precursor chemicals and manufacturing equipment by Mexico-based TCOs. These shell and front companies, which are used to create opaque layers of corporate ownership and obfuscate the source of activity, may appear to be legitimate Chinese exporters or Mexican importers in the chemical manufacturing and pharmaceutical industries.⁴⁶ In some instances, these shell and front companies may also appear to be associated with entirely unrelated business sectors such as textiles, food, or the electronics industry. PRC-based suppliers generally sell fentanyl precursor chemicals and manufacturing equipment to shell and front companies under their control to create the façade of a legitimate transaction and to obfuscate the source of the illicit diversion.⁴⁷ The shell and front companies ultimately sell the fentanyl precursor chemicals and manufacturing equipment to Mexico-based TCOs, often utilizing chemical brokers that control other shell and front companies to further obfuscate the supply chain.⁴⁸

Money Transfers Through Banks, MSBs, and Online Payment Processors

Money transfers through banks, MSBs, and online payment processors are a common financial typology associated with TCOs' procurement of fentanyl precursor chemicals and manufacturing equipment. These transactions may be sent from Mexico or the United States to mainland PRC (including via Hong Kong and other jurisdictions) to individuals and shell and front companies associated with either a PRC-based supplier or a chemical broker. While some money transfers

44. See generally Treasury, "[Treasury Targets Large Chinese Network of Illicit Drug Producers](#)" (Oct. 3, 2023); DOJ, "[Justice Department Announces Eight Indictments Against China-Based Chemical Manufacturing Companies and Employees](#)" (Oct. 3, 2023).

45. Shell companies are typically non-publicly traded corporations, limited liability companies, or other types of entities that have no physical presence beyond a mailing address, generate little to no independent economic value, and generally are created without disclosing their beneficial owners. See FinCEN, [Beneficial Ownership Information Reporting Requirements](#), 87 Fed. Reg. 59,501 (Sept. 30, 2022). In contrast, front companies are fully functioning companies, often having a physical location, with the characteristics of a legitimate business, and are used to comingle illicit proceeds with earnings from legitimate business operations. See Treasury, "[2024 National Money Laundering Risk Assessment](#)" (Feb. 2024), at p. 53.

46. See Commission on Combating Synthetic Opioid Trafficking, "[Final Report](#)" (Feb. 8, 2022), at p. 9; FATF, "[Money Laundering from Fentanyl and Synthetic Opioids](#)" (Nov. 30, 2022), at pp. 13-14.

47. See generally Treasury, "[Treasury Targets Large Chinese Network of Illicit Drug Producers](#)" (Oct. 3, 2023); DOJ, "[Justice Department Announces Eight Indictments Against China-Based Chemical Manufacturing Companies and Employees](#)" (Oct. 3, 2023).

48. See generally Treasury, "[Treasury Sanctions Illicit Fentanyl Network Run by Key Sinaloa Cartel Family Members](#)" (July 12, 2023); Treasury, "[Treasury Sanctions China- and Mexico-Based Enablers of Counterfeit, Fentanyl-Laced Pill Production](#)" (May 30, 2023); Treasury, "[Treasury Sanctions Fourth Member of 'Los Chapitos' and Expands Targeting of Deadly Fentanyl Supply Network](#)" (May 9, 2023); Treasury, "[Treasury Sanctions Sinaloa Cartel Network of 'Super Lab' Suppliers and Fentanyl Operators](#)" (Feb. 22, 2023); Treasury, "[Treasury Sanctions Three Fentanyl Traffickers Contributing to the U.S. Opioid Crisis](#)" (Jan. 30, 2023).

are sent from TCOs in Mexico to PRC-based suppliers without crossing the U.S. financial system, many of these foreign transactions are cleared in U.S. dollars through U.S. correspondent banks, Mexico- and PRC-based agents of U.S. MSBs, and U.S. online payment processors.⁴⁹

Virtual Currency

Mexico-based TCOs are increasingly purchasing fentanyl precursor chemicals and manufacturing equipment from PRC-based suppliers in virtual currency, including bitcoin, ether, monero, and tether, among others. Virtual currency payments are often sent to persons affiliated with PRC-based suppliers or secondary money transmitters with hosted wallets at virtual asset service providers.⁵⁰

Preparing for Market Adaptation

Mexico-based TCOs and PRC-based suppliers have demonstrated an ability to adapt rapidly to changes in the regulatory or law enforcement environment in the United States, Mexico, and the PRC. In response to increased coordination and cooperation between the United States and the PRC, Mexico-based TCOs and suppliers of fentanyl precursor chemicals and manufacturing equipment in the PRC and potentially in other jurisdictions may seek to leverage global networks to evade new restrictions and obscure transactions. This activity could lead to unanticipated shifts in the supply chain for illicit synthetic drugs. FinCEN therefore urges continued vigilance in monitoring for potentially suspicious activity related to the procurement of precursor chemicals, pill presses, die molds, and other manufacturing equipment used for the synthesis of illicit fentanyl and other synthetic opioids.

Red Flag Indicators Related to the Procurement of Fentanyl Precursor Chemicals and Manufacturing Equipment

FinCEN has identified red flags to help financial institutions detect, prevent, and report suspicious activity connected to the procurement of precursor chemicals and manufacturing equipment for the synthesis of illicit fentanyl and other synthetic opioids. These red flags are in addition to the red flags in FinCEN's 2019 Fentanyl Advisory, all of which remain relevant.⁵¹ As no single red flag is determinative of illicit or suspicious activity, financial institutions should consider the surrounding facts and circumstances, such as a customer's historical financial activity, whether the transactions are in line with prevailing business practices, and whether the customer exhibits multiple red flags, before determining if a behavior or transaction is suspicious or otherwise indicative of illicit procurement of fentanyl precursor chemicals and manufacturing equipment or is otherwise suspicious.

49. See generally DOJ, "[Justice Department Announces Eight Indictments Against China-Based Chemical Manufacturing Companies and Employees](#)" (Oct. 3, 2023).

50. See generally Treasury, "[Treasury Targets Large Chinese Network of Illicit Drug Producers](#)" (Oct. 3, 2023); DOJ, "[Justice Department Announces Eight Indictments Against China-Based Chemical Manufacturing Companies and Employees](#)" (Oct. 3, 2023); DOJ, USAO-SDNY, "[U.S. Attorney Announces Fentanyl Trafficking, Precursor Importation, and Money Laundering Charges Against Chinese Chemical Company and Executives](#)" (June 23, 2023); Treasury, "[U.S. Sanctions Suppliers of Precursor Chemicals for Fentanyl Production](#)" (Apr. 14, 2023).

51. See 2019 Fentanyl Advisory, *supra* note 7, at pp. 13-15.

Customer and Counterparty Profile Red Flags

- 1 A customer or counterparty has previous drug-related convictions or open-source reporting indicates connections to clandestine lab operations.
- 2 A customer or counterparty is a chemical or pharmaceutical company in the PRC, Hong Kong, or another jurisdiction with a residential address or a business address shared with other similar businesses or that has no physical presence or shows other indicators of possible illicit shell company activity.⁵²
- 3 A counterparty, with no supposed affiliation with the PRC, uses a PRC-based phone number or Internet Protocol (IP) address that is affiliated with the website of a Chinese chemical or pharmaceutical company.
- 4 A customer or counterparty is a vendor on an e-commerce or Darknet marketplace that advertises the sale of precursor chemicals (using chemical names, abbreviations, or CAS numbers in the advertisement) and manufacturing equipment used for the synthesis of illicit fentanyl and other synthetic opioids.
- 5 A customer is a Mexican company that, according to open-source and commercially available reporting, is importing shipments of fentanyl precursor chemicals and manufacturing equipment without appropriate importing licenses and registrations in Mexico.
- 6 A customer is a Mexican company with little or no online presence and is involved in the import of the same precursor chemicals and manufacturing equipment used in the synthesis of fentanyl.
- 7 Multiple, seemingly unrelated Mexican importing companies share phone numbers, email addresses, or physical addresses and transact with the same PRC-based chemical manufacturing and pharmaceutical companies.
- 8 A customer is a Mexican importing company that predominantly transacts only with chemical or pharmaceutical companies in the PRC or Hong Kong for no apparent legitimate reason as compared to similar importers that transact with foreign chemical manufacturing and pharmaceutical suppliers in multiple jurisdictions.

52. See generally FinCEN, “[The Role of Domestic Shell Companies in Financial Crime and Money Laundering: Limited Liability Companies](#)” (Nov. 2006).

Transactional Red Flags

- 9 A customer sends low-dollar or virtual currency payments for no apparent legitimate purpose to beneficiaries involved in the chemical manufacturing and pharmaceutical industries in the PRC, Hong Kong, or another jurisdiction.
- 10 Multiple customers send funds for no apparent legitimate purpose to the same beneficiary involved in the chemical manufacturing and pharmaceutical industries in the PRC, Hong Kong, or another jurisdiction (*i.e.*, many-to-one).
- 11 A Mexico-based entity from an unrelated industry transacts with a PRC-based chemical or pharmaceutical company. Alternatively, a PRC-based entity from an unrelated industry transacts with a Mexico-based chemical or pharmaceutical company.
- 12 A customer engages in behavior that suggests efforts to evade the Currency Transaction Report (CTR) filing requirement (*e.g.*, the customer alters or cancels a transaction when advised a CTR would be filed or engages in structuring with multiple cash transactions for under \$10,000), as well as avoiding recordkeeping requirements.⁵³
- 13 A customer sends virtual currency payments to an address that is linked through blockchain analytics to beneficiaries associated with the PRC-based chemical manufacturing and pharmaceutical industries or to individuals or entities listed in DOJ indictments and OFAC designations.
- 14 A customer is a Mexican company that does not appear to be involved in the chemical manufacturing and pharmaceutical industries despite transactional activity indicating the procurement of fentanyl precursor chemicals and associated manufacturing equipment.

53. See generally 31 CFR §§ 1010.100(xx), 1010.314, 1010.410.

Reminder of Relevant BSA Obligations and Tools for U.S. Financial Institutions

Suspicious Activity Reporting

*USA PATRIOT ACT Section 314(b) Information Sharing Authority
Other Relevant BSA Reporting*

Suspicious Activity Reporting

A financial institution is required to file a Suspicious Activity Report (SAR) if it knows, suspects, or has reason to suspect a transaction conducted or attempted by, at, or through the financial institution involves funds derived from illegal activity; is intended or conducted to disguise funds derived from illegal activity; is designed to evade regulations promulgated under the BSA; lacks a business or apparent lawful purpose; or involves the use of the financial institution to facilitate criminal activity.⁵⁴ All statutorily defined financial institutions may voluntarily report suspicious transactions under the existing suspicious activity reporting safe harbor.⁵⁵

Financial institutions are required to file complete and accurate reports that incorporate all relevant information available, including cyber-related information. When filing a SAR regarding suspicious transactions that involve cyber events, financial institutions should provide all pertinent available information on the event and associated with the suspicious activity, including cyber-related information and technical indicators, in the SAR form and narrative. When filing is not required, institutions may file a SAR voluntarily to aid law enforcement in protecting the financial sector. Valuable cyber indicators for fentanyl-related law enforcement investigations can include relevant email addresses, IP addresses with their respective timestamps, login information with location and timestamps, virtual currency addresses, mobile device information (such as device International Mobile Equipment Identity (IMEI) numbers), and descriptions and timing of suspicious electronic communications.

When a financial institution files a SAR, it is required to maintain a copy of the SAR and the original or business record equivalent of any supporting documentation for a period of five years from the date of filing the SAR.⁵⁶ Financial institutions must provide any requested documentation supporting the filing of a SAR upon request by FinCEN or an appropriate law enforcement or supervisory agency.⁵⁷ When requested to provide supporting documentation, financial institutions should take special care to verify that a requestor of information is, in fact, a representative of FinCEN or an appropriate law enforcement or supervisory agency.

54. See 31 CFR §§ 1020.320, 1021.320, 1022.320, 1023.320, 1024.320, 1025.320, 1026.320, 1029.320, 1030.320.

55. See 31 U.S.C. § 5318(g)(3). Financial institutions may report suspicious transactions regardless of the amount involved and still take advantage of the safe harbor.

56. See 31 CFR §§ 1020.320(d), 1021.320(d), 1022.320(c), 1023.320(d), 1024.320(c), 1025.320(d), 1026.320(d), 1029.320(c), 1030.320(c).

57. *Id.* See also FinCEN, “[Suspicious Activity Report Supporting Documentation](#)” (June 13, 2007).

A financial institution should incorporate procedures for such verification into its BSA compliance or AML program. These procedures may include, for example, independent employment verification with the requestor's field office or face-to-face review of the requestor's credentials.

SAR Filing Instructions

FinCEN requests that financial institutions indicate any connection between the suspicious activity being reported and the activities highlighted in this advisory by including the key term “FENTANYL FIN-2024-A002” in SAR field 2 (“Filing Institution Note to FinCEN”), as well as in the narrative. Financial institutions may highlight additional advisory or alert keywords in the narrative, if applicable.

Financial institutions should include all available information relating to the account(s) and location(s) involved in the reported activity, identifying information and descriptions of any legal entities or arrangements involved and associated beneficial owners, and any information about related persons or entities involved in the activity. Financial institutions also should provide all available information regarding other domestic and foreign financial institutions involved in the activity; where appropriate, financial institutions should consider filing a SAR jointly on shared suspicious activity.⁵⁸

Information Sharing

Information sharing among financial institutions is critical to identifying, reporting, and preventing the illicit procurement of fentanyl precursor chemicals and manufacturing equipment or other illicit financial activity. U.S. financial institutions and associations of U.S. financial institutions sharing information under the safe harbor authorized by section 314(b) of the USA PATRIOT Act are reminded that they may share information with each other regarding individuals, entities, organizations, and countries for purposes of identifying, and, where appropriate, reporting activities that may involve possible terrorist activity or money laundering.⁵⁹ FinCEN strongly encourages such voluntary information sharing as it relates to money laundering or possible terrorist financing in connection with drug trafficking, including the trafficking of fentanyl and other synthetic opioids, and international drug trafficking.

Given the transnational nature of illicit activity related to the illicit procurement of fentanyl precursor chemicals and manufacturing equipment, FinCEN encourages U.S. financial institutions to continue to use, and potentially expand, their existing processes to collect and share information with foreign financial institutions in furtherance of investigations that involve cross-border activity.⁶⁰

58. See 31 CFR §§ 1020.320(e)(1)(ii)(A)(2)(i), 1021.320(e)(1)(ii)(A)(2), 1022.320(d)(1)(ii)(A)(2), 1023.320(e)(1)(ii)(A)(2)(i), 1024.320(d)(1)(ii)(A)(2), 1025.320(e)(1)(ii)(A)(2), 1026.320(e)(1)(ii)(A)(2)(i), 1029.320(d)(1)(ii)(A)(2), 1030.320(d)(1)(ii)(A)(2).

59. See generally FinCEN, “[Section 314\(b\) Fact Sheet](#)” (Dec. 2020).

60. See generally, e.g., “[Prepared Remarks of FinCEN Director Andrea Gacki During the SIFMA AML Conference](#)” (May 6, 2024).

Other Relevant BSA Reporting Requirements

Financial institutions and other entities or persons also may have other relevant BSA reporting obligations to provide information in connection with the subject of this advisory. These include obligations related to the CTR,⁶¹ Report of Cash Payments Over \$10,000 Received in a Trade or Business (Form 8300),⁶² Report of Foreign Bank and Financial Accounts (FBAR),⁶³ Report of International Transportation of Currency or Monetary Instruments (CMIR),⁶⁴ Registration of Money Services Business (RMSB),⁶⁵ and Designation of Exempt Person (DOEP).⁶⁶ These standard reporting requirements may not have an obvious connection to illicit finance, but may ultimately prove highly useful to law enforcement.

Form 8300 Filing Instructions

When filing a Form 8300 involving a suspicious transaction relevant to this advisory, FinCEN requests that the filer select *Box 1b* (“suspicious transaction”) and include the key term “FENTANYL FIN-2024-A002” in the “Comments” section of the report.

Due Diligence

Banks, brokers or dealers in securities, mutual funds, and futures commission merchants and introducing brokers in commodities (FCM/IBs) are required to have appropriate risk-based procedures for conducting ongoing customer due diligence that include, but are not limited to: (i) understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and (ii) conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information.⁶⁷ Covered financial institutions are required to identify and verify the identity of beneficial owners of legal entity customers, subject to certain exclusions and exemptions.⁶⁸ Among other things, this facilitates the identification of legal entities that may be owned or controlled by foreign politically exposed persons (PEPs).

61. A report of each deposit, withdrawal, exchange of currency, or other payment or transfer, by, through, or to a financial institution that involves a transaction in currency of more than \$10,000. Multiple transactions may be aggregated when determining whether the reporting threshold has been met. *See* 31 CFR §§ 1010.310-313, 1020.310-313, 1021.310-313, 1022.310-313, 1023.310-313, 1024.310-313, 1026.310-313.
62. A report filed by a trade or business that receives currency in excess of \$10,000 in one transaction or two or more related transactions. The transactions are required to be reported on a joint FinCEN/Internal Revenue Service form when not otherwise required to be reported on a CTR. *See* 31 CFR §§ 1010.330, 1010.331. A Form 8300 also may be filed voluntarily for any suspicious transaction, even if the total amount does not exceed \$10,000.
63. A report filed by a U.S. person that has a financial interest in, or signature or other authority over, foreign financial accounts with an aggregate value exceeding \$10,000 at any time during the calendar year. *See* 31 CFR § 1010.350; FinCEN Form 114.
64. A form filed to report the transportation of more than \$10,000 in currency or other monetary instruments into or out of the United States. *See* 31 CFR § 1010.340.
65. A form filed to register an MSB with FinCEN, or to renew such a registration. *See* 31 CFR § 1022.380.
66. A report filed by banks to exempt certain customers from currency transaction reporting requirements. *See* 31 CFR § 1020.315.
67. *See* 31 CFR §§ 1020.210(a)(2)(v), 1023.210(b)(5), 1024.210(b)(6), 1026.210(b)(5).
68. *See* 31 CFR §§ 1010.230, 1010.650(e)(1) (defining “covered financial institution”).

Senior foreign political figures and due diligence obligations for private banking accounts

In addition to these due diligence obligations, under section 312 of the USA PATRIOT Act (31 U.S.C. § 5318(i)) and its implementing regulations, covered financial institutions must implement due diligence programs for private banking accounts held for non-U.S. persons that are designed to detect and report any known or suspected money laundering or suspicious activity conducted through or involving such accounts.⁶⁹ Covered financial institutions must establish risk-based controls and procedures for ascertaining the identities of nominal and beneficial owners of such accounts and ascertaining whether any of these owners are senior foreign political figures, and for conducting enhanced scrutiny on accounts held by senior foreign political figures that is reasonably designed to detect and report transactions that may involve the proceeds of foreign corruption.⁷⁰

AML/CFT program and correspondent account due diligence requirements

Financial institutions are reminded of AML/CFT program requirements,⁷¹ and covered financial institutions are reminded of correspondent account due diligence requirements under Section 312 of the USA PATRIOT Act (31 U.S.C. § 5318(i)) and implementing regulations.⁷² As described in FinCEN Interpretive Release 2004-1, the AML/CFT program of an MSB must include risk-based policies, procedures, and controls designed to identify and minimize risks associated with foreign agents and counterparties.⁷³

For Further Information

Additional questions or comments regarding the contents of this advisory should be addressed to the FinCEN Regulatory Support Section at frc@fincen.gov.

The mission of the Financial Crimes Enforcement Network is to safeguard the financial system from illicit use, combat money laundering and its related crimes including terrorism, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.

69. See 31 CFR § 1010.620. The definition of “covered financial institution” is found in 31 CFR § 1010.605(e)(1). The definition of “private banking account” is found in 31 CFR § 1010.605(m). The definition of “non-U.S. person” is found in 31 CFR § 1010.605(h).

70. See 31 CFR § 1010.620(c).

71. See 31 CFR §§ 1010.210, 1020.210, 1021.210, 1022.210, 1023.210, 1024.210, 1025.210, 1026.210, 1027.210, 1028.210, 1029.210, 1030.210.

72. See 31 CFR § 1010.610.

73. See FinCEN, [Anti-Money Laundering Program Requirements for Money Services Businesses with Respect to Foreign Agents or Foreign Counterparties](#), Interpretive Release 2004-1, 69 Fed. Reg. 74,439 (Dec. 14, 2004). See also FinCEN, [“Guidance on Existing AML Program Rule Compliance Obligations for MSB Principals with Respect to Agent Monitoring”](#) (Mar. 11, 2016).