

FinCEN Issues Advisory and Financial Trend Analysis on Chinese Money Laundering Networks

Today, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) is raising the alarm on Chinese money laundering networks (CMLNs), which pose a significant threat to the U.S. financial system. FinCEN is issuing: (1) an **Advisory** to urge financial institutions to be vigilant in detecting the use of CMLNs by Mexico-based drug cartels, including several designated as Foreign Terrorist Organizations; and (2) a **Financial Trend Analysis (FTA)** highlighting the scope and breadth of CMLN activity in the United States.

"Money laundering networks linked to individual passport holders from the People's Republic of China enable cartels to poison Americans with fentanyl, conduct human trafficking, and wreak havoc among communities across our great nation," said **Under Secretary for Terrorism and Financial Intelligence John K. Hurley**. "The United States will not stand by and allow nefarious actors to launder illicit proceeds through our financial system. Today's publication of FinCEN's Advisory and Financial Trend Analysis reinforce Treasury's and law enforcement's ongoing work to combat Chinese money laundering networks, and will help financial institutions better identify signs of illicit activity."

"Chinese money laundering networks are global and pervasive, and they must be dismantled," said **FinCEN Director Andrea Gacki**. "These networks launder proceeds for Mexico-based drug cartels and are involved in other significant, underground money movement schemes within the United States and around the world. FinCEN's Advisory and Financial Trend Analysis support Treasury's continuing efforts, alongside our law enforcement and international partners, to bankrupt transnational criminal organizations and their enablers."

Bank Secrecy Act Reports Highlight Breadth of Chinese Money Laundering Networks in the United States

- As discussed in the FTA, FinCEN analyzed 137,153 Bank Secrecy Act (BSA) reports filed by financial institutions between January 2020 and December 2024 (the dataset) associated with suspected CMLN-related activity, totaling approximately \$312 billion in suspicious transactions.
- CMLNs, as discussed in the Advisory and FTA, play a significant role in laundering proceeds from drug trafficking. CMLNs are also involved in facilitating a range of additional illicit activity, including fraud, human trafficking, and human smuggling.
- Private individuals carrying passports from the People's Republic of China (PRC) play a significant role in these networks and may wittingly or unwittingly assist CMLNs launder money on a global scale.

CMLNs Are Being Utilized by Cartels to Launder Illicit Proceeds

- CMLNs are professional money launderers and are heavily utilized by Mexico-based cartels to launder drug proceeds in the United States.
- The business relationship between CMLNs and Mexico-based drug cartels is driven in part by laws passed by the Government of Mexico and the PRC that restrict financial flows.
- Mexico's currency restrictions prevent large amounts of U.S. dollars from being deposited into Mexican financial institutions, hindering the cartels' ability to launder

funds through the formal Mexican financial system. The PRC's currency control laws limit the amount of money Chinese citizens can transfer abroad each year.

- S.-based CMLNs may sell U.S. dollars purchased from Mexico-based drug cartels through advertisements on social media or by leveraging personal networks involving Chinese citizens and/or businesses seeking to evade the PRC's currency control laws.
- Ultimately, Chinese citizens' demand for large quantities of U.S. dollars and the cartels' need to launder their illicit U.S. dollar proceeds has resulted in a mutualistic relationship wherein the cartels sell off their illicitly obtained U.S. dollars to CMLNs who, in turn, sell the U.S. dollars to Chinese citizens seeking to evade China's currency control laws.

CMLNs Are Involved in Other Types of Illicit Activity

- Financial institutions filed 1,675 BSA reports in the dataset indicating suspicious activity potentially involving human trafficking or human smuggling.
- Financial institutions filed 43 BSA reports in the dataset involving approximately \$766 million in suspicious activity, on 83 adult and senior day care centers, all of which listed addresses in New York.
- FinCEN also identified 108 BSA reports in the dataset involving deposited funds potentially associated with healthcare fraud, elder abuse, and suspicious gaming activity.

CMLNs Use a Variety of Methods to Launder Proceeds, and May Recruit Employees Inside Financial Institutions

- To launder illicit cartel funds, CMLNs often utilize trade-based money laundering, money mule, and mirror transaction methodologies.
- CMLNs may recruit financial institution employees to act as complicit insiders or infiltrate and place CMLN members within a financial institution to assist in CMLN operations.
- CMLNs may also provide money mules with counterfeit Chinese passports to facilitate account opening and engage in other illicit financial behavior.

CMLNs Are Potentially Facilitating Real Estate Purchases Funded by Illicit Proceeds from a Variety of Financial Crimes

- Financial institutions filed 17,389 BSA reports in the dataset associated with more than \$53.7 billion in suspicious activity involving the real estate sector.
- CMLNs may use money mules or shell companies to purchase real estate, which may serve as an investment for the CMLN or a wealthy China-based client of the CMLN.
- CMLNs potentially play a key role in laundering illicit funds through U.S. real estate by using complex, layered transactions; involving third parties; and ultimately, integrating illicit proceeds into the real estate sector to launder ill-gotten gains.
- CMLNs potentially target high-value markets and leverage Chinese investors who have strong interest in U.S. real estate.

FinCEN is Issuing Key Indicators of Illicit Activity linked CMLNs to Alert Financial Institutions

- FinCEN has identified red flags to help financial institutions detect, prevent, and report suspicious activity connected to CMLNs laundering illicit proceeds.

- In situations where the money mules are opening accounts, these money mules may report their occupation during the account onboarding process as “student,” “housewife,” “retired,” “laborer,” or other occupations that typically do not engage in large volumes of transactions, which may bring about suspicions as to why these accounts have large volumes of unexplained wealth.
- Please read the full advisory for a comprehensive list of red flag indicators.

As a result of today’s action, all property and interests in property of the designated or blocked persons described above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, individually or in the aggregate, 50 percent or more by one or more blocked persons are also blocked.

Dated 28 August, 2025

