



FinCEN

ALERT

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FinCEN Supplemental Alert on Fuel Smuggling and Tax Evasion Schemes on the Southern Border Associated with Mexico-Based Cartels

Suspicious Activity Report (SAR) Filing Request:

FinCEN requests that financial institutions reference this supplemental Alert in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the key term **"FIN-2026-FISCALFUELTHEFT."**

The U.S. Department of the Treasury's (Treasury) Financial Crimes Enforcement Network (FinCEN) is issuing this supplemental Alert to advise financial institutions¹ to be vigilant in detecting, identifying, and reporting suspicious activity connected to the Jalisco New Generation Cartel (CJNG), Sinaloa Cartel, Gulf Cartel, and other Mexico-based transnational criminal organizations (TCOs)—frequently referred to as the "Cartels"—smuggling gasoline, diesel, naphtha,² and other fuel from the United States across the U.S. southern border or through U.S. ports into Mexico in schemes involving Mexican tax evasion known as fiscal fuel theft

(*huachicol fiscal*). This publication supplements FinCEN's May 2025 Alert on *Oil Smuggling Schemes on the U.S. Southwest Border Associated with Mexico-Based Cartels* (May 2025 Cartel Oil Smuggling Alert).³

Fiscal fuel theft refers to the circumvention of Mexican taxes on fuel that is illicitly imported from the United States via various smuggling methods. These schemes reflect an evolution of traditional fuel and oil theft (*huachicol*)⁴ in Mexico. Fiscal fuel theft and traditional fuel and oil theft have, together, become the most significant non-drug illicit revenue source for the Cartels. In recent years, the Cartels and their fuel smugglers (*huachicoleros*) are increasingly purchasing and smuggling fuel from complicit U.S. fuel distribution companies (hereafter "U.S. fuel traders") for sale on the Mexican black market, with public reporting estimating that a quarter to a third of all fuel sold in Mexico may be illicit.⁵ Smuggling methods can vary; however, smuggled fuel is typically misclassified in customs documentation, often masked by bribed Mexican government officials, including customs and tax officials, or concealed in other ways to circumvent Mexican taxes on imported fuel. Through these schemes, the Cartels are diverting tens of billions of dollars a year in tax revenue from

1. See 31 U.S.C. § 5312(a)(2); 31 C.F.R. § 1010.100(t).

2. Naphtha is a type of refined or partly refined light distillate that can be further blended to produce high-grade motor gasoline or jet fuel. See U.S. Energy Information Administration (EIA), [Naphtha](#).

3. See FinCEN, FIN-2025-Alert002, "[FinCEN Alert on Oil Smuggling Schemes on the U.S. Southwest Border Associated with Mexico-Based Cartels](#)" (May 1, 2025).

4. *Huachicol* is a term in Mexico broadly defined as the theft, adulteration, or smuggling of hydrocarbons such as fuel and oil.

5. See Financial Times, "[How Smuggled U.S. Fuel Funds Mexico's Cartels](#)" (June 11, 2025); Reuters, "[How a 'Dark Fleet' of Tankers Helped a Mexican Cartel Build a Fuel-Smuggling Empire](#)" (Oct. 22, 2025).

the Government of Mexico and undercutting Mexico’s state-owned energy company, Petróleos Mexicanos (Pemex),⁶ and other legitimate Mexican and U.S. energy companies. According to Federal law enforcement agencies, the Cartels’ smuggling schemes also fuels rampant corruption and violence that sustains their global drug trafficking operations and control in Mexico.

On January 20, 2025, President Trump declared a national emergency at the southern border of the United States and issued Executive Order (E.O.) 14157, which stated that it is the policy of the United States to ensure the total elimination of the Cartels and other TCOs and authorized the designation of these organizations as Foreign Terrorist Organizations (FTOs).⁷ To that end, the U.S. Government is taking aggressive measures to investigate and bring to justice those that provide support to the Cartels, including by targeting those involved in the Cartels’ non-drug revenue-producing schemes, such as schemes that involve the smuggling of fuel and oil on the southern border. Any individual or company providing material support to these designated organizations can face criminal prosecution and/or designation by Treasury’s Office of Foreign Assets Control (OFAC).

In support of the Trump Administration’s whole-of-government efforts, Treasury is leveraging its authorities and resources in partnership with numerous Federal and state agencies, including the Drug Enforcement Administration (DEA), Federal Bureau of Investigation (FBI), Homeland Security Investigations (HSI), Internal Revenue Service – Criminal Investigation (IRS-CI), Department of Commerce – Bureau of Industry and Security (DOC-BIS), Customs and Border Protection (CBP), and other members of the South Texas Homeland Security Task Force (HSTF) investigating fuel and oil smuggling on the southern border.⁸ These efforts have included OFAC designating over 13 individuals and 29 entities in sanctions actions against persons linked to cartel fuel and oil smuggling schemes.⁹ As part of these efforts, FinCEN issued the May 2025 Cartel Oil Smuggling Alert alongside a related OFAC sanctions action.¹⁰ That same month, a South Texas HSTF investigation resulted in an indictment of a South Texas family on May 30, 2025, for allegedly importing tens of millions of dollars in illicit Mexican crude oil from CJNG.¹¹ In the 12-month period since the May 2025 Cartel Oil

6. Pemex is Mexico’s national, state-owned oil and natural gas company. Its operations include: crude production (*i.e.*, drilling crude oil from reservoirs); refining crude oil into gasoline, diesel, and other fuel; and the storage and distribution of fuel across Mexico. Historically, Pemex held a monopoly on the Mexican oil and natural gas industry. After reforms to the energy sector in 2013, the Government of Mexico ended Pemex’s monopoly and began allowing private sector investment and competition in the industry. However, Pemex continues to play a significant role in the Mexican oil and natural gas industry. *See generally* U.S. Department of Commerce, International Trade Administration (ITA), “[Mexico Country Commercial Guide – Oil and Gas](#)” (last published Feb. 12, 2026); Pemex, [About Pemex](#).
7. *See* The White House, [Proclamation Declaring a National Emergency at the Southern Border of the United States](#), 90 FR 8327 (Jan. 20, 2025); The White House, “[Fact Sheet: President Donald J. Trump Declares a National Emergency at the Southern Border](#)” (Jan. 22, 2025); The White House, [Executive Order on Designating Cartels and Other Organizations as Foreign Terrorist Organizations and Specially Designated Global Terrorists](#), 90 FR 8439 (Jan. 20, 2025); *see also* U.S. Department of State (State), “[Press Statement by Secretary of State Marco Rubio: Terrorist Designation of International Cartels](#)” (Feb. 20, 2025); State, “[Fact Sheet: Designation of International Cartels](#)” (Feb. 20, 2025).
8. *See* DEA, “[2025 National Drug Threat Assessment](#)” (May 2025), p. 17.
9. *See* Treasury, “[Treasury Targets Key Funding Source of Deadly Fentanyl- Trafficking Cartel CJNG](#)” (Sept. 10, 2024); Treasury, “[Treasury Targets Major Mexican Cartel Involved in Fentanyl Trafficking and Fuel Theft](#)” (May 1, 2025); Treasury, “[Secretary Bessent Orders Sanctions Against Violent Mexican Cartel](#)” (Dec. 17, 2025).
10. *See* FinCEN, FIN-2025-Alert002, “[FinCEN Alert on Oil Smuggling Schemes on the U.S. Southwest Border Associated with Mexico-Based Cartels](#)” (May 1, 2025); Treasury, “[Treasury Targets Major Mexican Cartel Involved in Fentanyl Trafficking and Fuel Theft](#)” (May 1, 2025).
11. *See* U.S. Department of Justice (DOJ), U.S. Attorney’s Office, Southern District of Texas, Press Release, “[Father and Son Indicted for Providing Material Support to Mexican Cartel Engaged in Terrorism](#)” (May 30, 2025).

Smuggling Alert, financial institutions have reported to FinCEN over \$7 billion in suspicious activity connected to these schemes and Federal law enforcement partners have observed a significant decrease in the smuggling of illicit Mexican crude oil northbound into the United States.

FinCEN is issuing this supplemental Alert alongside an OFAC sanctions action as part of Treasury’s continued support to the South Texas HSTF’s ongoing investigation into fiscal fuel theft schemes on the southern border.¹² This Alert aligns with FinCEN’s National Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Priorities of Drug Trafficking Organization (DTO) activity, TCO activity, Terrorist Financing, Fraud, and Corruption, as well as with Treasury’s 2024 National Illicit Finance Strategy and 2026 National Money Laundering Risk Assessment.¹³

This Alert: (1) provides an overview of methodologies and financial typologies associated with fiscal fuel theft operations on the southern border; (2) highlights red flag indicators; and (3) reminds financial institutions of their reporting requirements under the Bank Secrecy Act (BSA). The information contained in this Alert is derived from FinCEN’s analysis of open-source reporting, BSA reporting, and information from law enforcement partners.

Exploiting the U.S.-Mexico Energy Trade and Mexican Energy and Fiscal Framework

Fiscal fuel theft schemes exploit the U.S. and Mexican energy trading relationship and Mexico’s energy and fiscal framework to generate tens of billions of dollars for the Cartels every year at the expense of the Government of Mexico, Pemex, and other legitimate Mexican and U.S. energy companies. As described in FinCEN’s May 2025 Cartel Oil Smuggling Alert, despite being one of the largest oil producers in the world and averaging nearly a million and a half barrels per day in 2024, Mexico lacks the capacity to refine its sour and heavy crude oil¹⁴ into enough gasoline, diesel, and other fuel for the Mexican economy.¹⁵ This has resulted in the U.S. and Mexican energy trading relationship becoming highly integrated, with Mexico exporting over 400,000 barrels of crude oil per day to refineries in the United States and importing nearly 2 million barrels per day of refined fuel—equating to over 70 percent of Mexico’s fuel consumption.¹⁶ The key U.S. ports for seaborne refined

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12. See Treasury, [“Treasury Targets Criminal Facilitators Behind CJNG’s Cross-Border Fuel-Smuggling Schemes”](#) (June 30, 2026).
 13. See FinCEN, [“Anti-Money Laundering and Countering the Financing of Terrorism National Priorities”](#) (June 30, 2021); Treasury, [“2024 National Strategy for Combating Terrorist and Other Illicit Financing”](#) (May 16, 2024); Treasury, [“2026 National Money Laundering Risk Assessment”](#) (Mar. 1, 2026), pp. 32-33.
 14. Crude oil can be refined into gasoline, diesel, other fuel, and other petroleum-based products. Types of crude oil are classified by sulfur content (higher sulfur sour or lower sulfur sweet crude) and by density (higher density heavy or lower density light crude). Sweet and light crude oil can be refined through simple distillation methods whereas sour and heavy crude oil require additional and more expensive refining processes. See EIA, [“Oil and Petroleum Products Explained”](#) (June 20, 2024); see also EIA, [“Crude Oil Inputs to Mexico’s Petroleum Refineries Continued to Decline in 2018”](#) (June 25, 2019).
 15. See ITA, [“Mexico Country Commercial Guide – Oil and Gas”](#) (last updated on Feb. 12, 2026); ITA, [“U.S. Energy Trade with Mexico Involves Importing Crude Oil, Exporting Petroleum Products”](#) (Apr. 22, 2019); Organisation for Economic Co-operation and Development (OECD), [“OECD Inventory of Support Measures for Fossil Fuels: Country Notes”](#) (Dec. 14, 2023); see also FinCEN, FIN-2025-Alert002, [“FinCEN Alert on Oil Smuggling Schemes on the U.S. Southwest Border Associated with Mexico-Based Cartels”](#) (May 1, 2025).
 16. See ITA, [“Mexico Country Commercial Guide – Oil and Gas”](#) (last updated on Feb. 12, 2026).

products are Houston, Beaumont/Port Arthur, and Corpus Christi, Texas according to commercial source reporting. Those imports of fuel are subject at customs to a significant Mexican import tax known as the Special Tax on Products and Services (*Impuesto Especial sobre Producción y Servicios*) (IEPS),¹⁷ and other taxes, which often leads to significantly higher fuel prices in Mexico than in the United States and other jurisdictions.¹⁸

In 2013, the Administration of Mexican President Enrique Peña Nieto began a series of energy reforms that: (1) phased out energy subsidies; (2) increased Mexico's IEPS rate for fuel imports; and (3) ended Pemex's monopoly in the oil and natural gas industry by allowing Mexican energy companies (including subsidiaries of major U.S. and international energy companies) to obtain permits to facilitate the U.S.-Mexico energy trade.¹⁹ Specifically, Mexican companies that import fuel must obtain a permit from Mexico's Secretariat of Energy (*Secretaría de Energía*) (SENER) and pay the IEPS through a licensed customs broker. However, SENER permits do not allow Mexican companies to commercialize (*i.e.*, buy and sell) fuel in Mexico. Instead, Mexican fuel importers must sell the fuel to other Mexican companies that have permits from Mexico's National Energy Commission (*Comisión Nacional de Energía*) (CNE)²⁰ to store, transport, and ultimately commercialize it within Mexico as wholesalers, distributors, and retailers. Mexican companies with a CNE permit are prohibited from importing fuel into Mexico, and Mexican companies generally do not have both a SENER and CNE permit. In sum, companies involved in importing fuel into Mexico must have a SENER permit and companies involved in buying and selling fuel within Mexico must have a CNE permit.

In 2019, the Administration of Mexican President Andrés Manuel Lopez Obrador (AMLO) rescinded many existing SENER permits, further restricted SENER permits to a handful of fuel importers, and limited CNE permits to a small number of fuel distribution companies to prioritize Pemex.²¹ The AMLO Administration also reportedly launched a crackdown on fuel theft in Mexico by closing pipelines and purging Pemex officials suspected of corruption.²² These actions severely limited the fuel supply in Mexico as well as the number of companies allowed to import and sell fuel in Mexico. This resulted in a concentration of actors within the Mexican oil and natural gas industry. When combined with the significant price differential between U.S. and Mexican fuel prices due to the IEPS, the situation created a lucrative black market for smuggled, untaxed fuel from the United States to meet fuel demands in Mexico.

17. Mexico's Secretariat of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) (SHCP) employs the IEPS on fuel imports as either a subsidy or excise tax to stabilize the price of fuel against the volatility of the global energy market. See OECD, "[Taxing Energy Use: A Graphical Analysis](#)" (Jan. 28, 2013), pp. 159-160.

18. See Mexico News Daily, "[Mexico has the Highest Gasoline Prices Among the World's Top Consumers](#)" (Jan. 6, 2026).

19. See OECD, "[Statistical Report: Energy Prices and Taxes for OECD Countries](#)" (Oct. 9, 2020), p. 219.

20. Historically, the primary regulator for hydrocarbons and associated fuel distribution permitting in Mexico was the Energy Regulatory Commission (*Comisión Reguladora de Energía*) (CRE). The CRE was responsible for issuing CRE permits to Mexican fuel distributors to store, transport, and commercialize fuel in Mexico. In 2025, the Government of Mexico dissolved the CRE and transitioned its authorities and permitting process to the recently created CNE.

21. CNE permits are more available than SENER permits in Mexico but still restricted.

22. See generally, Reuters, "[Mexico Fuel Theft Crackdown Sparks Shortages, Puts Government on Defensive](#)" (Jan. 7, 2019); Reuters, "[Mexican President to Ask Pemex Unit Chief to Resign Pending Graft Probe](#)" (Jan. 31, 2019).

Methodologies of Fuel Smuggling into Mexico and Associated Procurement and Money Laundering Typologies

According to Federal law enforcement agencies, the Cartels and their *huachicoleros* are increasingly smuggling fuel from the United States into Mexico without paying the IEPS before it is sold on the black market. Based on information made available to FinCEN, the Cartels are purchasing U.S. fuel through complicit Mexican trading companies (*comercializadoras*) with CNE permits to buy and sell fuel in Mexico, thereby avoiding the use of SENER-permitted companies and evading the payment of IEPS taxes.

Role of Complicit Mexican Companies with CNE Permits

Mexican trading companies with CNE permits are increasingly serving as brokers that facilitate cross-border fuel transactions in both the legitimate and illicit U.S.-Mexico energy trade. In legitimate transactions, these Mexican trading companies act as fuel wholesalers by purchasing fuel from Mexican importers with SENER permits that legitimately imported fuel from U.S. refineries and fuel distributors. From there, these Mexican trading companies invoice and sell the fuel to other smaller Mexican fuel distributors and retailers with CNE permits who further commercialize the fuel throughout Mexico.

However, in response to permitting restrictions, many trading companies with CNE permits have increasingly turned to illicit activity, operating as brokers that provide standalone fronting services rather than fuel distribution services in Mexico. Specifically, these brokers (1) send and receive funds at the direction of the Cartels and their *huachicoleros* in a manner similar to money services businesses (MSBs) and/or (2) provide invoicing, billing, and other financial services for smaller, unpermitted, and unbanked Mexican fuel distributors seeking to legitimize and commercialize smuggled fuel from the United States. In recent years, the Cartels have co-opted *huachicoleros* into their criminal enterprises and leveraged Mexican brokers with CNE permits as front companies under their control to purchase fuel directly from the United States in violation of Mexican law. As a result, the Cartels have effectively seized control of this illicit fuel and oil market.

Smuggling Fuel from the United States to Mexico

The Cartels and their *huachicoleros* primarily use Mexican brokers with CNE permits (despite the fact that they do not have SENER permits) to purchase fuel from complicit U.S. fuel traders. According to FinCEN's analysis of BSA reporting from the May 2025 Cartel Oil Smuggling Alert, the vast majority of these U.S. fuel traders operate in Texas near areas with a significant presence of companies in the oil and natural gas industry and proximity to Mexico, such as Houston and San Antonio, Texas and the regions of South Texas and the Lower Rio Grande Valley. The U.S. fuel traders complicit in these schemes are typically operating otherwise legitimate companies with longstanding relationships to major U.S. refineries and fuel distributors. As part of the scheme, the U.S. fuel traders leverage these relationships to purchase fuel from a terminal²³ in the United States specifically meant for

23. A terminal is a facility used primarily to receive, market, and store petroleum products such as fuel.

export to Mexico before diverting it to interconnected networks of U.S. and Mexican front and shell companies in the oil and natural gas, freight, logistics, and other industries under the control of the Cartels and their *huachicoleros*. Through those companies, the fuel is smuggled to Mexico—notably to the Mexican states of Tamaulipas, Nuevo Leon, and Coahuila—via tanker trucks, railcars, and in some cases shadow fleets of maritime vessels. The Cartels and their *huachicoleros* can use a variety of methods to smuggle the fuel across Mexican ports of entry without paying the IEPS such as falsifying customs documents to intentionally misrepresent the shipments as “waste oils,” “lubricants,” “additives,” “petroleum residues,” “hazardous waste,” and other products not subject to the import tax, by bribing customs and tax officials, or even by placing fuel into nonstandard shipment containers to disguise it altogether.

Commercializing the Fuel in Mexico through Front Companies and False Invoices

After smuggling the fuel into Mexico, the Cartels and their *huachicoleros* transport it through their trucking companies to storage yards under their control. To obfuscate the source of the smuggled fuel, the Mexican brokers will create fraudulent invoices that claim they purchased the fuel from Mexican importers with SENER permits. Those false invoices will also legitimize the sale of the illicit fuel to front fuel distribution companies under the control of the Cartels and their *huachicoleros*. The front fuel distribution companies then finally commercialize the illicit fuel in Mexico through cartel-controlled or -affiliated gas stations and unregulated roadside fuel stops (*cachimbas*), where they can sell it at a discount or at market value, reaping massive profits because they circumvented IEPS, undercutting Pemex and other legitimate Mexican fuel distributors. In many cases, the Cartels also force legitimate fuel distributors and gas stations to purchase their illicit fuel under threat of violence.

Payments to Complicit U.S. Fuel Traders through Wire Transfers, Digital Assets, and Cash Deposits, and Associated Money Laundering in the United States

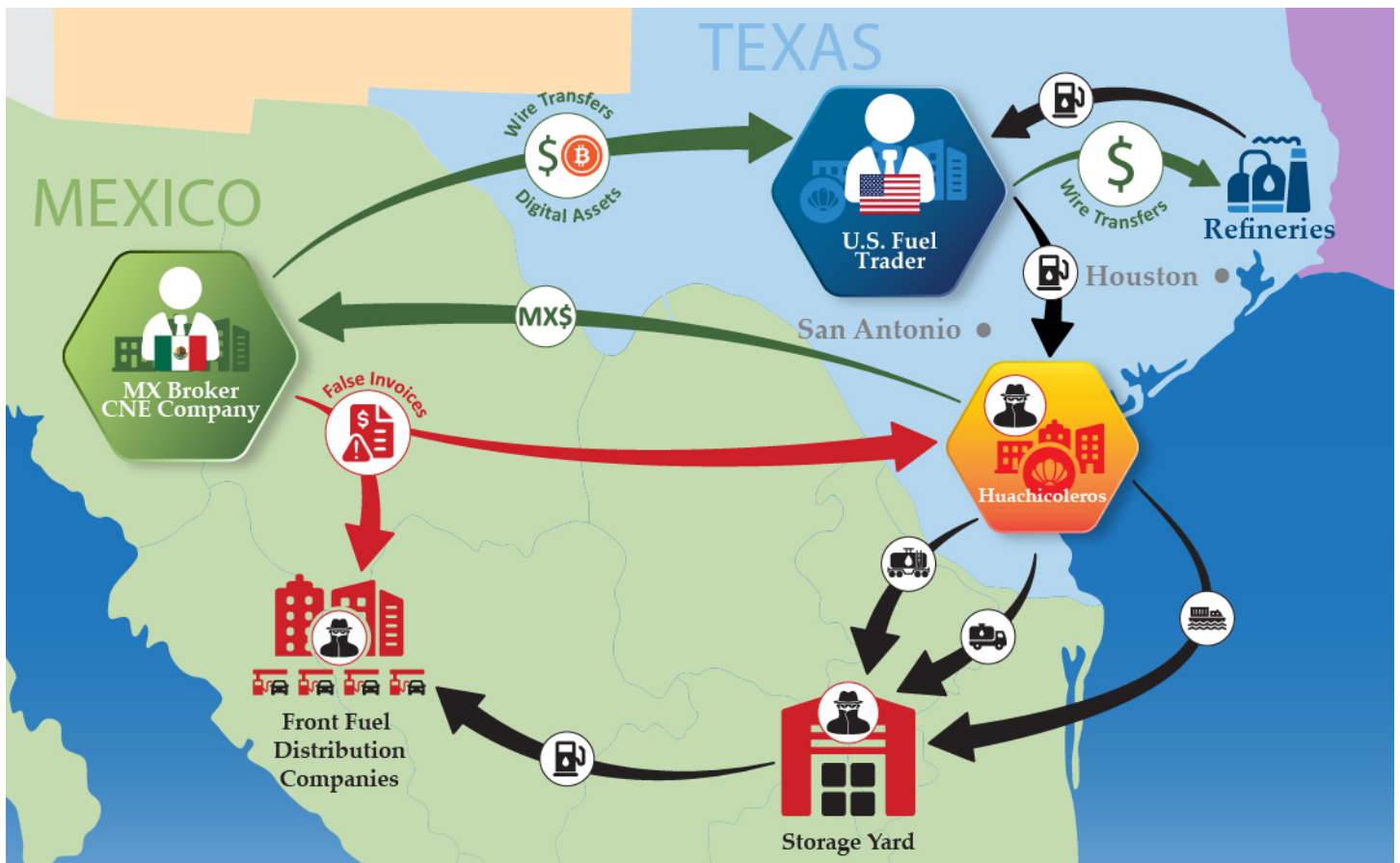
According to FinCEN’s analysis of BSA reporting, after selling the illicit fuel in Mexico, the Cartels primarily use the Mexican brokers and their access to the Mexican financial system to send international wire transfers and digital asset payments—particularly stablecoins—through banks and digital asset service providers to the complicit U.S. fuel traders for the illicit fuel purchases. The Mexican brokers often send a significant volume of multiple, large, non-descriptive payments to a large number of complicit U.S. fuel traders. These payments can also be sent to U.S. and Mexican shell companies operating in Texas—including some in unrelated sectors and others purported to be involved in the oil and natural gas industry despite being registered to a residential address—that are controlled directly or indirectly by the U.S. fuel traders and solely exist as pass-through accounts to obfuscate their direct connection to the Mexican brokers. In both cases, these accounts often receive multiple payments a day as the Mexican broker is representing and facilitating payments on behalf of multiple front companies controlled by the Cartels. In other cases, the Cartels can also directly pay the complicit U.S. fuel traders through structured cash deposits into their bank accounts with illicit proceeds from drug trafficking and other criminal activities in the United States as a form of trade-based money laundering. These cash deposits are commonly at bank branches along the southern border, including in areas outside the geographic area where the complicit U.S. fuel trader operates.

In each of these cases, after receiving the payments for the illicit fuel from the Cartels, the complicit U.S. fuel traders obfuscate the ill-gotten funds through a variety of money laundering typologies. This can include but is not limited to purchases of (i) luxury goods such as high-end vehicles, high-value jewelry, or exclusive vacation rentals/travel destinations; (ii) real estate; and (iii) investment assets. These fuel procurement and money laundering typologies should not be considered an exhaustive list, and financial institutions should be vigilant to any suspicious activity indicative of fiscal fuel theft operations on the southern border, as the Cartels and their *huachicoleros* and financial enablers adapt to law enforcement and regulatory scrutiny in the United States and Mexico.

Laundering Illicit Fuel Proceeds in Mexico Through Political Campaigns and State Contracts

Finally, according to Federal law enforcement agencies, the Cartels use their ill-gotten profits from the illicit fuel sales to finance their global drug trafficking operations and other criminal enterprises and further entrench their control in Mexico. Based on information made available to FinCEN, the Cartels are increasingly using these illicit profits to make cash payments to Mexican political campaigns and media outlets to help elect corrupt Mexican politicians willing to defend the Cartels and their interests in Mexico, including their control of the illicit U.S.-Mexico energy trade. Specifically, as part of this campaign of corruption, the Cartels use the corrupt politicians to control key administrative positions in the government, which facilitates fuel smuggling operations and access to state contracts to launder the illicit profits from these schemes and other criminal activities.

Figure 1. General Depiction of a Fiscal Fuel Theft Scheme



Treasury Targets Criminal Facilitators Behind CJNG's Cross-Border Fuel-Smuggling Schemes

Building upon OFAC's prior actions, on June 30, 2026, OFAC designated **Oscar Guillermo Juraidini Silva (Juraidini)** and his businesses **Centro Cambiario La Peseta, S.A. de C.V.**; **OJ Living Trust, S.A.P.I. de C.V.**; **RK Real King, S.A. de C.V.**; **Soma Transporte y Servicios, S.A. de C.V.**; **Ogui Fletes**; **OF Transportes**; and **Cucumber Sweet Waves Ltd** pursuant to E.O. 14059, *Imposing Sanctions on Foreign Persons Involved in the Global Illicit Drug Trade* and E.O. 13224, *Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism*, as amended by E.O. 13886, *Modernizing Sanctions To Combat Terrorism.* Juraidini operates as an accountant and the mastermind behind certain financial operations for CJNG. Juraidini's support to CJNG includes creating and operating shell companies on behalf of the Cartel and falsifying customs documents to aid the illicit cross-border transfer of fuel. Juraidini imports fuel from the United States into Mexico that is intentionally mislabeled in customs documentation to circumvent Mexican IEPS taxes. The majority of Juraidini's clients are gas station companies, which receive the refined fuel products and sell them via retail gas stations. Juraidini generates tens of millions of dollars annually, benefiting CJNG.

OFAC also designated **J. Refugio Ruiz Villagomez**, who plays a role in **Jomadi Logistics & Cargo, S.A. de C.V. (Jomadi)** and **Ahavat Logistics Solution, S.A. de C.V. (Ahavat)** pursuant to E.O. 14059 and E.O. 13224, as amended. J. Refugio Ruiz Villagomez has knowingly smuggled fuel from the United States into Mexico without proper permits. He pays fees to the Cartels and other criminal organizations that control ports of entry between the United States and Mexico. According to investigative findings made public by Mexico's Attorney General's office, Jomadi is an import and export company involved in *huachicol fiscal*. Jomadi and Ahavat have transacted through the U.S. financial system to the tune of tens of millions of dollars with third parties linked to CJNG that have been involved in *huachicol*-related activities.²⁴

Red Flag Indicators

FinCEN, in consultation with Federal law enforcement agencies, has identified the following red flag indicators to help detect, prevent, and report potentially suspicious activity related to fiscal fuel theft schemes on the southern border. These indicators build on the red flags from FinCEN's May 2025 Cartel Oil Smuggling Alert—all of which remain relevant to identifying and detecting the financial networks behind fiscal fuel theft and traditional fuel and oil theft. As no single red flag is determinative of illicit or suspicious activity, before determining if a transaction or attempted transaction is suspicious, including demonstrating indicia of a connection to illicit fuel smuggling or to otherwise suspicious activity, financial institutions should conduct an appropriate review of the relevant activity, including whether the customer exhibits multiple red flag indicators. FinCEN encourages financial institutions to assess if their customers in the oil and natural gas industry are receiving payments directly from Mexican companies without SENER permits, as that is not a


24. See Treasury, "[Treasury Targets Criminal Facilitators Behind CJNG's Cross-Border Fuel-Smuggling Schemes](#)" (June 30, 2026); Treasury, "[Mexican Cartel Fuel Smuggling Schemes](#)" (June 2026).

customary practice in the legitimate U.S.-Mexico energy trade and is, therefore, highly indicative of potential fuel smuggling activity. Due diligence could include requesting export documentation from customers exporting fuel to Mexico and documentation indicating whether the counterparties of such customers have SENER permits to import fuel into Mexico. Documentation may be attached to SAR filings. In conducting a review, financial institutions should also consider a customer’s historical financial activity and whether the transactions are in line with prevailing business practices in the U.S.-Mexico energy trade.²⁵

- 1 A customer is a U.S.-based company in the oil and natural gas industry that is receiving wire transfers for fuel purchases from a Mexico-based company without a SENER permit.
- 2 A customer is a U.S.-based company in the oil and natural gas industry that is receiving wire transfers from a Mexico-based company with a CNE permit.
- 3 A customer is a U.S.-based company in the oil and natural gas industry that is receiving multiple wire transfers a day from a single Mexico-based company.
- 4 A customer is a U.S.-based company (or their nominal and/or beneficial owners) that is connected to *huachicol*-related activities according to U.S. or Mexican media reporting.
- 5 A customer is a U.S.-based company in the oil and natural gas, freight, or logistics industries that is transacting with Mexican companies with connections to *huachicol*-related activities based on open-source reporting in the United States and Mexico, indictments, and OFAC designations and/or press releases.
- 6 A customer is a small U.S.-based company in the oil and natural gas, freight, or logistics industries operating in states on the southern border with transactional activity and profit margins that exceed the typical business profile of similar companies in their industries.
- 7 A customer is a U.S.-based company in the oil and natural gas, freight, or logistics industries with significant operations in ports of entry despite those areas being subject to bridge closures according to Mexican media reporting.
- 8 A customer is a U.S. oil and natural gas, freight, or logistics company that operates in Mexico but does not have a Mexican subsidiary (*e.g.*, ABC Fuel without ABC Fuel S.A. de C.V.).
- 9 A customer is a U.S. company in the oil and natural gas industry that is sending a significant amount and volume of large wire transfers to a major U.S. fuel distributor or refinery for fuel exports to Mexico in a single day and later receiving commensurate wire transfers from a Mexican company without a SENER permit or small, recently established U.S.-based companies in the oil and natural gas, freight, or logistics industries.

25. FinCEN reminds financial institutions that no customer type presents a single level of uniform risk or a particular risk profile related to money laundering, terrorist financing, or other illicit financial activity. The illicit finance risks highlighted in this Alert should not be used as the basis for wholesale or indiscriminate de-risking of customers involved in the U.S. and Mexican oil and natural gas, freight, and logistics industries. See Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, FinCEN, National Credit Union Administration, Office of the Comptroller of the Currency, [“Joint Statement on the Risk-Based Approach to Assessing Customer Relationships and Conducting Customer Due Diligence”](#) (July 6, 2022).

-  10 A customer is a U.S. company in the oil and natural gas industry receiving wire transfers from U.S. or Mexican companies registered to a residential address.
-  11 A customer is a U.S. company in the oil and natural gas, freight, or logistics industries that is receiving a significant amount and volume of wire transfers from companies in unrelated industries.
-  12 A customer is a small, recently established U.S.-based oil and natural gas, freight, or logistics limited liability corporation (LLC) and/or sole proprietorship that shares a name with a Mexican company and is sending a significant amount and volume of large wire transfers to U.S. fuel distributors or refineries in a single day and later receiving commensurate international wire transfers from other Mexican companies.
-  13 A customer is a small, recently established U.S.-based oil and natural gas, freight, or logistics LLC and/or sole proprietorship that shares a name with a Mexican company and has transactional activity and profit margins exceeding the typical business profile of similar companies in their industry.
-  14 A customer is a U.S. or Mexican company in the oil and natural gas, freight, or logistics industries with little to no business expenses, operations, or online presence.
-  15 A customer is a U.S. or Mexican company in the oil and natural gas, freight, or logistics industries registered to a residential address.
-  16 A customer is a U.S. or Mexican company in the oil and natural gas industry with significant transactional activity but no apparent infrastructure to store and transport fuel.
-  17 A customer is a U.S.-based company in the oil and natural gas, freight, or logistics industries that is receiving a significant amount and volume of wire transfers from Mexico before immediately transferring the funds to U.S. oil and natural gas companies (*i.e.*, acting as a pass-through account).
-  18 A customer is a U.S. or Mexican company in the oil and natural gas, freight, or logistics industries that is receiving a significant amount and volume of wire transfers from Mexico but only transacts with one or a small number of U.S. companies.
-  19 A customer is a U.S.-based company in the oil and natural gas, freight, or logistics industries that is receiving a significant amount and volume of wire transfers from Mexico with little to no information contained in the memo line.
-  20 A customer is a U.S.-based company in the oil and natural gas industry that is receiving digital asset payments from Mexican companies when similar energy transactions would normally be conducted through the traditional fiat systems, wire transfers, and standard trade finance.
-  21 A customer is a U.S.-based company in the oil and natural gas industry that is receiving cash deposits.

 A customer is a U.S.-based company in the oil and natural gas industry that operates in states on the southern border and has outgoing transactions to, or expenditures related to, companies with no apparent nexus to the industry, such as companies involved in the sale of luxury goods (e.g., high-end vehicles, high-value jewelry or exclusive vacation rentals/travel destinations) or in industries related to investment management or the sale of residential real estate.

Increasing Information Sharing Relating to Fiscal Fuel Theft and Other *Huachicol*-Related Activity on the Southern Border

Information sharing between and among financial institutions is critical to identifying, reporting, and preventing illicit activity, including fiscal fuel theft and other *huachicol*-related activity. Under the safe harbor from liability provided by section 314(b) of the USA PATRIOT Act, financial institutions may share information with other eligible financial institutions regarding activities that may involve possible terrorist activity or money laundering, including information about fraud and other specified unlawful activities.²⁶

FinCEN strongly encourages financial institutions to participate in this voluntary program as information sharing between and among financial institutions can assist financial institutions in managing illicit financing risks and can ultimately provide the government with highly useful information to identify and prevent financial crime. Given the transnational nature of illicit activity, FinCEN encourages U.S. financial institutions to use, and potentially expand, their processes to collect and share information with foreign financial institutions to further investigations involving cross-border activity.²⁷

The section 314(b) program provides financial institutions with the flexibility and connectivity needed to counter threats and prevent illicit actors from exploiting gaps between institutions. Among other things, information sharing pursuant to section 314(b) allows financial institutions to respond to threats—activities a financial institution suspects may involve possible terrorist activity or money laundering, such as fraud and other criminal activity—that are carried out by repeat actors moving across financial institutions to evade detection.

For additional information, see FinCEN's [Section 314\(b\) Fact Sheet](#).

26. See 31 C.F.R. § 1010.540; see also FinCEN, "[Section 314\(b\) Fact Sheet](#)" (June 12, 2026).

27. See FinCEN, FIN-2025-G001, "[Cross-Border Information Sharing by Financial Institutions and SAR Confidentiality](#)" (Sept. 5, 2025).

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

Suspicious Activity Reporting Other Relevant BSA Reporting

Suspicious Activity Reporting

A financial institution is required to file a 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.²⁸ All statutorily defined financial institutions may voluntarily report suspicious transactions under the existing suspicious activity reporting safe harbor.²⁹

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.³⁰ 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.³¹ 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. 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

SARs, and compliance with other BSA requirements, are crucial to identifying and stopping fiscal fuel theft schemes on the southern border. FinCEN requests that financial institutions indicate a connection between the suspicious activity being reported and the activities highlighted in this Alert by including the key term "FIN-2026-FISCALFUELTHEFT" in SAR field 2 (Filing Institution Note to FinCEN), as well as in the narrative. Financial institutions may highlight additional advisory, alert, or notice 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

28. See 31 C.F.R. §§ 1020.320, 1021.320, 1022.320, 1023.320, 1024.320, 1025.320, 1026.320, 1029.320, 1030.320.

29. See 31 U.S.C. § 5318(g)(3); see, e.g., 31 C.F.R. § 1020.320(f). Financial institutions may report suspicious transactions regardless of amount involved and still take advantage of the safe harbor.

30. See 31 C.F.R. §§ 1020.320(d), 1021.320(d), 1022.320(c), 1023.320(d), 1024.320(c), 1025.320(d), 1026.320(d), 1029.320(d), 1030.320(d).

31. *Id.*; see also FinCEN, "[Suspicious Activity Report Supporting Documentation](#)" (June 13, 2007).

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.³²

Financial institutions are required to file complete and accurate reports that incorporate all relevant information available. In situations involving violations requiring immediate attention, such as ongoing money laundering schemes, a financial institution should also immediately notify, by telephone, an appropriate law enforcement authority, in addition to filing a timely SAR.³³ Immediate notification to law enforcement is especially important in situations involving suspected terrorist activity, as terrorists and terrorist organizations often rely on the international financial system to acquire funding to sustain and finance their operations and engage in acts of terrorism.

Financial institutions wanting to report suspicious transactions that may potentially relate to terrorist activity should call the Financial Institutions Toll-Free Hotline at (866) 556-3974 (7 days a week, 24 hours a day).³⁴

Other Relevant BSA Reporting Requirements

Financial institutions and other entities or persons may also have other relevant BSA reporting requirements to provide information in connection with the subject of this Alert. These include obligations related to the Currency Transaction Report (CTR),³⁵ Report of Cash Payments Over \$10,000 Received in a Trade or Business (Form 8300),³⁶ Report of Foreign Bank and Financial Accounts (FBAR),³⁷ Report of International Transportation of Currency or Monetary

32. See 31 C.F.R. §§ 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).
33. See, e.g., 31 C.F.R. §§ 1020.320(b)(3), 1022.320(b)(3), 1023.320(b)(3).
34. The purpose of the hotline is to expedite the delivery of this information to law enforcement. Financial institutions should immediately report any imminent threat to appropriate law enforcement officials. In considering whether particular activity may relate to terrorist or terrorist financing activity, FinCEN reminds financial institutions that State designated certain Cartels as FTOs and Specially Designated Global Terrorists (SDGTs). See The White House, [Executive Order on Designating Cartels and Other Organizations as Foreign Terrorist Organizations and Specially Designated Global Terrorists](#), 90 FR 8439 (Jan. 20, 2025); see also State, [“Press Statement by Secretary of State Marco Rubio: Terrorist Designation of International Cartels”](#) (Feb. 20, 2025); State, [“Fact Sheet: Designation of International Cartels”](#) (Feb. 20, 2025).
35. 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 C.F.R. §§ 1010.310–13, 1020.310–13, 1021.310–13, 1022.310–13, 1023.310–13, 1024.310–13, 1026.310–13.
36. 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 C.F.R. §§ 1010.330–31. A Form 8300 also may be filed voluntarily for any suspicious transaction, even if the total amount does not exceed \$10,000.
37. 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 C.F.R. § 1010.350; [FinCEN Form 114](#).

Instruments (CMIR),³⁸ Registration of Money Services Business (RMSB),³⁹ and Designation of Exempt Person (DOEP).⁴⁰

Form 8300 Filing Instructions

When filing a Form 8300 involving a suspicious transaction relevant to this Alert, FinCEN requests that the filer selects *Box 1b* (“suspicious transaction”) and includes the key term “FIN-2026-FISCALFUELTHEFT” 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.⁴¹ Covered financial institutions are required to identify and verify the identity of beneficial owners of legal entity customers, subject to certain exclusions and exemptions.⁴² Among other things, this facilitates the identification of legal entities that may be owned or controlled by foreign politically exposed persons (PEPs).

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.⁴³ 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.⁴⁴

38. 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 C.F.R. § 1010.340.

39. A form filed to register an MSB with FinCEN, or to renew such a registration. See 31 C.F.R. § 1022.380.

40. A report filed by banks to exempt certain customers from currency transaction reporting requirements. See 31 C.F.R. § 1020.315.

41. See 31 C.F.R. §§ 1020.210(a)(2)(v), 1023.210(b)(5), 1024.210(b)(6), and 1026.210(b)(5).

42. See 31 C.F.R. §§ 1010.230 and 1010.605(e)(1) (defining “covered financial institution”).

43. See 31 C.F.R. § 1010.620. The definition of “covered financial institution” is found in 31 C.F.R. § 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 C.F.R. § 1010.605(h).

44. See 31 C.F.R. § 1010.620(c).

AML/CFT program and correspondent account due diligence requirements

Financial institutions are reminded of AML/CFT program requirements,⁴⁵ 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.⁴⁶ 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.⁴⁷

FinCEN's Whistleblower Program

FinCEN maintains a whistleblower incentive program for violations of the BSA and certain national security laws such as the International Emergency Economic Powers Act (IEEPA). Individuals located in the United States or abroad who provide information may be eligible for awards if the information they provide leads to a successful enforcement action that results in monetary penalties exceeding \$1,000,000 and the statutory requirements in 31 U.S.C. § 5323 are otherwise met. Under 31 U.S.C. § 5323, there are certain confidentiality protections to individuals submitting information as well as certain protections from retaliation by employers. Individuals may also choose to submit information anonymously to FinCEN, including through an attorney. FinCEN is currently accepting whistleblower tips and encourages those with knowledge of potential violations to contact FinCEN. To learn more about FinCEN's Whistleblower Program, visit <https://www.fincen.gov/whistleblower-program>.

For Further Information

FinCEN's website at www.fincen.gov contains information on how to register for FinCEN Updates. Questions or comments regarding the contents of this Alert should be addressed to the FinCEN Regulatory Support Section by submitting an inquiry at www.fincen.gov/contact.

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

45. See 31 C.F.R. §§ 1010.210, 1020.210, 1021.210, 1022.210, 1023.210, 1024.210, 1025.210, 1026.210, 1027.210, 1028.210, 1029.210, and 1030.210.

46. See 31 C.F.R. § 1010.610.

47. See FinCEN, [Anti-Money Laundering Program Requirements for Money Services Businesses with Respect to Foreign Agents or Foreign Counterparties](#), Interpretive Release 2004-1, 69 FR 74439 (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).