

FinCEN to restrict transactions relating to 10 Mexico-based gambling establishments

November 19, 2025 | Client Update | 6-minute read

The proposed Mexico-related special measure is an extension of the administration’s “total elimination” strategy against cartels and transnational criminal organizations. The proposed special measure illustrates the key role Treasury and FinCEN have played in supporting the administration’s foreign policy goals and the increasing coordination between U.S. and Mexican authorities on cartel-related priorities.

Pursuant to Section 311 of the USA PATRIOT Act,¹ the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) issued a proposed rule that would find transactions involving 10 Mexico-based gambling establishments to be of “primary money laundering concern” ([the Proposed Rule](#)). Published to the Federal Register on November 17, 2025, with a comment deadline of December 17, the Proposed Rule would also impose a special measure that would: (1) prohibit U.S. covered financial institutions from opening or maintaining a correspondent account for any foreign banking institution if the account is used to process transactions involving any of the gambling establishments, and (2) require U.S. covered financial institutions to apply special due diligence to their correspondent accounts that is reasonably designed to guard against the use of correspondent accounts to process transactions involving any of the gambling establishments.

The Proposed Rule demonstrates the administration’s continued commitment to the “total elimination” of cartels and transactional criminal organizations, consistent with the U.S. Department of State’s February 20, 2025 designation of eight cartels operating in Mexico and Latin America as Foreign Terrorist Organizations and Specially Designated Global Terrorists (together, DTOs). The Proposed Rule also signals the prominent role that Treasury and FinCEN will continue to serve in effectuating the Trump administration’s foreign policy goals. For example, on June 25, 2025, FinCEN issued the first orders under the 2024 FEND Off Fentanyl Act, designating three Mexico-based financial institutions as being of primary money laundering concern in connection with illicit opioid trafficking and severing the financial institutions’ access to the U.S. financial system.² As FinCEN Director Andrea Gacki has stated, “Treasury will continue working to protect the U.S. financial system from abuse by illicit actors and will use all its tools and authorities to target the financing of transnational criminal organizations.”³

The Proposed Rule was issued in coordination with the Government of Mexico and concurrently with action by the Office of Foreign Assets Control (OFAC), which sanctioned 27 persons and entities in the HYSO Organized Crime Group (HOCG). OFAC has found that HYSO has used its influence through its investments in, or control over, various Mexico-based businesses—including gambling establishments and restaurants—to launder the proceeds of narcotics trafficking benefitting the Sinaloa Cartel.⁴

Given the dynamic regulatory environment and increasing efforts to stem illicit finance activity connected to DTOs, financial institutions should continue to closely monitor Treasury and FinCEN actions and assess the anti-money laundering and countering the financing of terrorism and sanctions risks associated with facilitating transactions to and from Latin America.

Overview of the Proposed Rule

Section 311 of the USA PATRIOT Act authorizes the Secretary of the Treasury, and thus FinCEN, to require U.S. financial institutions subject to the Bank Secrecy Act (BSA) to take certain special measures against foreign jurisdictions, foreign financial institutions, classes of international transactions, or types of accounts that are of primary money laundering concern. To target specific money laundering and terrorist financing concerns, Section 311 provides Treasury with a menu of options, including:

- **Special Measure One**, which requires recordkeeping and/or reporting on certain individual or aggregate transactions;
- **Special Measure Two**, which requires financial institutions to collect beneficial ownership information for U.S. accounts involving a designated entity;
- **Special Measure Three**, which requires financial institutions to collect information comparable to U.S. customer identification requirements for the customers of foreign financial institutions using payable-through accounts;
- **Special Measure Four**, which requires financial institutions to collect similar information as Special Measure Three but for the customers of foreign financial institutions using correspondent accounts; and
- **Special Measure Five**, which prohibits or imposes conditions on the opening or maintaining of a correspondent or payable-through account in the U.S. for designated foreign financial institutions.

In the Proposed Rule, Treasury chose to impose a prohibition under Special Measure Five, which means “covered financial institutions”⁵ are (1) prohibited from opening or maintaining in the United States any correspondent account for, or on behalf of, a foreign banking institution, if the correspondent account is used to process a transaction involving any of the designated gambling establishments; and (2) required to apply special due diligence to any correspondent account for, or on behalf of, a foreign banking institution, that is reasonably designed to guard against the use of such accounts to process transactions involving any of the designated gambling establishments.

Three additional takeaways from the Proposed Rule include:

1. **Are the gambling establishments clearly within the scope of Section 311?** FinCEN acknowledges that the designated gambling establishments do not meet the explicit definition of “casinos” in the BSA (which are a type of “financial institution” regulated under the BSA), but still proposes to define the term “financial institution operating outside of the United States” to include the gambling establishments because the entities engage in activity that is very similar to “casinos” as defined in 31 U.S.C. 5312 and clearly operate outside of the United States. Even if FinCEN’s designations are tenuous, we doubt anyone will challenge the proposed rule on this basis given the alleged illicit activity in which the gambling establishments are purportedly involved.
2. **Treasury and the Government of Mexico are now coordinating closely.** Unlike FinCEN’s designations of the three Mexico-based financial institutions this summer, which caught both the financial services industry and Government of Mexico off-guard, the Proposed Rule notes that Treasury, OFAC and the Government of Mexico are communicating and working together to target DTOs. The increased coordination between the U.S. and Mexican governments is the result of recent U.S.-Mexico commitments that were secured during Treasury Under Secretary for Terrorism and Financial Intelligence John K. Hurley’s trip to Mexico in September.⁶ Because the U.S. and Mexican governments are now working together to target illicit financial crimes, financial institutions should expect additional, similar actions in the near-term.
3. **The potential impact of the Proposed Rule will likely be relatively limited.** Treasury estimates that while there are approximately 15,710 covered financial institutions subject to the Proposed Rule, only 127 will be affected. Accordingly, the affected covered financial institutions are expected to document the reasonable steps undertaken to ensure no transactions involving any of the gambling establishments are processed for a foreign correspondent account, including:
 - a. Documenting the investigative activities undertaken when the financial institution knows or has reason to believe that a foreign bank’s correspondent account has been or is being used to process prohibited transactions;
 - b. Notifying, and documenting that the financial institution has provided notice to, foreign correspondent account holders that the financial institution knows or has reason to believe are providing (or have provided) services to any of the gambling establishments; and
 - c. Documenting the reasonable steps taken with respect to special due diligence requirements, including but not limited to, the reasoning that informed decisions to adopt (or not adopt) additional risk-based internal controls, and, if adopted, documenting those new measures.

Consistent with previous instances in which FinCEN has imposed special measures, we anticipate that affected covered financial institutions will comply with the Proposed Rule prior to FinCEN issuing a final rule and take steps to ensure that none of the designated gambling establishments can transact through their correspondent accounts.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Kendall Howell

+1 202 962 7068
kendall.howell@davispolk.com

Neil H. MacBride

+1 202 962 7035
neil.macbride@davispolk.com

Paul Marquardt

+1 202 962 7156
paul.marquardt@davispolk.com

Daria Adjowa Serwaa Nonnemaker

+1 202 962 7037
daria.serwaanonnemaker@davispolk.com

Tatiana R. Martins

+1 212 450 4085
tatiana.martins@davispolk.com

Will Schisa

+1 202 962 7129
will.schisa@davispolk.com

Josh Slifka

+1 202 962 7029
josh.slifka@davispolk.com

Daniel P. Stipano

+1 202 962 7012
dan.stipano@davispolk.com

Charles Marshall Wilson

+1 202 962 7130
charles.wilson@davispolk.com

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.

¹ 31 U.S.C. 5318A(a)(1).

² FinCEN, Press Release, [Treasury Issues Unprecedented Orders under Powerful New Authority to Counter Fentanyl](#).

³ FinCEN, Press Release, [FinCEN Combats Financial Support to the Sinaloa Cartel by Finding Transactions Involving 10 Mexico-based Gambling Establishments to be of Primary Money Laundering Concern](#).

⁴ OFAC, Press Release, [Treasury and Government of Mexico Partners Target Transnational Criminal Organization](#).

⁵ Under the Proposed Rule, "covered financial institutions" includes banks, broker dealers, futures commission merchants, introducing brokers in commodities, and mutual funds (consistent with the defined term in 31 CFR 1010.610).

⁶ Treasury, Readout, [Under Secretary for Terrorism and Financial Intelligence to Travel to Mexico City](#).