



FinCEN Alert-Oil Smuggling Schemes on U.S. Southwest Border Associated with Mexico-Based Cartels

On May 1st, FinCEN issued an alert on Oil Smuggling Schemes on the U.S. Southwest Border Associated with Mexico-Based Cartels, warning financial institutions about the use of the U.S. financial system to facilitate the sale of stolen crude oil from Mexico across the U.S. Southwest border into the United States by Mexico-based transnational criminal organizations.

After selling the stolen oil on the U.S. global markets, U.S. importers receive domestic and international wire transfers from the third-party brokers, including wires routed through multiple accounts and jurisdictions, as payment for the stolen crude oil. The U.S. importers then send wire transfers to the U.S. and Mexican companies controlled by the Mexican brokers, who then pay the Cartels their share of the illicit profits.

As part of the scheme, the wire instructions fraudulently claim that U.S. importers are sending payments for invoices associated with importing waste oil or other hazardous materials to obfuscate the oil smuggling scheme. FinCEN provides a list of red flags for financial institutions to watch for, specifically with small U.S.-based oil and natural gas company customers, within the alert.

If you find yourself filing a Suspicious Activity Report (SAR) related to this topic, make sure to reference this alert by including "FIN-2024-OILSMUGGLING" in the SAR narrative.

The full alert can be found [here](#).

CCI suggests sharing this alert with your BSA Officer, who can determine if training on these red flags is necessary at your institution. For questions, you can reach us at inquiries@completecompli.com.

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