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STOP THE ENABLERS OF FENTANYL AND OTHER DRUG TRAFFICKING

PASS THE BIPARTISAN ENABLERS ACT

SUMMARY

+ Traditionally, drug cartels tried to launder the dirty money that finances their illicit operations through banks. But as U.S. anti-money laundering (AML) laws for banks have been strengthened, these criminal organizations are increasingly relying on non-bank professionals who are not subject to these laws—including professionals who form or register companies for their clients.
+ In 2003, the Financial Action Task Force (FATF), the intergovernmental AML standard-setting body formed by the U.S. and other major industrial nations, determined that certain professionals should be subject to the same AML laws as banks. **But the U.S. has failed to fully comply with FATF's guidance.**
+ The U.S. National Security Council's "Strategy on Countering Corruption" recognizes these loopholes in U.S. AML law, stating that "[d] efficiencies in the U.S. regulatory framework mean[s] various professionals and service providers," including "lawyers, accountants, trust and company service providers, incorporators," and others "are not required to understand the nature or source of income of their clients or prospective clients."
+ **The bipartisan ENABLERS Act—passed by the U.S. House of Representatives and endorsed by the Biden Administration in 2022—would provide Treasury with the authorities needed to crack down on the "enablers" who help traffic fentanyl and other drugs into the United States.**

EXAMPLES OF U.S. ENABLERS FACILITATING FENTANYL AND OTHER DRUG TRAFFICKING

1. The Zheng drug trafficking organization—run by Chinese synthetic opioid trafficker Fujing Zheng—manufactured and shipped deadly fentanyl analogues and 250 other drugs to some 37 U.S. states, with drugs sold by the group directly tied to the fatal overdoses of two people in Ohio. The traffickers used shell companies formed in Massachusetts as they mailed, repackaged, and redistributed the drugs across the country.

2. After the death of an individual in Idaho from elevated levels of prescription opioids and fentanyl, law enforcement agents began investigating a drug trafficking organization that operated an online marketplace for a variety of controlled substances, including the fentanyl analogue p-fluoroisobutyryl fentanyl, oxycodone, hydrocodone, and the synthetic opioid U-47700. It was discovered that the organization used wire transfers between U.S. and Dominican Republic-based shell company bank accounts, as well as money remitters and money couriers, to send millions of dollars' worth of drug proceeds from the United States to the Dominican Republic.

3. A lawyer in Dallas was found guilty of laundering the proceeds of what he believed to be opioid trafficking through shell companies and non-traceable cash businesses. The lawyer agreed to use his law firm's bank accounts, as well as charitable bank accounts established to provide legal services to indigent persons, to launder around $500,000 a month as part of a large-scale opioid distribution ring.

4. A California accountant pled guilty to using shell companies to launder money on behalf of the international drug trafficking organization "ODOG," which operates in the United States, Central and South America, and Australia. Between 2012-2016, ODOG trafficked thousands of kilograms of heroin, methamphetamine, MDMA, cocaine, and other drugs in wholesale and retail quantities.

5. A Los Angeles man was found guilty of distributing wholesale quantities of synthetic cannabinoids across the country via an online business—for which he hired a financial manager—and laundering millions of dollars by moving the profits through a network of shell companies.

6. Four New Jersey men have been charged with narcotics distribution and conspiracy to commit money laundering by allegedly using a shell company to send funds to China for the purchase of fentanyl analogues that would later be pressed into pills and sold in the U.S.

7. The infamous Sinaloa Cartel relied on a criminal organization to organize the pickup of bulk cash proceeds from the sales of heroin and methamphetamine in Illinois, Nebraska, Massachusetts, New York, Maryland, North Carolina, Pennsylvania, and elsewhere in the United States before laundering the funds through a network of shell companies incorporated in Wyoming and overseen by a U.S. citizen in Arizona.

8. A New York man plead guilty to helping to launder over $650 million worth of illegal narcotics proceeds through banks accounts associated with shell companies in New York, New Jersey, Pennsylvania, and elsewhere before wiring funds back to entities in China.

9. A Minnesota woman pled guilty to laundering the proceeds of the sale of fentanyl, heroin, and marijuana on behalf of a drug trafficking organization by depositing funds into a bank account owned by a U.S.-based shell company in order to purchase and maintain a property that was used to grow large amounts of illegal drugs.

10. A drug trafficking organization operated a $200-million prescription drug diversion scheme across California, Minnesota, Ohio, and Puerto Rico by forming shell companies to open bank accounts in order to receive and distribute the proceeds of their transactions.

HOW THE ENABLERS ACT WOULD CRACK DOWN ON THOSE WHO FACILITATE THE TRAFFICKING OF FENTANYL AND OTHER DRUGS INTO THE U.S.

+ The ENABLERS Act is a bipartisan AML bill that would help American law enforcement crack down on the dirty money that drug traffickers use to fund their illegal operations by authorizing the U.S. Treasury Department to require professionals who provide certain financial services to their clients—such as forming or registering a company in the United States—to adopt safeguards that can help detect, flag, and prevent the laundering of criminal funds into and across the U.S.
+ These safeguards include requiring such service providers to "know their clients" by establishing due diligence policies, procedures, and controls, and to report transactions made by those clients that are suspicious—just as all American banks must do—among other safeguards.

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