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Treasury Rule Enables Drug Cartels and Corrupt Officials to Launder Money Through U.S. Anonymous Companies

Treasury's now-permanent rule gutting the Corporate Transparency Act entrenches a system of anonymity Congress sought to dismantle

A statement from Transparency International U.S.
August 11, 2026

WASHINGTON, D.C.—Today the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a final rule implementing the Corporate Transparency Act (CTA), replacing the Interim Final Rule (IFR) it issued in March 2025. The CTA is an anti-money laundering law that was enacted with strong bipartisan support in Congress to end the ability of criminals, including drug cartels, human trafficking organizations, corrupt politicians, and terrorists to use anonymous shell companies to commit and conceal their crimes, by requiring certain, higher-risk corporate entities to disclose their true owners to a confidential federal database.

Today's final rule makes permanent the core exemptions created by the IFR: All U.S.-formed companies remain exempt from the CTA's reporting requirements, as do U.S. beneficial owners of foreign reporting companies and U.S. persons who control certain foreign investment funds. The final rule also goes further by exempting U.S. individuals who help create or register foreign companies—known under the CTA as "company applicants"—from having to report their information to FinCEN, and by eliminating the requirement that U.S. persons who obtained a FinCEN identification number keep the personal information connected to that number up to date.

Together, these exemptions leave more than 99 percent of the companies Congress intended the CTA to cover outside its reporting requirements.

Scott Greytak, Deputy Executive Director of Transparency International U.S. (TI US), issued the following statement:

> The United States Treasury has taken a step that enables criminals to continue financing and profiting from their crimes by using anonymous

companies formed in the United States as their 'getaway vehicles.' Today's rule permits drug cartels to continue relying on such companies to move money, expand fentanyl distribution networks, and bankroll the deadly drugs that are killing Americans every day. The same secrecy that enables drug cartels has long enabled corrupt officials and other criminals to hide and move dirty money.

By exempting more than 99 percent of U.S. companies from the nation's most powerful anti-money laundering law in a generation, the Corporate Transparency Act, Treasury has frustrated the ability of federal, state, and local law enforcement to investigate cartel finances at the precise moment when the Trump Administration claims to be exerting maximum pressure in the fight against fentanyl.

This outcome stands in direct tension with Congress's bipartisan intent in passing the Corporate Transparency Act. It is exceptionally troubling and unjustifiable that at this moment in U.S. history, the U.S. Treasury has effectively produced a blueprint that drug cartels and other criminals can use to finance their illicit operations inside the United States itself through the use of anonymous companies.

We do not need to speculate about how cartels and other criminals will exploit today's rule. We've already seen it. In the Zheng Drug Trafficking Organization case, federal prosecutors documented how the organization used front companies in Massachusetts to receive, repackage, and redistribute fentanyl and other synthetic drugs across the United States. The Corporate Transparency Act was designed precisely to make it harder for criminals to hide behind companies like these.

Today's rule now embeds into federal regulation the same strategy of secrecy that the Zheng Organization used to operate on U.S. soil. Unless and until today's rule is rescinded, drug cartels will continue to exploit anonymous companies inside the United States to finance, expand, and conceal their deadly operations—and now, with that anonymity protected by federal regulation.

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<u>Related Resources</u>

- Read Treasury's final rule implementing the CTA;
- Read TI US's full comment on Treasury's Interim Final Rule (March 2025);
- Read a TI US factsheet on the involvement of U.S. anonymous companies in fentanyl and other drug trafficking.

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