



Cartel Screening: Finding FTO Risk Before Regulators Do

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COUNTERNARCOTICS

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Your compliance program likely assumes cartel investigations are the FBI's problem. That assumption cost institutions millions in 2025.

President Trump signed Executive Order 14157 on January 20, 2025, and Secretary of State Marco Rubio subsequently designated eight entities as FTOs/SDGTs effective February 20, 2025, transforming the compliance landscape. The Sinaloa Cartel, Cártel de Jalisco Nueva Generación (CJNG), Cártel del Noreste, Gulf Cartel, La Nueva Familia Michoacana, Carteles Unidos, Tren de Aragua, and MS-13 became material sanctions risks. But the designation created a liability cascade far beyond those eight names: over 5,000 cartel-connected entities across Mexico operate through corporate structures, real estate holdings, and logistics operations entirely outside traditional screening.

This gap between designated entities and connected entities is where real risk lives. Payments to cartel-affiliated organizations constitute potential support of designated terrorist organizations. OFAC doesn't designate every entity individually—your institution needs to find them. Regulators are already examining whether financial institutions conducted adequate due diligence on cartel-connected counterparties. Early detection is now a regulatory imperative.

Understanding FTO Designation and Your Direct Liability

Foreign Terrorist Organization designation places organizations and their property on OFAC's SDN List, making transactions a federal crime. Executive Order 14157 designated six cartels explicitly. What distinguishes this from past cartel designations is scale and economic integration: these organizations control supply chains, logistics networks, and commercial operations across Mexico, Central America, and the United States through front companies, real estate, and the formal financial system.

The liability extends beyond direct transactions. Any payment or logistical assistance to cartel-affiliated organizations could constitute support of terrorists. This encompasses corporate officers, beneficial owners, logistics partners, and family members of cartel leadership. The Specially Designated Global Terrorist designation amplifies exposure internationally, with partner banks and third-party service providers examining whether institutions adequately screened transactions before EO 14157. Regulatory reviews are underway and OFAC enforcement will follow.

Why Standard Screening Fails Against Cartel Networks

Your OFAC list screening catches designated entities. It won't catch the 4,000+ connected entities operating through legitimate corporate structures.

Cartels operate like holding companies, using corporate entities to own real estate, manage logistics, operate restaurants, and facilitate trade. They layer ownership through family trusts and corporate boards to obscure beneficial owners. When you screen against OFAC lists, you're matching names, not seeing corporate structure. Cartels deliberately change business names, rebranding quarterly, shifting addresses, and transferring registration within Mexico. Your screening database updates monthly or quarterly-these networks move weekly.

Address screening is equally ineffective. Many cartel-connected businesses operate from multiple locations. Without access to Mexican federal and state corporate registry data with historical tracking, you cannot connect current addresses to previous ones and corporate status changes. The bigger problem is the gap between connectivity and designation: 4,000+ connected entities-subsidiaries, business partners, logistics providers, real estate holders-don't appear on any list. Yet connections are clear in corporate records, beneficial

ownership filings, and corporate officer databases. Standard screening cannot access these data sources.

The Hidden Network Problem: 5,000+ Cartel-Connected Entities

Research into corporate networks associated with cartel leadership reveals approximately 5,000 entities with documented connections to cartel activities: roughly 1,000 seed entities with direct operational or ownership ties to cartel leadership, and approximately 4,000 connected entities linked through corporate relationships. This network exists entirely within the formal Mexican economy as registered corporations, property holdings, import-export licenses, and government contracts.

Mexican federal and state corporate registries maintain this data, but access remains inconsistent. Some information is publicly available through Mexico's National Business Registry; other details exist in state-level registries with limited transparency. Historical information—corporate name changes, address changes, officer changes—is difficult to obtain systematically. Without historical data, you cannot track how entities evolved, which entities they spawned, or how structures changed in response to enforcement pressure.

A designated cartel's leadership may sit on the board of a holding company that owns a logistics company. That holding company may be registered under a family member's name. The family member may not have a public profile connecting her to cartel activity, but her relationship to designated individuals is documented in law enforcement databases. Your compliance team isn't accessing this through standard OFAC screening.

The Path Forward: Detection, Registry Access, and Continuous Monitoring

Identifying cartel-affiliated risk before regulators requires three capabilities: first-to-market cartel affiliates data, access to verifiable corporate registries with auditable corporate information, and continuous updates tracking network evolution.

First-to-market data means identifying the 1,000 seed entities with direct cartel connections and mapping corporate relationships to identify the 4,000+ connected entities. This requires access to Mexican federal and state corporate registries, law enforcement databases, and beneficial ownership research. Institutions completing this work ahead of regulatory

enforcement develop immediate detection advantages.

Corporate registry access with time-stamped records provides verification. Rather than relying on name matching, this approach documents corporate structure, beneficial ownership, corporate officer relationships, and historical changes. When screening a customer, you verify whether corporate officers previously worked for designated entities, whether beneficial owners have family relationships to known cartel leadership, or whether entities share corporate governance with other cartel-connected businesses.

Continuous updates capture network evolution. Corporate names change, addresses shift, officers transition, new entities incorporate, registration status changes. Screening must capture these changes in real time, not months later. This requires ongoing monitoring of Mexican corporate registries and rapid integration of new entities into screening databases.

Sayari provides first-to-market research into cartel-connected corporate networks, access to Mexican federal and state corporate registries with historical tracking, and continuous monitoring of network evolution. The platform identifies over 5,000 cartel-affiliated entities with documented corporate relationships and provides auditable corporate registry records that withstand regulatory scrutiny.

Our financial crime solutions integrate sanction screening, regulatory compliance, beneficial ownership research, and network analysis. For institutions focused on counternarcotics, our law enforcement and regulatory tools provide the corporate and network insights enforcement agencies use to build cases.

Start with your current customer base. Cross-reference counterparties against cartel-connected corporate networks. Examine Mexican suppliers, logistics partners, and real estate holdings for connections to the 5,000+ identified entities. Document your screening procedures and data sources. Regulators are building cases now. The institutions with auditable due diligence completed before EO 14157 enforcement actions begin will have the strongest defense.

The cartel network risk is real, documented, and quantifiable. The screening capability exists. The only question is whether your institution finds these connections before the next regulatory examination does. Request a demo to see how first-to-market cartel network research changes your compliance posture.

Please visit sayari.com to learn more.

This blog is for informational purposes and isn't intended to be legal advice.