



Tracing Fentanyl: Corporate Records and Cash Flows

FinCEN's 2024 fentanyl guidance identifies financial typologies.

Here's how FIUs and law enforcement use corporate records and trade data to follow money from precursors to proceeds.

COUNTERNARCOTICS

Tracing Fentanyl: Corporate Records and Cash Flows

By Sayari Analyst Team · Published February 2025

FinCEN's 2024 fentanyl guidance identifies financial typologies. Here's how FIUs and law enforcement use corporate records and trade data to follow money from precursors to proceeds.

Financial investigation of fentanyl trafficking historically focused on proceeds-bulk cash deposits and remittances to cartel regions-missing an essential upstream layer: transactions between U.S.-based shell companies and Chinese precursor chemical manufacturers.

FinCEN's 2024 Financial Trend Analysis marked a strategic shift in fentanyl supply chain financing. Precursor chemicals enabling Mexican cartel production-compounds like 4-ANPP and NPP-flow from Chinese suppliers to U.S.-registered shells through trade transactions mimicking ordinary commerce. Most transaction monitoring detects proceeds moving backward, but precursor sourcing through platforms like Alipay and WeChat Pay goes missing. Closing this gap requires corporate registry data, trade records, and network analysis.

The Financial Architecture of Fentanyl Trafficking

Chinese manufacturers produce precursor chemicals-4-ANPP and NPP-in state-monitored facilities, yet diversion continues at scale through companies claiming legitimate end-use in plastics or pharmaceuticals. DEA-designated List 1 chemicals-including precursor compounds like phenylacetone (P2P) and fentanyl precursors-require DEA registration and documented end-use. Diversion schemes exploit this framework by establishing shell companies with fake registrations or relying on legitimate facilities to sell excess production to unvetted buyers. Precursor chemicals flow south through Mexico for fentanyl conversion; payment flows north through wires, trade-based laundering, and cryptocurrency. From Mexican networks, fentanyl powder and pills move north into the U.S. through distribution cells; street-level proceeds flow backward as bulk currency and property purchases in gateway cities.

The financial architecture depends on opacity at each stage. Chinese suppliers accept payment from entities appearing as U.S. chemical importers but lacking operational legitimacy. Shell company networks registered as LLCs in states with minimal beneficial ownership transparency receive funding and wire it internationally within days, creating financial buffers obscuring the ultimate funding source. Corporate registration data reveals many fentanyl-linked import entities formed within narrow timeframes of first precursor orders, suggesting formation specifically to execute particular transactions rather than maintain legitimate ongoing business.

FinCEN's Red Flags and Network Patterns

FinCEN's 2024 analysis identified specific typologies of fentanyl-related financial activity warranting heightened scrutiny. Transactions with known precursor chemical suppliers in China, India, and Canada, especially when U.S.-based entities make large wire transfers but show no legitimate business operations, signal upstream precursor acquisition funding. Entities established as LLCs two months before first chemical imports, lacking facility addresses or employees, represent red flag patterns. When such entities receive \$100,000+ monthly wire transfers then forward funds internationally within days, the sequence indicates financial pass-through.

Third-party payment platforms-Alipay, WeChat Pay-bypass normal AML screening, enabling faster settlement with reduced beneficial ownership visibility. Shell networks with no legitimate purpose typically exhibit multiple LLCs sharing addresses, agents, or owners, receiving large wires and immediately forwarding funds internationally, though upstream banks in China and Southeast Asia often lack sufficient investigative controls.

Trade activity indicators signal diversion risk at multiple levels. Over-invoiced chemical equipment shipments (billing at 200-300 percent above market rates), tableting machinery orders positioned as food or supplement processing equipment when imported by shell companies lacking food industry connections, and orders moving through Canada or India as transshipment hubs without documented end-user purchasing indicate likely diversion. These indicators collectively reveal connected financial activity tracing to precursor sourcing networks and cartel distribution infrastructure.

What Corporate Records Reveal

Transaction monitoring observes money movement but cannot reveal why entities exist or whether stated purposes match reality. Corporate registry data reveals operational structure, beneficial ownership, and historical patterns transaction data cannot show.

Chinese registries like SAMR contain ownership structures and manufacturing capacity; cross-referencing against precursor suppliers identifies state-affiliated links and distinguishes legitimate manufacturers from shells. U.S. filings reveal shell architecture through LLCs formed within 30 days of first orders, registered at same addresses with shared agents or owners, and lacking business operations. Formation pattern analysis becomes a primary signal.

Trade data-import-export records and manifests-connects actors to specific shipments. Combined with corporate registry information, trade records correlate chemical shipments with importer locations and beneficial owners. When Chinese suppliers' customer lists are cross-referenced against U.S. registrations, clustered by shared addresses and beneficial owners, and correlated with cartel networks, the financial infrastructure becomes visible. Investigators can examine whether entities dissolved post-enforcement or maintained operations under subsidiary names, revealing how networks adapt.

Integrating Investigation Across Jurisdictions

Effective fentanyl financial investigation requires coordination across Chinese registries, U.S. corporate records, and transshipment indicators. Investigation teams are fragmented: FinCEN observes financial transactions; DEA follows chemical diversion; State Department coordinates with China; ICE manages border interdiction; and local law enforcement pursues street-level trafficking. Integration across agencies and data sources is critical but challenging.

Investigation often begins with known precursor suppliers or distribution networks. From the distribution end, investigators identify shell company structures and funding sources. Corporate registry and trade analysis is where financial and law enforcement intelligence intersect, identifying connections that transaction monitoring alone would not flag. For example, DEA may identify a fentanyl producer in Mexico; this connects to U.S. pill pressing operations; financial investigation traces proceeds backward through remittances; corporate registry investigation reveals the funding entity is a Delaware LLC linked to precursor-importing entities; cross-referencing the supplier's customer list reveals a network of 40+ shells all purchasing from the same Chinese entity within three months, all registered in Wyoming by the same agent, all with similar financial patterns. This network analysis becomes feasible when

corporate and trade data are integrated.

Organizations supporting law enforcement and financial intelligence units should prioritize systems integrating FinCEN guidance, trade data, and multi-jurisdictional corporate registries to enable investigators to follow money flows across borders and identify hidden networks.

FIUs and law enforcement investigators working on fentanyl cases now operate with clearer guidance. FinCEN's 2024 analysis validated a distinct financial pattern detectable through corporate records and trade data. Platforms integrating corporate registries across 250+ jurisdictions with trade data covering billions of transactions offer investigative reach necessary to map these networks. Sayari's law enforcement platform enables teams to trace corporate ownership across borders, identify hidden network connections, and correlate corporate activity with suspicious financial patterns. Request a demo to see how corporate records and trade data can accelerate fentanyl investigations.

Please visit sayari.com to learn more.

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