

United States Senate

WASHINGTON, DC 20510

November 21, 2025

The Honorable Scott Bessent
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave, NW
Washington, DC 20220

Dear Secretary Bessent:

We write with serious concern about how the Department of the Treasury is undermining a landmark bipartisan law designed to crack down on the use of U.S. shell companies at the same time it is rightly raising the alarm about Chinese money laundering networks (CMLNs), which use shell companies to launder drug money. As the Trump Administration escalates its use of the U.S. military abroad, it is failing to give law enforcement a key financial tool to disrupt drug trafficking here at home.

There is growing evidence that CMLNs are taking advantage of shell companies to help cartels move billions through the U.S. financial system. In one high-profile case, “law enforcement identified more than 100 shell companies . . . used to launder at least \$77 million in narcotics proceeds.”¹ These companies were allegedly connected to the network of a Chinese national “seen as a key link between Mexican cartels and Chinese chemical companies in sourcing the pre-cursor chemicals for fentanyl” and “vital in converting drug funds into cryptocurrency.”² Because the U.S.-based shell companies used to register numerous bank accounts were anonymous, law enforcement authorities could not see who was behind them and only “identified shell companies from the financial records located in the search of [the defendant’s house].”³ This is not an isolated case: this month, federal and local law enforcement authorities in South Carolina seized multiple properties allegedly bought through a U.S. shell company that was used to launder the proceeds of sales of Chinese-origin methamphetamine precursor chemicals to the Sinaloa Cartel.⁴

¹ U.S. Department of Justice, “Drug Trafficker Zhi Dong Zhang, aka ‘Brother Wang,’ Returned from Mexico to Face International Narcotics and Money Laundering Charges in New York and Georgia,” November 19, 2025, <https://www.justice.gov/opa/pr/drug-trafficker-zhi-dong-zhang-aka-brother-wang-returned-mexico-face-international-narcotics>.

² Kharon, “How Chinese Networks Are Using US Banks to Launder Drug Cartels’ Cash,” Jane Tang, September 2, 2025, <https://www.kharon.com/brief/chinese-money-laundering-cartels-treasury-department-fincen>; Wall Street Journal, “Most-Wanted Fentanyl Producer Is Extradited to the U.S. After Brazen Escape,” Steve Fisher, Santiago Pérez, and José de Córdoba, October 23, 2025, <https://www.wsj.com/world/americas/most-wanted-fentanyl-producer-is-in-cuban-custody-after-brazen-escape-09ce6d7f>; BBC, “Suspected drug kingpin caught after audacious escape from house arrest,” Will Grant, October 24, 2025, <https://www.bbc.com/news/articles/cz0xd4dvzlyo>.

³ United States v. Zhi Dong Zhang, “Government’s Motion for Detention,” 1:22-CR-00294, July 8, 2025, <https://storage.courtlistener.com/recap/gov.uscourts.gand.306439/gov.uscourts.gand.306439.16.0.pdf>.

⁴ WPDE ABC15, “Multi-home seizure related to Chinese money laundering scheme, Mexican cartel: FBI,” E. Louise Kelly, November 5, 2025, <https://wpde.com/news/local/terrorists-horry-county-carolina-forest-houses-homes-seizure-horry-county-south>.

Federal agencies—including Treasury’s Financial Crimes Enforcement Network (FinCEN)—have repeatedly warned about the rapid growth in CMLNs operating in the United States. These CMLNs provide financial support for a range of illicit activities in our country, including human trafficking, human smuggling, healthcare fraud, and elder abuse.

Notably, these CMLNs launder drug proceeds and other illicit funds for cartels—and they exploit shell and front companies to do so, as seen in multiple documents the Trump Administration has published this year alone. For example:

- FinCEN documented on August 28 how CMLNs “often use shell or front companies, or complicit businesses, to resell or export these goods” when using trade-based money laundering to hide illicit cartel profits.⁵ In some cases, CMLNs “may purchase cashier’s checks listing the payee as a shell company the CMLNs beneficially own” or “use money mules or shell companies to purchase real estate.”⁶
- FinCEN highlighted multiple types of schemes, including one in which “Unknown Chinese Individuals” are the “Ultimate Beneficiary” behind U.S. companies that CMLNs use to hide the proceeds of drug trafficking and other illicit activities, like health care fraud.⁷
- FinCEN’s analysis of CMLNs also highlighted \$766 million in suspicious activity tied to New York adult and senior day care businesses, illustrating that CMLNs could be behind U.S.-registered companies exploited in that scheme.⁸
- According to the Department of Justice, a “prolific” CMLN laundered over \$92 million in illicit funds, including proceeds from the importation and distribution of illegal drugs into the United States. Multiple members of the CMLN, and couriers they managed, traveled throughout the United States to collect drug trafficking proceeds from U.S.-based drug traffickers and deposited those illicit funds into shell company bank accounts registered by other members of the CMLN.⁹

⁵ U.S. Department of Treasury Financial Crimes Enforcement Network, “FinCEN Advisory on the Use of Chinese Money Laundering Networks by Mexico-Based Transnational Criminal Organizations to Launder Illicit Proceeds,” August 28, 2025, p. 7, <https://www.fincen.gov/system/files/2025-08/FinCEN-Advisory-CMLN-508.pdf>.

⁶ *Id.* p. 6.

⁷ U.S. Department of Treasury Financial Crimes Enforcement Network, “Chinese Money Laundering Networks: 2020-2024 Threat Pattern & Trend Information,” August 2025, p. 18, <https://www.fincen.gov/system/files/2025-08/4000-10-INV-144549-S3F6L-FTA-CMLN-508.pdf>.

⁸ *Id.* at pp. 2, 16.

⁹ U.S. Department of Justice, “Three Members of a Prolific Chinese Money Laundering Organization Plead Guilty to Laundering Tens of Millions of Dollars in Drug Proceeds,” May 1, 2025, press release, <https://www.justice.gov/opa/pr/three-members-prolific-chinese-money-laundering-organization-plead-guilty-laundering-tens>; U.S. Department of Justice, “Final Three Members Charged in Prolific Chinese Money Laundering Scheme Plead Guilty to Laundering Tens of Millions in Drug Proceeds,” July 7, 2025, press release, <https://www.justice.gov/opa/pr/final-three-members-charged-prolific-chinese-money-laundering-scheme-plead-guilty-laundering>.

Given that the Administration recognizes the threat that Chinese money laundering networks pose, it is difficult to understand why you are simultaneously working to undermine the Corporate Transparency Act (CTA). Congress passed the bipartisan CTA after extensive engagement with the first Trump Administration. The law addressed a major known vulnerability in the U.S. anti-money laundering regime: criminals', terrorists', kleptocrats', and foreign adversaries' use of shell and front companies to shield true owners' identities from law enforcement and national security officials, allowing them to illegally access and transact in the U.S. economy. Previously, the Treasury Department undertook rulemaking efforts to implement the CTA.¹⁰ Yet on March 21, 2025, Treasury issued an interim final rule reversing the requirements for U.S. companies, defeating the main purpose of the law.¹¹

It is especially counterproductive to take this step when Chinese money laundering networks are “increasingly being leveraged by cartels.”¹² National security, intelligence, and law enforcement agencies are now left without information about companies and accounts that they could have used to disrupt CMLNs and to build cases. This wasn't onerous paperwork, but rather basic identifying information about true owners—name, address, birthday, a government identification number, and a picture of the corresponding physical ID.¹³

Treasury's choice has undermined America's response to the very Chinese money laundering networks about which you have warned, and in doing so, has jeopardized our national security and the integrity of the financial system. We urge you to reverse the interim final rule and restore full implementation of the CTA. We also ask you to answer the following by December 19, 2025:

1. What analysis, if any, did Treasury conduct on the impact of its March 21, 2025 interim final rule significantly narrowing beneficial-ownership reporting on the ability of CMLNs to illicitly access the U.S. financial system and engage in criminal activity? Please provide a copy of any such analysis.
 - a. Please provide a copy of any similar analysis of the ability of drug cartels to move illicit proceeds through U.S. shell companies, front companies, or opaque corporate structures.
 - b. Please provide a copy of any similar analysis of the ability of human trafficking networks to illicitly access the U.S. financial system through shell companies, front companies, or opaque corporate structures.

¹⁰ Beneficial Ownership Information Reporting Requirements, 87 Fed. Reg. 59,506 (Sep. 30, 2022).

¹¹ U.S. Department of the Treasury, Financial Crimes Enforcement Network, “FinCEN Removes Beneficial Ownership Reporting Requirements for U.S. Companies and U.S. Persons, Sets New Deadlines for Foreign Companies,” March 21, 2025, <https://www.fincen.gov/news/news-releases/fincen-removes-beneficial-ownership-reporting-requirements-us-companies-and-us>.

¹² U.S. House Financial Services Committee, “Evaluating the Financial Crimes Enforcement Network,” September 9, 2025, <https://www.youtube.com/live/qnM3U3zKPcs?feature=shared&t=2471>.

¹³ Hudson Institute, “Five Myths about the Corporate Transparency Act,” Nate Sibley, February 11, 2025, <https://www.hudson.org/legal-affairs/five-myths-about-corporate-transparency-act-nate-sibley>; U.S. Department of the Treasury, Financial Crimes Enforcement Network, “U.S. Beneficial Ownership Information Registry Now Accepting Reports,” January 1, 2024, <https://www.fincen.gov/news/news-releases/us-beneficial-ownership-information-registry-now-accepting-reports>.

- c. Please provide a copy of any similar analysis of the ability of fraud, elder abuse, and scam networks to illicitly access the U.S. financial system through shell companies, front companies, or opaque corporate structures.
 - d. Please provide a copy of any similar analysis of the ability of foreign adversaries, kleptocrats, or terrorists to illicitly access the U.S. financial system through shell companies, front companies, or opaque corporate structures.
2. How many suspicious activity reports (SARs) filed between January 1, 2020 and December 31, 2024 and associated with CMLNs cited companies or U.S. business accounts with unknown or unconfirmed beneficial owners? What is the aggregate transaction volume linked to those SARs?

Sincerely,



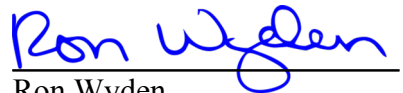
Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Chris Van Hollen
United States Senator



Andy Kim
Ranking Member,
Subcommittee on National
Security and International
Trade and Finance




Ron Wyden
United States Senator



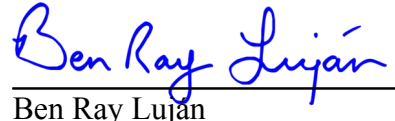
Sheldon Whitehouse
United States Senator
Co-Chair, Senate Caucus on
International Narcotics
Control



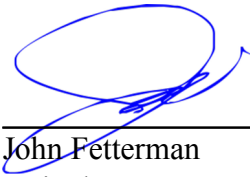
Jeanne Shaheen
United States Senator



Jeffrey A. Merkley
United States Senator



Ben Ray Lujan
United States Senator



John Fetterman
United States Senator