From the Los Angeles Garment District to the Southwest Border to the Most Populous County in Minnesota – How the Treasury Department's Issuance of Geographic Targeting Orders "Follow the Cash" to Combat Financial Crimes

By Sandra R. Brown[i]

On January 8, 2026, in response to alleged benefits fraud in Minnesota, the Treasury Department's Financial Crimes Enforcement Network (FinCEN) announced the issuance of a Geographic Targeting Order (GTO) requiring all banks and money transmitters located in Hennepin County[ii] and Ramsey County, Minnesota, (Covered Businesses) to file reports with FinCEN of certain international fund transfers of $3,000 or more.[iii]

Specifically, the Director of FinCEN found that reasonable grounds exist for concluding that the additional recordkeeping and reporting requirements set forth in the GTO contained in this document (the "Order") are necessary to carry out the purposes of the BSA or to prevent evasions thereof. This action is being taken in furtherance of Treasury's efforts to combat international money laundering of the proceeds of government benefits fraud in Minnesota. The terms of the GTO are effective beginning February 12, 2026, and ending August 10, 2026.

On January 13, 2026, FinCEN issued a list of Frequently Asked Questions (FAQs) to assist Covered Businesses to comply with the above GTO.[iv]

The First Geographic Targeting Order of 2026, but Unlikely the Last

The January 8th GTO marks the first for 2026 and follows the issuance of the below noted GTOs issued by FinCEN in 2025:

- On March 11, 2025, FinCEN issued a Southwest Border GTO, to further combat illicit activities and money laundering of Mexico-based cartels and other criminal actors along the southwest boarder of the United States.[v] The GTO requires all money services businesses (MSBs) located in 30 ZIP codes across California and Texas near the southwest boarder to file Currency Transaction Reports (CTRs) with FinCEN at a $200 threshold, in connection with cash transactions.
    - On September 8, 2025, FinCEN modified the Southwest Border GTO to require reporting of cash transactions between $1000 and $10,000, effective through March 6, 2026.[vi]

- On April 14, 2025, FinCEN issued a Residential Real Estate Transaction GTO (RRE), to address additional recordkeeping and reporting requirements necessary to carry out the purposes of the Bank Secrecy Act (BSA) and to prevent evasion thereof.[vii] The GTO requires Title Insurance Companies to report information relating to the purchases of real estate in major metropolitan areas covering more than 60 counties or boroughs, cities, and the District of Columbia, where the purchase is made without a bank loan or similar financing, and the purchase price is $300,000 or more: with a lower threshold of $50,000 applicable to the City and County of Baltimore, Maryland.

- On October 9, 2025, FinCEN renewed the RRE GTO, which extended the reporting requirements to February 28, 2026.[viii]

Blast from the Past: Los Angeles Fashion District Geographic Targeting Order

Stepping back a decade or so, in October 2014, FinCEN issued a GTO requiring additional reporting and recordkeeping obligations on certain trades and businesses located within the Los Angeles Fashion District in an effort to enhance law enforcement's ongoing efforts to identify and pursue cases against persons and businesses engaged in the illicit movement of U.S. currency to Mexico and Colombia on behalf of prominent drug trafficking organizations (DTOs).[ix]

Several things stood out in that GTO: 1) the GTO was sought by the United States Attorney's Office for the Central District of California; 2) the "Covered Geographic Area" was narrow in scope: the area in the City of Los Angeles, California, south of East 8th Street, north of East 16th Street, and between Santee Street and South Central Avenue; 3) the GTO resulted in FinCEN issuing the first-ever GTO penalty, a $275,000 penalty for non- compliance,[x] and 4) the issuance of the GTO was accompanied by search warrants being executed by a thousand agents on 50 businesses, with agents seizing roughly $90 million in cash[xi] plus $50 million more in property and other assets.

Similar to the Los Angeles Fashion District cases, where the IRS Criminal Investigation had a primary investigation role, Treasury Secretary Bessent has announced that in connection with the Minnesota GTO, the IRS will be launching a task force to examine financial institutions that may have helped move illicit funds, as well as to investigate any fraud and abuse involving pandemic-era tax incentives and misuse of 501(c)(3) tax-exempt status by entities implicated in connection with any alleged financial fraud.

So, what is a Geographic Targeting Order?

A Geographic Targeting Order is an order issued by the Director of FinCEN, under the authority delegated by the United States Secretary of Treasury requiring Covered Businesses, such as banks, MSBs, and title companies, that exist within a geographic area to report on transactions in amounts greater than the law already requires for the reporting of cash transactions over $10,000, which is done by financial institutions through the filing of Currency Transaction Reports (CTRs), using FinCEN Form 112,[xii] and by a trade or business through the filing of IRS Form 8300.[xiii] In this context, cash can mean currency, and certain monetary instruments like a cashier's check, bank draft, traveler's check, or money order. However, in August 2017, FinCEN issued a GTO, which under its renewed terms specifically broadened the reporting requirements to include wire transfers. [xiv]

While GTOs are temporary measures, generally lasting 180 days,[xv] used to combat money laundering, the GTOs are subject to renewal and even postponement, as may be directed by the Treasury Department's Director of FinCEN.

What is the Primary Goal of a Geographic Targeting Order?

Simply stated, for the government the goal is: follow the money once it leaves the United States, where it becomes much harder to determine who ultimately receives the funds.

In a more technical fashion, the primary goal is to combat money laundering; the use of CTRs, Forms 8300, and GTOs is a key tool for such Anti-Money Laundering (AML) efforts.

"Money Laundering" is a term historically associated with the attempt to convert illegal or "dirty" money into funds that appear to be from legitimate or "clean" sources. Money launderers also seek to conceal the ownership of assets derived from illegal activities.

In the late 1960's, Congress recognized the fact that currency was the lifeblood of organized crime in America. It afforded no paper trail to expenditures, income, investments, and financial activity of the organized crime groups. In response to the need to provide for a paper trail for unusual or extraordinary cash activity, Congress passed the Currency and Foreign Transactions Reporting Act of 1970. This Act later became more popularly known as the Bank Secrecy Act (BSA).

Under the BSA, Congress gave the Secretary of the Treasury the authority to promulgate regulations to identify extraordinary cash activity. The Secretary accomplished this by establishing a series of forms to identify the source and origin of unusual cash activity. Congress intended the information from these forms to be used for Tax Administration, Law Enforcement and Regulatory purposes.[xvi]

In 1986, Congress passed the Money Laundering Control Act of 1986, which not only codified money laundering as criminal offenses, limited to activity involving illegal money, specifically referred to as "specified unlawful activity" (SUA), the Act also established a new section of the Bank Secrecy Act, Title 31 U.S.C. § 5324, which made it illegal for an individual to structure transactions to defeat the reporting requirements or to "attempt" to defeat the reporting requirements.

To be clear, it is not illegal to conduct cash transactions of more than $10,000 nor is it illegal to transport more than $10,000 into or out of the United States. What is illegal, and subject to potential civil and criminal penalties, is not reporting legally imposed threshold cash transactions or attempting to conceal such transactions.

Thus, the goal for Covered Businesses, financial institutions, and businesses receiving cash that is subject to a GTO (or a CTR or Form 8300), the primary goal of properly filing required reports is to avoid facing civil or criminal penalties for non-compliance with such reporting obligations, not to mention avoiding being caught up in a government money laundering operation.

What makes GTOs different from CTRs?

First and foremost, through the issuance of a GTO, FinCEN can (significantly) lower the legally imposed thresholds for reporting cash transactions.

Secondarily, FinCEN can also set different thresholds for select business and transactions, well beyond the general scope of financial institutions covered by CTRs to reach such select businesses defined as Covered Businesses.

Third, FinCEN can issue orders (GTOs) imposing additional recordkeeping and reporting requirements on Covered Businesses in a specific geographic area for transactions involving certain amounts of United States currency or monetary instruments. Covered Businesses must retain records for a period of 5 years from the last date the GTO is in effect, including all renewals.

Penalties for Violating Geographic Targeting Orders

The consequences of a Covered Business failing to comply with a GTO can be civil penalties or criminal penalties, which can include prison time. Here's a chart which lays out the potential exposure for such non-compliance:

Criminal Penalties

Type of Violation	Penalty
Willful violation	Up to $250,000 fine and 5 years in prison
Willful violation while violating another law of the United States	Up to $500,000 fine and 10 years in prison
Structuring or assisting in structuring a transaction to avoid the currency transaction reporting	Fine and up to five years in prison

Civil Penalties

Type of Violation	Penalty
Willful violation (a separate violation occurs for each day the violation continues and each location a violation occurs)	Greater of the amount involved (up to $100,000) or $25,000
Failure to file a report, material misstatement or omission	Not to exceed the amount involved in the transaction
Structuring or assisting in structuring a transaction to avoid the currency transaction reporting	Not to exceed the amount involved in the transaction
Negligence	Not to exceed $500 or $50,000 if a pattern of negligence is found

Can penalties be assessed against a Covered Business' individual employees or agents? Yes. Both civil and criminal penalties may be levied against a partner, director, officer, agent or employee of the Covered Business.

How long after a violation can the government assess a penalty?

Penalties can be assessed any time within six years from the date of the Covered Transaction. Civil actions may be commenced within two years of the date of the penalty or criminal conviction.

Compliance Strategies

Understanding that each GTO has its own unique set of reporting obligations, scope of covered businesses and even Covered Geographic areas, and despite being limited in time, are subject to renewal, compliance with the legal requirements are essential. Affected businesses should carefully review any GTO issued in their areas, understand FinCEN's reporting requirements and thresholds, establish internal reporting guidelines and systems of record keeping, provide training and checklists to all relevant employees, and be prepared for the next FinCEN updates and FAQs.

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[ii] https://en.wikipedia.org/wiki/Hennepin_County,_Minnesota

[iii] https://www.federalregister.gov/documents/2026/01/13/2026-00449/geographic-targeting-order-imposing-recordkeeping-and-reporting-requirements-on-certain-financial

[iv] https://www.fincen.gov/system/files/2026-01/Minnesota-Fraud-GTO-FAQs.pdf

[v] https://home.treasury.gov/news/press-releases/sb0048

[vi] https://www.fincen.gov/news/news-releases/fincen-issues-modified-southwest-border-geographic-targeting-order

[vii] https://www.fincen.gov/system/files/shared/RRE-GTO-Order-April-14-2025-FINAL508.pdf

[viii] https://www.fincen.gov/news/news-releases/fincen-renews-residential-real-estate-geographic-targeting-orders-0

[ix] https://www.fincen.gov/news/news-releases/fincen-issues-geographic-targeting-order-covering-los-angeles-fashion-district

[x] https://www.fincen.gov/system/files/enforcement_action/2022-04-01/AS%20World%20Trading%20Consent%20Order%20FINAL.pdf

[xi] https://www.theguardian.com/world/2014/sep/10/los-angeles-fashion-district-raid-cartel-seize

[xii] https://www.fincen.gov/resources/filing-information

[xiii] https://www.irs.gov/forms-pubs/about-form-8300

[xiv] https://www.fincen.gov/news/news-releases/fincen-targets-shell-companies-purchasing-luxury-properties-seven-major

[xv] See 31 U.S.C. § 5326(a); 31 C.F.R. § 1010.370.

[xvi] See also, Comprehensive Crime Control Act of 1984, which provided for, among other things, the implementation of the Form 8300 cash reporting requirements for trades and businesses. Congress made this reporting requirement a part of Title 26 U.S.C. § 60501.