

ADAPTATION STRATEGIES IN TRANSNATIONAL DRUG TRAFFICKING

RESPONDING TO THE EVOLVING TACTICS OF CRIMINAL ORGANIZATIONS

CENTER FOR APPLIED INTELLIGENCE
Applied Intelligence Project

COASTAL CAROLINA UNIVERSITY
December 2025

UNCLASSIFIED

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EXECUTIVE SUMMARY - UNCLASSIFIED

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December 2025

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ABOUT THIS REPORT

This unclassified report contains the executive summary of a semester-long, open-source research project led by the senior analysts of the **Applied Intelligence Project (AIP)**, a pre-professional initiative of the **Center for Applied Intelligence (CAI)** at **Coastal Carolina University (CCU)**. The AIP operates as an ancillary practicum for students in CCU's Intelligence and Security Studies program who wish to cultivate and refine their ability to gather, analyze and disseminate information in accordance with techniques used in the intelligence profession. This project was commissioned by **Homeland Security Investigations (HSI)** of the **United States Department of Homeland Security (DHS)**. Funding for this project was provided by the **Thomas W. and Robin W. Edwards College of Humanities and Fine Arts** at CCU and distributed by CCU's **Center for Applied Intelligence**. The CAI wishes to thank HSI Victim Assistance Specialist **Eia Richardson**, HSI Intelligence Group Supervisor **James Hooper**, and HSI Chief Intelligence Officer **David Salazar** for their invaluable guidance throughout this project. We are also grateful to South Carolina Law Enforcement Division Special Agent **Michael Connelly** and retired Central Intelligence Agency Operations Officer **Redding Kessinger** for their advice during the research stages of this project. We are also grateful for the assistance of CCU Edwards College Dean **Dr. Claudia Bornholdt**, CAI Director **Dr. Jonathan Smith**, and volume editor **Hannah Albert**.

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RESEARCH TASKING

The purpose of this tasking is to commission original research that addresses and evaluates the adaptive strategies employed by Transnational Criminal Organizations (TCOs), specifically Mexican, Central, and South American Cartels, which have been designated as Foreign Terrorist Organizations (FTOs). The research should focus on how these organizations are likely to modify their drug trafficking and smuggling methodologies and tactics to continue the flow of illicit drugs, including fentanyl, methamphetamine, heroin, and cocaine, into the United States.

BACKGROUND

1. **Identification of Current Tactics:** Analyze the current drug trafficking and smuggling tactics used by FTOs.
2. **Adaptation Strategies:** Evaluate changes and adaptations in their methodologies in response to recent designations and law enforcement measures.
3. **Impact Assessment:** Assess the impact of these adaptations on the flow of illicit drugs into the United States.
4. **Predictive Analysis:** Provide predictive insights on future trends and tactics that these organizations may adopt.
5. **Policy Implications:** Offer recommendations for law enforcement and policy measures to counteract these evolving tactics.

ABOUT THE CUSTOMER

Homeland Security Investigations (HSI) is the principal investigative arm of the United States Department of Homeland Security (DHS), responsible for investigating transnational crime and threats, specifically those criminal organizations that exploit the global infrastructure through which international trade, travel, and finance move. HSI's workforce of over 10,400 employees consists of more than 7,100 Special Agents assigned to 220 cities throughout the United States, and 80 overseas locations in 53 countries. HSI's international presence represents DHS's largest investigative law enforcement presence abroad and one of the largest international footprints in United States law enforcement.

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DESIGNATION AND SCOPE

► **Designation:** The Foreign Terrorist Organization (FTO) designation applies to foreign entities that engage in terrorist activity or maintain the capability and intent to engage in terrorist activity or terrorism. Such organizations must also threaten the security of U.S. nationals, the national defense, foreign relations, or the economic interests of the U.S.

► **Scope:** Although all 13 designated cartel FTOs warrant attention, the scope of this analysis focuses on six major cartels that we assess to be the most significant. We have further-divided these organizations into two principal categories based on their primary roles in the illicit drug trade: manufacturers and distributors.

Manufacturing Cartels

- Cartel de Jalisco Nueva Generacion (Mexico)
- Cartel de Sinaloa (Mexico)
- La Nueva Familia Michoacana (Mexico)

Distributing Cartels

- Mara Salvatrucha (MS-13) (United States)
- Tren de Aragua (Venezuela)
- Los Lobos (Ecuador)

The major manufacturing cartels have substantial control over manufacturing territory and abundant access to precursor chemicals. The major distributing cartels have significant control over export routes and possess substantial transnational mobility.

KEY JUDGMENTS

► **Identification of Current Tactics.** Cartels continue to rely on a diversified trafficking architecture that combines land, maritime, communications, and financial methods. At the U.S.-Mexico border, illicit drugs are concealed in passenger vehicles and tractor-trailers, frequently moved by U.S. citizens or other individuals legally authorized to cross through heavily trafficked ports of entry. Maritime trafficking supplements these routes through fishing vessels, cargo ships, motorboats, narco-submarines, underwater concealment methods, and transfers from larger vessels to smaller craft near ports. Cartels support these activities through private communications networks, handheld radios, surveillance capabilities, Chinese money-laundering networks, shell companies, cryptocurrencies, and darknet marketplaces. Collectively, these methods demonstrate that cartel trafficking depends on blending illicit activity into legitimate transportation, commercial, communications, and financial systems rather than relying on a single smuggling methodology.

► **Adaptation Strategies.** The FTO designations have not yet produced a major observable transformation in cartel trafficking tactics, largely because the designations and associated enforcement measures remain relatively recent. Cartels have continued to employ established smuggling and money-laundering practices despite increased U.S. legal, intelligence, military, and financial pressure. Nevertheless, emerging pressures—particularly the seizure of precursor

chemicals and expansion of terrorism-related forfeiture authorities—are likely to encourage incremental adaptation. The report identifies increased domestic development of precursor chemicals and reduced reliance on foreign suppliers as particularly plausible responses to sustained interdiction. The continued flow of drugs despite increased enforcement also suggests that cartels may already be modifying concealment, routing, and other tactical practices sufficiently to offset at least some of the additional pressure.

► **Impact Assessment.** The FTO designations have thus far had little measurable effect on the overall volume of illicit drugs entering the U.S. Although the available data is incomplete, it is likely that drug flows demonstrate little change and that cartels are becoming more effective or creative in avoiding interdiction. Indicators such as street prices, financial and cryptocurrency seizures, and overdose rates could provide additional measures of impact, but the available open-source evidence was insufficient to draw firm conclusions from them.

► **Predictive Analysis.** If U.S. pressure generated by the FTO designations intensifies, we assess that cartel adaptation may increasingly occur across geographical, financial, logistical, criminal, and intelligence domains. Cartels are likely to diversify entry routes toward the eastern U.S. and northern border, reduce dependence on Chinese and Indian precursor suppliers by developing more precursors themselves, and potentially expand drug markets into Europe, Africa, Australia, and other parts of Asia; increased drug production inside the U.S. is possible but assessed as highly unlikely. Financial adaptations may include greater use of cold wallets, non-U.S.-linked stablecoins, and foreign financial jurisdictions to reduce traceability and asset seizure. Logistical adaptations could include impersonated commercial or government vehicles, private aircraft, clandestine airstrips, and exploitation of less-secure entry points. Cartels may also intensify violence against U.S. personnel, use drones, expand kidnappings, seek to corrupt law-enforcement personnel, conduct influence activities, and strengthen counterintelligence measures against informants.

► **Policy Implications.** U.S. counter-cartel strategists may wish to consider emphasizing proactive disruption of the networks that enable drug production, transportation, communications, and financial activity, rather than relying primarily on drug seizures. The report recommends: closer HSI-CBP coordination at southern ports of entry; greater scrutiny of high-risk individuals and suspicious cargo; increased monitoring of alternative routes, particularly Florida and the I-85/I-95 corridors; expanded use of license-plate readers, weigh-station data, geospatial analysis, and cyber forensics; and continued multinational operations, such as Operation RapTor, while accounting for corruption risks among foreign partners. Greater priority should be placed on precursor interception, identification of clandestine laboratories, and verification of legitimate recipients for chemical shipments. Financially, HSI should consider expanding cooperation with FinCEN, intensifying trade-based money-laundering investigations, targeting front companies, bulk cash and cryptocurrency, and employing the Cyber Crimes Center for digital-currency tracing. Intelligence authorities—including appropriate use of Foreign Intelligence Surveillance Act (FISA) Section 702 against eligible foreign targets—could further-expose cartel leadership, communications, supply chains, and laundering networks.

CURRENT TACTICS: IDENTIFICATION AND RESPONSES

Produced by CMC KILO

1. Land Ports of Entry and Communication

This section explores how cartels smuggle drugs across the U.S.-Mexico border, as well as the communication methods cartels use while trafficking drug shipments.

1.1 Ground Transportation

Drugs are wrapped in carbon paper to avoid X-ray detection and sprayed with liquid chlorine to mask the smell. They are then hidden within ordinary mid-sized cars such as Hondas, Nissans, and Toyotas to blend into the heavy flow of traffic. These drugs are concealed within hard-to-reach compartments, such as under the gas tank, next to the engine, or within the rocker panel. Tractor-trailers are also a common method used to hide drugs alongside bulk quantities of legal goods.¹

1.2 U.S. Citizens as Drug Mules

From 2019 to 2024, 80 percent of drug mules were identified as U.S. citizens, and a significant portion of smugglers are individuals legally authorized to cross the U.S.-Mexico border. The cartels recruit smugglers from a wide age range, specifically 20- to 60-year-olds. While these data extend only through 2021, trends have remained the same through 2025.²

1.3 Land Ports of Entry

The three land ports of entry with the highest frequency of drug smuggling are the Laredo

port in Texas (31, 32, 33, 34), the San Ysidro port in California (1), and the Nogales port in Arizona (12, 13). These three ports tend to register higher rates of traffic than other ports, providing drug smugglers with better chances of passing through undetected.³

1.4 Communication Methods

In Mexico, the CJNG utilizes private radio networks, cell towers, and broadband terminals to freely communicate about operations and surveil law enforcement. For example, in 2018, cartel hackers surveilled a senior FBI official in Mexico City to track down and murder any potential informants with whom the FBI official was working.

Cartel operatives primarily use hand-held transceivers for cheap, immediate, and short-range communications. These communications support lookouts, the coordination of drop timing, and quick situational updates while trafficking bulk quantities of drugs.⁴

2. Legal Ramifications of FTO Designations

We will now assess the new legal ramifications that the U.S. can utilize through the foreign terrorist organization (FTO) designation against cartels. We have shortlisted the most important implications for the legal affairs, intelligence activities, and financial tactics of FTOs.

¹ U.S. Department of Justice, National Drug Intelligence Center, "Drug Movement Into and Within the United States," in National Drug Threat Assessment 2010 (February 2010), <https://www.justice.gov/archive/ndic/pubs38/38661/movement.htm>.

² U.S. Sentencing Commission, "Quick Facts on Fentanyl Trafficking Offenses," Fiscal Year 2021, https://www.ussc.gov/sites/default/files/pdf/research-and-publications/quick-facts/Fentanyl_FY21.pdf.

³ American Immigration Council, "Fentanyl Smuggling: Most Seizures Occur at Ports of Entry Where U.S. Citizens Are the

Primary Smugglers," July 14, 2025, <https://www.americanimmigrationcouncil.org/fact-sheet/fentanyl-smuggling/>.

⁴ Baker Institute Blog, "Drug Cartel 'Communications 101,'" December 13, 2011, <https://bakerinstituteblog.blogs.rice.edu/2011/12/13/drug-cartel-communications-101/>; Associated Press, "Mexican Cartel Provided WiFi to Locals - with Threat of Death if They Didn't Use It," The Guardian, January 4, 2024, <https://www.theguardian.com/world/2024/jan/04/mexican-cartel-forces-locals-pay-makeshift-wifi>.

2.1 Legal Implications of FTO Designation

On September 3, the U.S. seized 300,000 kilos of methamphetamine precursor chemicals sent from Mexico and headed to the Cartel de Sinaloa. These precursors were able to be confiscated due to the Cartel de Sinaloa's designation as a Foreign Terrorist Organization. The U.S. used the terrorism forfeiture provision, which authorizes the seizure of assets linked to terrorist organizations even without a criminal conviction. This authority stems from the prohibition on providing "material support or resources" to FTOs.

To put this seizure into perspective, in a bust from 2024, the U.S. seized 80,000 kilos of methamphetamine, which took U.S. Customs and Border Protection agents 24 18-wheeler trucks to fully transport. The 300,000 kilos of precursors would have produced 190,000 kilos of methamphetamine (more than double the amount seized in 2024), priced at around \$569 million.

These legal implications are likely to force cartels to significantly increase their own precursor development and reduce their reliance on precursor shipments from other countries, as the U.S. continues to confiscate foreign shipments destined for the cartels.⁵

2.2 Case Study: The Algreto Network

Prior to his arrest, Javier Algreto Vázquez regularly made chemical purchases primarily from Chinese, Indian, and Turkish chemical suppliers that were then made available to cartels to create synthetic drugs.

Our study found that many of the substances needed to produce synthetic drugs are legally

produced and marketed for legitimate industries, making it easy to obtain them and divert their use for illegal purposes. This allowed the Algreto network to supply cartels with 1,453 tons of chemicals for methamphetamine production and 44.1 tons for fentanyl production from 2018 to 2021. The resulting drug production during this four-year span totaled over two billion dollars in revenue for cartels.⁶

2.3 Cartel Adaptations: Early Indications

While we have seen numerous changes in U.S. policy and counter-narcotics operations aimed at combating cartels, we have seen no major change in cartel drug-trafficking tactics in response to the FTO designation.

The most likely reason for the lack of change in cartel tactics is that the FTO designation is still too new for long-term and significant changes to arise in cartel operations. This does not mean that, over time, these U.S. actions against cartels are unlikely to have at least some negative impact on their revenue streams. However, at the present time, results are not yet noticeable.

It is also important to note the limitations of our research, as we dealt strictly with open-source intelligence (OSINT).

3. Impact Assessment

We will now detail the criteria we used to measure whether cartel drug flow into the U.S. has changed since the FTO designation, as well as other indicators that we were not able to research, but still consider important to note as areas we would have examined if given total access to restricted or classified information.

⁵ U.S. Attorney's Office for the District of Columbia, "U.S. Seizes 300,000 Kilos of Meth Precursor Chemicals Sent from China Destined for Mexico's Sinaloa Drug Cartel," September 3, 2025, <https://www.justice.gov/usao-dc/pr/us-seizes-300000-kilos-meth-precursor-chemicals-sent-china-destined-mexicos-sinaloa-drug>.

⁶ Sara Garcia, "Beyond China: How Other Countries Provide Precursor Chemicals to Mexico," InSight Crime, February 28, 2024, updated January 17, 2025, <https://insightcrime.org/investigations/beyond-china-other-countries-provide-precursor-chemicals-mexico/>.

3.1 Southern Border CBP Activity

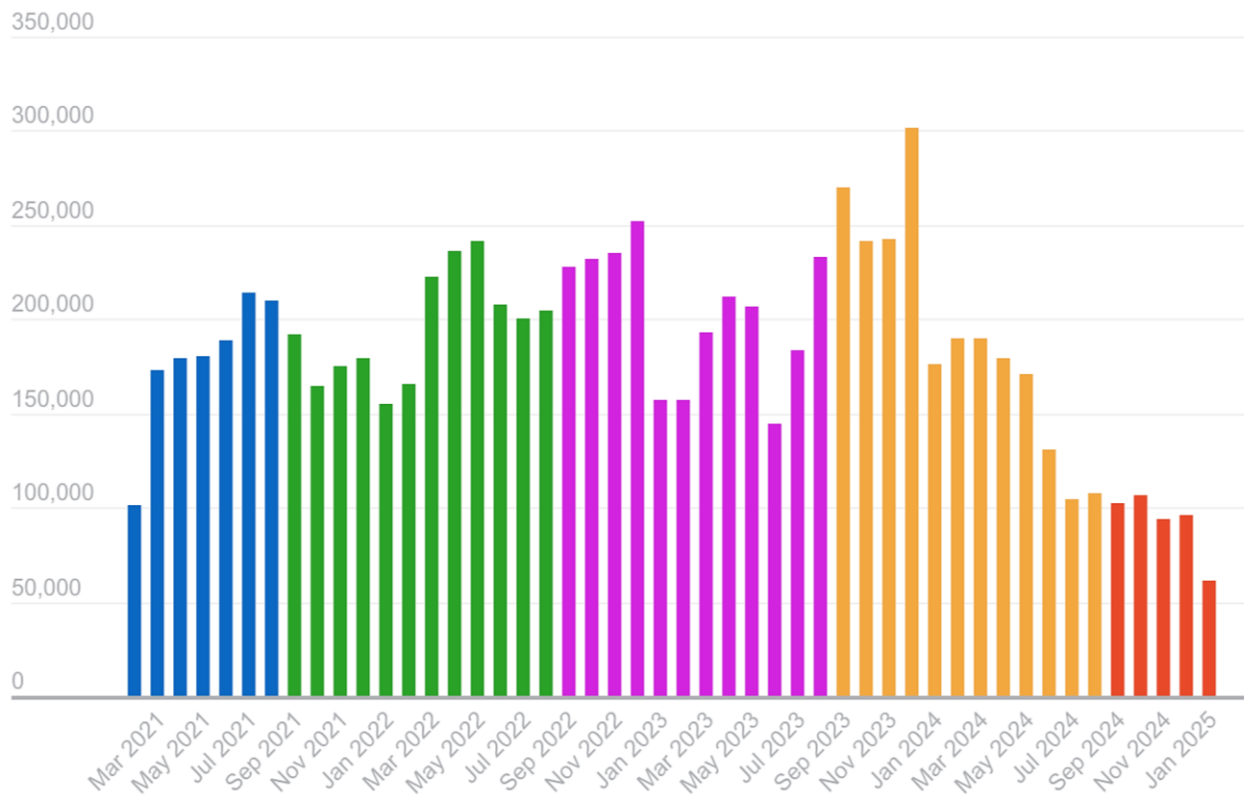
Our first indicator for measuring if cartel drug-smuggling operations have changed is traffic flow at the southern border. We sought to determine whether the overall traffic rates have decreased, which would indicate that the volume of drug-smuggling traffic has also decreased.

The only published statistics on border traffic concern U.S. Customs and Border Protection (CBP) “encounters.” This entails meetings with non-U.S. citizens who are not authorized to enter the country. While there has been significant media attention on the plummeting number of

encounters in 2024, we can see in *Graph 1* that the rates have been steadily decreasing since December 2023. Additionally, this does not directly relate to the 80 percent of cartel drug smugglers who are U.S. citizens and therefore would not be affected by these lower rates of “encounters.”⁷

3.2 Policy Options

Regarding policy options to counteract cartel operations, Homeland Security Investigations (HSI) could coordinate with CBP to restrict official crossing points on the southern border. CBP could use the condensed traffic to administer



Graph 1. Customs and Border Protection encounters with non-U.S. citizens who are not authorized to enter the U.S. (Source: Customs and Border Protection).

⁷ U.S. Customs and Border Protection, “Southwest Land Border Encounters,” accessed August 22, 2024, <https://www.cbp.gov/newsroom/stats/southwest-land-border-encounters>.

tighter security; however, this would significantly increase waiting times for individuals attempting to enter the country.

Currently, there are 52 official crossing points along the southern border. Reducing this number by half, to a core group of 26, would allow for increased security and fewer legal ports through which cartels could diversify their routes.

Additionally, HSI could increase its operational focus on individuals with criminal backgrounds related to drugs if it has not begun this already. Cartels often recruit U.S. citizens with drug addictions who are desperate for cash. Closer inspections of these individuals could therefore produce more drug seizures.

HSI could continue to conduct international operations such as Operation RapTor, which included the cooperation of HSI and seven other agencies, plus law enforcement from dozens of countries, to combat criminal opioid and darknet narcotics marketplaces, leading to arrests in ten separate countries. Cartels have become increasingly international, so an international law-enforcement approach is necessary to combat them.⁸

3.3 Operation RapTor

Operation RapTor resulted in arrests of darknet vendors, buyers, and administrators around the world. It was labeled as a Joint Criminal Opioid and Darknet Enforcement (JCODE) operation and yielded over two tons in drug seizures, 144 kilograms of which consisted of fentanyl or fentanyl-laced narcotics.

⁸ U.S. Department of Justice, Office of Public Affairs, "Law Enforcement Seize Record Amounts of Illegal Drugs, Firearms, and Drug Trafficking Proceeds in International Operation Against Darknet Trafficking of Fentanyl and Opioids; 270 Arrested Across Four Continents," May 22, 2025, <https://www.justice.gov/opa/pr/law-enforcement-seize-record-amounts-illegal-drugs-firearms-and-drug-trafficking-proceeds>; U.S. Customs and Border Protection, "Border Patrol Sectors," accessed August 22, 2026, <https://www.cbp.gov/border-security/along-us-borders/border-patrol-sectors>.

As a disclaimer, the more agencies that are brought in to cooperate internationally, the greater the chances that operations are leaked to cartel members. While this cooperation provides benefits, it should be utilized with caution to ensure that only trustworthy partners are involved.⁹

3.4 Precursor-Focused Operations

Operations targeting precursors could become more of a central focus of HSI operations. Such operations could enable HSI to pre-empt drug manufacturing and disrupt supplies to cartels, limiting their ability to create the drugs. Tracking precursor shipments can also lead HSI to identify the locations of clandestine manufacturing labs outside the country and eliminate them in conjunction with foreign authorities. Such cooperation with outside authorities is required in order to be granted operational jurisdiction within the territory of other countries. Additionally, added caution must be exercised when working with foreign law enforcement due to the possibility of cartel corruption within their ranks.¹⁰

3.5 Additional Policy Options

Regarding cartel activities on the East Coast of the U.S., HSI could cooperate more closely with local law enforcement to focus more heavily on Interstates 85 and 95, as drugs coming through the Caribbean into Florida are dispersed throughout the country on major highways. Increased security on the southern border would, in turn, shift cartel focus toward entering through Florida, so HSI could see an increase in drug movement along East Coast interstates.

⁹ Federal Bureau of Investigation, "Global Operation Targets Darknet Drug Trafficking," May 22, 2025, <https://www.fbi.gov/news/stories/global-operation-targets-darknet-drug-trafficking>.

¹⁰ U.S. Drug Enforcement Administration, "Fentanyl Flow to the United States," DEA-DCT-DIR-008-20 (January 2020), https://www.dea.gov/sites/default/files/2020-03/DEA_GOV_DIR-008-20%20Fentanyl%20Flow%20in%20the%20United%20States_0.pdf.

HSI could work with local law enforcement to further educate them on spotting suspicious cargo indicators, utilizing license plate readers, weigh-station data, and geospatial mapping to identify anomalous movement patterns. An expansion of cyber-forensics capabilities would also better allow HSI to monitor the logistics and recruitment methods cartels use in the Carolinas to move product and expand their presence.

Another trend to highlight is the use of local properties for laundering proceeds from precursor sales to cartels. In Horry County, South Carolina, the company New Star Holdings was named in a Federal civil forfeiture complaint as a “subsidiary shell company of China-based Sichuan Sundia Chemical Co.” This company is alleged to have supplied Cartel de Sinaloa with chemical precursors for the production of methamphetamine and then used New Star properties to launder money from precursor-sale proceeds.¹¹ Chinese nationals living in the U.S. on student visas purchased five separate Horry County properties with money provided by Cartel de Sinaloa to establish this front company.¹²

This case study shows that cartels and the precursor chemical companies with which they work have not completely shifted toward digital and cryptocurrency methods for money laundering. This means HSI should continue to surveil and look for front businesses used for cartel money laundering, rather than assuming that digital transactions have become the only method for moving cash.

Finally, HSI could intensify its financial investigations against cartels by focusing its resources on financial disruption, such as

seizing bulk cash and cryptocurrency and targeting laundering networks. Financial investigations damage cartels more effectively than drug seizures because cartels constantly produce drugs knowing that portions will be confiscated; however, the networks they use to process and export drug earnings are complex and vital to their income.

HSI can achieve this by utilizing trade-based money-laundering investigations in Charlotte’s import and export sectors, expanding partnerships with private-sector trade compliance officers, and prioritizing the use of HSI’s Cyber Crimes Center (C3) for digital-currency tracing.



¹¹ Jordan White and Skylar Musick, “Documents Shed Light Into Carolina Forest Home Seizure Involving Mexican Cartel, Chinese Chemical Companies,” WBTW, November 6, 2025, <https://www.wbtw.com/news/grand-strand/horry-county/documents-shed-light-into-carolina-forest-home-seizure-involving-mexican-cartel-chinese-chemical-companies/>.

¹² TJ Turner and Sydney Ryan, “Documents: Horry County Home Seizures Tied to Money Laundering Scheme, Terrorist Organization,” WMBF News, November 6, 2025, <https://www.wmbfnews.com/2025/11/06/documents-horry-county-home-seizures-tied-money-laundering-scheme-terrorist-organization/>.

IMPACT ASSESSMENT AND PREDICTIVE ANALYSIS

Produced by CMC BRAVO

4. Maritime Smuggling Methods

Cartels employ several maritime methods to smuggle drugs through legal ports of entry and other physical entry points. One common method is the use of narco-submarines—self-propelled semi- or fully submersible vessels—to transport illicit drugs. These vessels are relatively easy to construct and difficult to track once submerged. Cartels also use torpedoes and underwater concealment methods to hide drug shipments. These loads can be released from vessels and later retrieved by divers near ports of entry.¹³

Cartels also conceal drugs inside otherwise legitimate goods. Examples include food products, suitcases, wood, and machinery containing various types of drugs.¹⁴

Fishing boats, motorboats, and cargo ships are also used to transport drugs into ports of entry. Mexican naval intelligence has documented such vessels being used to smuggle drugs throughout the Americas. On cargo ships, drugs may be concealed within containers, fuel tanks, engine rooms, torpedoes, and various other compartments. Cartels also tend to position cargo ships near major ports of entry and then

transfer drug loads to smaller vessels to cross the border, where they may face substantially fewer inspection challenges.¹⁵

5. FTO Designation Ramifications

The FTO designation allows additional resources to be directed toward day-to-day military, law enforcement, and intelligence operations against designated cartels. We assess that a principal purpose of the designation was to raise the priority of these groups within the U.S. intelligence priority framework.¹⁶

On October 2, 2025, the President of the U.S. announced that the U.S. was in an “armed conflict” with cartels. Under this framework, the military can engage within the laws of war.¹⁷

Operation PACIFIC VIPER provides an example of military and maritime operations undertaken against cartels as part of U.S. efforts to combat the flow of drugs from Latin America. As of October 23, 2025, the U.S. Navy and Coast Guard, operating jointly, had seized approximately 100,000 pounds of drugs along the Eastern Pacific route—the largest seizure to date. On October 31, the U.S. Navy also deployed

¹³ H I Sutton, “3 Narco Submarines in 4 Days: Navy and Coast Guard Make Impact,” *Forbes*, May 28, 2020, <https://www.forbes.com/sites/hisutton/2020/05/28/navy-and-coast-guard-stop-3-narco-submarines-in-4-days/>; Secretaría de Marina, Naval Intelligence Unit, “Illicit Drug Trafficking by Waterway in the Americas,” presentation (Mexico City, September 13, 2021), 9, https://www.oas.org/en/sms/cicad/maritime-narcotrafficking/docs/4.%20MEXICO_Captain%20Carranza-ENG.pdf.

¹⁴ Secretaría de Marina, Naval Intelligence Unit, “Illicit Drug Trafficking by Waterway in the Americas,” 8.

¹⁵ Secretaría de Marina, “Illicit Drug Trafficking by Waterway in the Americas,” 9-10.

¹⁶ U.S. Department of State, “Foreign Terrorist Organizations,” archived Department of State website, 2021–2025, accessed

August 22, 2026, <https://2021-2025.state.gov/foreign-terrorist-organizations/>.

¹⁷ Aamer Madhani and Lisa Mascaro, “Trump Says US Is in ‘Armed Conflict’ with Drug Cartels after Ordering Strikes in the Caribbean,” *AP News*, October 2, 2025, <https://apnews.com/article/trump-cartels-armed-conflict-cb57804807e55a00ace60ad5f4d4f24d>; U.S. Department of Defense, Department of Defense Law of War Manual, updated July 2023, <https://media.defense.gov/2023/Jul/31/2003271432/-1/-1/0/dod-law-of-war-manual-june-2015-updated-july-2023.pdf>; Amnesty International, “Armed Conflict,” accessed August 22, 2026, <https://www.amnesty.org/en/what-we-do/armed-conflict/>; National Immigration Law Center, “FAQ: Use of Military & Wartime Powers,” January 22, 2025, <https://www.nilc.org/resources/faq-on-use-of-the-military-for-immigration-enforcement/>.

additional warships, while a carrier strike group was heading toward the region off the coast of Venezuela.¹⁸

The FTO designation also expands the legal and financial tools available against designated cartels. Law enforcement can target FTOs with sanctions and criminal penalties, while persons who assist FTOs may be subject to removal or prosecution. The FBI and the Department of Justice can pursue individuals who provide direct or indirect assistance to FTO operations, including conduct occurring outside U.S. borders, while the Department of State can impose terrorism-related sanctions. The U.S. can also pressure allies and international institutions to align with its sanctions.¹⁹

5.1 FTO-Focused Operations

Several FTO-focused law enforcement and intelligence operations took place during 2025. From September 22 through September 26, the DEA conducted a week-long operational surge targeting the Cartel de Jalisco Nueva Generación (CJNG). The operation resulted in 670 arrests, the seizure of over \$18 million in currency, more than one million counterfeit pills, and approximately 77,000 kilograms of drugs.²⁰

CJNG is estimated to have more than 10,000 members worldwide. Its co-founder and leader, Nemesio Rubén Oseguera Cervantes, also known

as “El Mencho,” has remained a wanted fugitive. His son and CJNG co-founder, Rubén Oseguera-González, also known as “El Menchito,” was convicted in a Department of Justice case and sentenced on March 7, 2025.²¹

On September 29, 2025, the DEA and foreign partners participated in a week-long operation that ended in the arrest of more than 600 members of the Sinaloa Cartel and the seizure of more than 10,000 kilograms of drugs and \$12.8 million in currency. Estimates of Sinaloa Cartel membership range from thousands to tens of thousands.²²

Finally, on October 15, 2025, following a nine-month interagency operation, Sinaloa Cartel plaza boss Leonardo Daniel Martínez Vera, also known as “El Pato,” was arrested in Mexico along with three additional money launderers who worked for the cartel.²³

6. Impact Assessment Based on Drug Seizures

To assess the impact of the FTO designation, we analyzed data on drug seizure weights and seizure events involving drugs entering the U.S. One possible interpretation of the phenomenon of fewer drug seizures is that fewer drugs are being intercepted at, or crossing, the border. Based on our impact assessment, however, it is likely that cartels are becoming more creative in their smuggling tactics.

¹⁸ U.S. Coast Guard, “Coast Guard Seizes 100,000 Pounds of Cocaine through Operation Pacific Viper,” October 14, 2025, <https://www.news.uscg.mil/Press-Releases/Article/4323367/coast-guard-seizes-100000-pounds-of-cocaine-through-operation-pacific-viper/>; Howard Altman, “Navy Cruiser Joins Caribbean Flotilla as Reports Claim U.S. Is Ready to Strike Venezuela,” *The War Zone*, October 31, 2025, <https://www.twz.com/sea/navy-cruiser-joins-caribbean-flotilla-as-reports-claim-u-s-is-ready-to-strike-venezuela/>.

¹⁹ U.S. Department of State, “Foreign Terrorist Organizations.”

²⁰ Drug Enforcement Administration, “DEA Targets CJNG Operations, Seizing a Million Counterfeit Pills and 77,000 Kilograms of Their Drugs in Five Days,” September 29, 2025, <https://www.dea.gov/press-releases/2025/09/29/dea-targets-cjng-operations-seizing-million-counterfeit-pills-and-77000>.

²¹ U.S. Department of Justice, Office of Public Affairs, “Notorious Violent Mexican Cartel Leader Sentenced to Life Plus 30 Years in Prison for International Drug Trafficking and Firearms Offenses,” March 7, 2025, <https://www.justice.gov/opa/pr/notorious-violent-mexican-cartel-leader-sentenced-life-plus-30-years-prison-international>.

²² Emily Mae Czachor, “Over 600 People Arrested in Operations Targeting Sinaloa Drug Cartel, DEA Says,” *CBS News*, updated September 9, 2025, <https://www.cbsnews.com/news/raids-sinaloa-drug-cartel-600-arrested-dea/>.

²³ Office of the Director of National Intelligence, “Sinaloa Cartel Boss Identified and Located by ODNI’s National Counterterrorism Center, Led to Successful Arrest,” October 21, 2025, <https://www.odni.gov/4597/pr-36-25/>.

U.S. Customs and Border Protection data comparing drug types and total seizure weights from fiscal year 2024 to fiscal year 2025 show that the amount of drugs seized in 2025 was generally similar to, or lower than, the amount seized in 2024. For example, the total weight of fentanyl seized in 2025 was approximately half the amount seized in 2024. The Centers for Disease Control and Prevention identifies fentanyl as the leading cause of overdose deaths in the U.S. Based on our analysis, it is therefore likely that the flow of drugs into the U.S. is continuing with little to no change for the time being, as the designation has been in place for only ten months. However, it is likely that seizures will increase as the designation remains in effect for a longer period.²⁴

Monthly seizure events between 2022 and 2025 were fairly similar, except for a slight spike between February and April 2025; that increase did not surpass seizure levels recorded in previous years. It is likely that the FTO designation contributed to increased seizures between February and April 2025 because the designation brought these cartels to the forefront of U.S. national security concerns. Furthermore, we assess with moderate confidence that the FTO designation has had little effect thus far on the volume of drugs trafficked into the U.S. by cartels, as drug seizure weight has not increased substantially.

7. Predictive Analysis of Cartel Adaptation

Through predictive analysis, we assess that if the FTO designation proves successful, cartels could respond with geographical, criminal, business, and intelligence shifts in their smuggling and production methods.

7.1 Domestic Production and Precursor Supply

It is possible that cartels could begin producing more drugs within the U.S. to reduce the risks associated with smuggling drugs across increasingly secure borders. We assess this as highly unlikely, however, because of the inherent risks and the greater likelihood of detection. Cartels could also reduce their dependence on precursor supplies from countries such as India and China as U.S. operations increasingly target and seize precursor shipments. Reducing their dependence on foreign precursor supplies would limit the risk of being linked to such shipments and would likely increase the rate at which cartels create their own precursors, which is a practice they have already begun to pursue.

7.2 Geographical Diversification

It is also likely that cartels could shift their geographical approach to drug trafficking. As security along the southern border increases, they could make greater use of alternative routes into the U.S., including routes along the East Coast and the northern border.

7.3 Expansion Into Foreign Drug Markets

We also assess that cartels could expand their drug markets into Europe, Africa, Australia, and Asia, in an effort to reduce their risk exposure to the FTO designation. We assess that expansion into China is unlikely because it could encroach on the territory of Chinese organized crime groups with which cartels such as CJNG and Sinaloa maintain alliances. If cartels expand their markets into the territory of U.S. allies, it would likely heighten tensions for the U.S. and increase pressure on international partners to strengthen their drug laws.²⁵

²⁴ U.S. Customs and Border Protection, "Drug Seizure Statistics," accessed August 22, 2026, <https://www.cbp.gov/newsroom/stats/drug-seizure-statistics>; Centers for Disease Control and Prevention, "National Fentanyl Prevention and Awareness Day Toolkit," accessed August 22, 2026, <https://www.cdc.gov/overdose-prevention/php/toolkits/fentanyl-prevention-awareness-day.html>.

²⁵ Soufan Center, "IntelBrief: Trafficking Fentanyl and Fish: Mexico's Most Notorious Gang Collaborates with Chinese

7.4 Possible Shifts in Organized Crime Tactics

We assess that cartel organized-crime tactics could shift. On October 14, 2025, the U.S. Department of Homeland Security (DHS) reported that Mexican criminal organizations had issued bounties targeting U.S. Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE) personnel. The reported bounty system offered \$2,000 for gathering information or doxxing an agent, \$5,000–\$10,000 for kidnapping or nonlethal assault on CBP and ICE agents, and up to \$50,000 for the assassination of high-ranking officials. In early November, additional reporting

indicated a \$10,000 bounty for shooting at Border Patrol agents.²⁶

Based on this information, we believe such violence could increase. This could include higher rates of attacks on ICE and CBP agents, as well as increased use of drones and firefights with law enforcement along the U.S.-Mexico border. Cartels have already used drones for surveillance and violence, although they do not commonly use drones for smuggling. Finally, we assess that cartels could increase attacks and kidnappings targeting U.S. citizens in Mexico as tactics of fear, control, and power leverage.



Organized Criminal Groups,” July 2, 2024, <https://thesoufan.center.org/intelbrief-2024-july-2/>.

²⁶ U.S. Department of Homeland Security, “Bounties Originating From Mexico Offered to Shoot ICE and CBP Officers in Chicago,” October 14, 2025, [https://www.dhs.gov/news/2025/10/14/bounties-originating-mexico-offered-shoot-ice-and-cbp-](https://www.dhs.gov/news/2025/10/14/bounties-originating-mexico-offered-shoot-ice-and-cbp-officers-chicago)

[officers-chicago](https://www.dhs.gov/news/2025/10/14/bounties-originating-mexico-offered-shoot-ice-and-cbp-officers-chicago); Demian Bio, “CBP Warns ‘Assailants May Wear Mexican Military Uniforms’ While Attempting to Shoot at Agents to Collect \$10,000 Bounties,” Latin Times, November 3, [g-mexican-military-uniforms-while-attempting-shoot-agents-collect-591161](https://www.latin-times.com/g-mexican-military-uniforms-while-attempting-shoot-agents-collect-591161).

FINANCIAL NETWORKS AND RESPONSES

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8. Money-Laundering and Online Platforms

This chapter examines cartel money-laundering techniques and online marketing, the financial implications of FTO designations, indicators that may be used to assess the effectiveness of anti-drug policies, and potential U.S. policy responses. It also considers possible adaptations by cartels in the financial, distribution, intelligence, and counterintelligence domains.

8.1 Chinese Money-Laundering Networks

Chinese money-laundering networks have become increasingly prominent, replacing the once-prominent black-market peso exchanges, as demand for U.S. dollars is significantly greater in China than in Latin America. One of the most notorious names associated with Chinese money-laundering networks is Zhi Dong Zhang, also known as “Brother Wang.” Zhang ran a multinational operation between 2016 and 2021 through which he illegally trafficked more than \$150 million in drug profits across the U.S., Central America, South America, China, and Japan.^{27, 28, 29}

Zhang was considered a key operator for CJNG. He also acted as an international broker for chemical precursors used in the production of

fentanyl, cocaine, and methamphetamine. In the U.S., he operated 150 shell companies and 170 bank accounts in New York, Georgia, California, and Michigan. Zhang was arrested in Mexico City in October 2024 and placed under house arrest while awaiting extradition to the U.S. He escaped in July 2025 and was arrested again on October 23, 2025, in Cuba after failing to flee to Russia. He is currently in Mexico awaiting extradition to the U.S.³⁰

8.2 Darknet Marketplaces

Darknet marketplaces are decentralized online e-commerce platforms that enable the anonymous purchase and sale of illicit goods and services. Payments for these goods and services remain anonymous through the use of cryptocurrencies. Well-known defunct darknet marketplaces include the Digital Silk Road and AlphaBay, while operational darknet marketplaces include Huione Guarantee and Xinbi Guarantee.^{31, 32, 33}

AlphaBay was operational from September 2014 to July 2017 and from August 2021 to 2023. At its peak, AlphaBay served an estimated 200,000 users and hosted 40,000 vendors. Prior to the marketplace’s seizure, there were more than 250,000 listings for illicit drugs and toxic chemicals. Although it is not explicitly stated

²⁷ The Bureau, “‘Chexican’ Narco-Financier Ran New York Fentanyl Cell With Mexican Operatives, U.S. Indictment Shows,” October 23, 2025, <https://www.thebureau.news/p/chexican-narco-financier-ran-new>.

²⁸ Victoria Dittmar, “Chinese Broker’s Arrest Hits Mexico’s Fentanyl Trade Harder Than ‘Kingpin’ Captures,” InSight Crime, October 28, 2025, <https://insightcrime.org/news/chinese-brokers-arrest-hits-mexicos-fentanyl-trade-harder-than-kingpin-captures/>.

²⁹ Jane Tang with Kharon Research, “How Chinese Networks Are Using U.S. Banks to Launder Drug Cartels’ Cash,” Kharon, September 2, 2025, <https://www.kharon.com/brief/chinese-money-laundering-cartels-treasury-department-fincen>.

³⁰ The Chosun Ilbo, “Fentanyl Kingpin ‘Brother Wang’ Arrested, Extradited to U.S.,” October 25, 2025, <https://www.chosun.com/english/world-en/2025/10/25/UCL4YWQBLRG3RKH>

[com/english/world-en/2025/10/25/UCL4YWQBLRG3RKH](https://www.chosun.com/english/world-en/2025/10/25/UCL4YWQBLRG3RKH) KH2KFAORXCE/.

³¹ TRM Labs, “Huione Guarantee and Xinbi Still Operating on Telegram Despite Ban, Underscoring Illicit Actors’ Persistence,” May 30, 2025, <https://www.trmlabs.com/resources/blog/huione-guarantee-and-xinbi-still-operating-on-telegram-despite-ban-underscoring-illicit-actors-persistence>.

³² Rapid7, “What Is the Dark Web? Guide to Darknet Access & Risks,” accessed August 22, 2026, <https://www.rapid7.com/fundamentals/what-is-the-dark-web/>.

³³ Federal Bureau of Investigation, “A Primer on DarkNet Marketplaces,” November 1, 2016, <https://www.fbi.gov/news/stories/a-primer-on-darknet-marketplaces>.

that cartels operated on darknet marketplaces, smaller distribution networks may have used these platforms to facilitate the sale of illicit drugs.^{34, 35, 36, 37}

9. Financial Implications of FTO Designation

On July 17, 2020, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated four Chinese nationals as having provided support to the Zheng Drug Trafficking Organization under the Foreign Narcotics Kingpin Designation Act. As a result of the designation, all property and interests in property belonging to these individuals and the associated entity that were located in the U.S. were required to be blocked and reported to OFAC. This case provides an illustration of how the U.S. government can use its financial authorities to target Chinese money-laundering networks.³⁸

On May 1, 2025, two Chinese nationals and a California man pleaded guilty to participating in a Chinese money-laundering operation that moved \$92 million in illicit funds. On July 7, 2025, two Chinese nationals and a New York woman also pleaded guilty to participating in the same operation. The group directed money couriers to collect bulk illicit cash and then deposited the proceeds, which generally exceeded

\$10,000, into shell-company bank accounts controlled by the money-laundering organization in order to conceal the illicit nature of the funds. The six individuals faced charges including conspiracy to commit money laundering, money laundering to conceal the source of illegal funds, and monetary-transaction offenses.^{39, 40}

10. Impact Assessment and Policy Indicators

The arrest and indictment of high-ranking cartel members indicate that U.S. policy has affected the upper echelon of cartel networks and may hinder efficient workflow. Two cases following the FTO designation illustrate this effect.

On May 13, 2025, in San Diego, California, Pedro Inzunza Noriega, also known as "120," and his son, Pedro Inzunza Coronel, also known as "Bird," who is now deceased, were charged with narco-terrorism, drug trafficking, and money laundering as key leaders of the Beltran Leyva Organization (BLO), a violent faction of Cartel de Sinaloa. The indictment was the first in the nation to charge alleged leaders of Cartel de Sinaloa with narco-terrorism and material support of terrorism in connection with trafficking massive amounts of fentanyl, cocaine, methamphetamine, and heroin into the U.S.⁴¹

³⁴ Leah Koonthamattam, "Operation Bayonet: How the FBI Took Down AlphaBay and Hansa," CybelAngel, April 7, 2026, <https://cybelangel.com/blog/alphabay-hansa-two-major-dark-web-marketplaces-shut/>.

³⁵ Europol, "Massive Blow to Criminal Dark Web Activities after Globally Coordinated Operation: Takedown of AlphaBay and Hansa Will Lead to Hundreds of New Investigations in Europe," July 20, 2017, <https://www.europol.europa.eu/media-press/newsroom/news/massive-blow-to-criminal-dark-web-activities-after-globally-coordinated-operation>.

³⁶ Federal Bureau of Investigation, "AlphaBay Takedown," July 20, 2017, <https://www.fbi.gov/news/stories/alphabay-takedown>.

³⁷ Drug Enforcement Administration, "AlphaBay, The Largest Online 'Dark Market,' Shut Down," July 20, 2017, <https://www.dea.gov/press-releases/2017/07/20/alphabay-largest-online-dark-market-shut-down>.

³⁸ U.S. Department of the Treasury, "Treasury Targets Chinese Persons Involved with Drug Trafficking Organization Moving

Fentanyl," July 17, 2020, <https://home.treasury.gov/news/press-releases/sm1063>.

³⁹ U.S. Department of Justice, Office of Public Affairs, "Three Members of a Prolific Chinese Money Laundering Organization Plead Guilty to Laundering Tens of Millions of Dollars in Drug Proceeds," May 1, 2025, <https://www.justice.gov/opa/pr/three-members-prolific-chinese-money-laundering-organization-plead-guilty-laundering-tens>.

⁴⁰ U.S. Department of Justice, Office of Public Affairs, "Final Three Members Charged in Prolific Chinese Money Laundering Scheme Plead Guilty to Laundering Tens of Millions in Drug Proceeds," July 7, 2025, <https://www.justice.gov/opa/pr/final-three-members-charged-prolific-chinese-money-laundering-scheme-plead-guilty-laundering>.

⁴¹ U.S. Department of Justice, Office of Public Affairs, "Sinaloa Cartel Leaders Charged with Narco-Terrorism, Material Support of Terrorism and Drug Trafficking," May 13,

On September 24, 2025, in Southern Illinois, two high-ranking members of Cartel de Sinaloa, Prospero Coronel-Sanchez, also known as “Pro,” and Jose Luis Angulo-Soto, also known as “El Mi Nino,” along with 24 associates, were indicted on charges of material support of an FTO and narco-terrorism. Both indictments followed the Secretary of State’s designation of Cartel de Sinaloa as an FTO through Executive Order 13224 and the amending Executive Order 14157.⁴²

11. Indicators of Policy Effectiveness

Three indicators that could be used to assess the success of anti-drug policies are the street price of drugs, the amount of financial seizures related to cartels and drug trafficking, and the overdose rate in the U.S. Because this research relied exclusively on open-source intelligence, sufficient evidence was not available to substantiate conclusions using these indicators. With access to additional information, however, each of these indicators could provide a useful measure of policy effectiveness.

11.1 The Street Price of Drugs

An increase in the street price of drugs could indicate a disruption in drug flows, with prices rising to account for lost revenue. A decrease could indicate that cartels have found workarounds that compensate for product lost through law-enforcement interdiction. If prices remain stagnant, this could indicate that current anti-drug policies are not significantly affecting the flow of drugs.

11.2 Financial and Cryptocurrency Seizures

The volume of financial seizures related to drug trafficking and cartels could be used to assess the effectiveness of anti-money-laundering policies.

An increase in financial and cryptocurrency seizures could indicate that current anti-money-laundering laws are hindering the flow of illicit funds, whereas a decrease could indicate that these laws have had little or no effect. It is important to note, however, that cartels have increasingly operated outside the U.S. financial system, which can distort the available data.

11.3 Overdose Rates

The overdose rate in the U.S. could be used as an indicator of the population’s access to illicit drugs. An increase in the overdose rate could suggest that more Americans are gaining access to drugs and that current anti-drug policies are not working. A decrease could suggest that fewer Americans are gaining access to drugs and that current policies are constraining drug flows into the country. A stagnant overdose rate could indicate that cartels have found workarounds that allow them to continue supplying the U.S. market despite enforcement efforts. This measure also has an important limitation: overdose statistics include both licit and illicit drugs, which can skew the data.

12. Policy Options

The FTO designation may permit the U.S. government to employ counterterrorism measures to disrupt cartel supply chains and business operations, including increased use of intelligence authorities and closer cooperation with the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN).

12.1 FISA Section 702

FISA Section 702 permits targeted electronic surveillance of non-U.S. persons located outside the U.S. for the acquisition of foreign intelligence

2025, <https://www.justice.gov/opa/pr/sinaloa-cartel-leaders-charged-narco-terrorism-material-support-terrorism-and-drug>.

⁴² U.S. Department of Justice, Office of Public Affairs, “High-Ranking Members of Sinaloa Cartel Charged with Material

Support of a Foreign Terrorist Organization and Narco-terrorism,” September 24, 2025, <https://www.justice.gov/opa/pr/high-ranking-members-sinaloa-cartel-charged-material-support-foreign-terrorist-0>.

information without individualized probable-cause warrants. Such surveillance could provide information on cartel communications, leadership locations, product movements, and precursor supply chains. The U.S. government may also use the Intelligence Collection on Foreign Drug Traffickers amendment to pursue foreign drug traffickers and their networks.⁴³

One model for such intelligence operations is Operation Trojan Shield, a collaborative effort involving the FBI, DEA, and international partners. Beginning in 2018, the operation used an encrypted communications platform known as ANOM, which was distributed to more than 12,000 devices. Over the course of the three-year operation, more than 27 million messages were analyzed. In June 2021, law enforcement conducted near-simultaneous raids in 16 countries, resulting in numerous arrests and seizures of products and currency.^{44, 45}

Greater use of comparable intelligence collection against encrypted cartel networks could support the identification of prominent and high-ranking cartel members and enable U.S. authorities to target critical cartel functions, including supply chains and money-laundering networks.

12.2 Supply-Chain Monitoring

The U.S. government should more closely monitor inbound shipments of precursor chemicals, particularly when cartels route precursor shipments from China through the U.S. and onward into Mexico. According to the assessment, such shipments may receive less scrutiny when the U.S. is serving as a transit point. Port authorities could require

stronger proof of recipient legitimacy, thereby ensuring that shipments are consigned to legitimate businesses and reducing the use of front companies to move precursor chemicals. Increased intelligence collection could also provide greater insight into cartel operations and allow the government to take a more proactive rather than reactive approach to precursor flows.

12.3 FinCEN Cooperation

HSI should expand its cooperation with FinCEN and leverage financial databases to disrupt cartel money-laundering operations. HSI could examine the reported income of suspected front companies and cross-reference those reports with FinCEN data to identify irregular financial patterns. HSI could also investigate money services businesses, which the assessment identifies as frequently used for money laundering. Cash App is cited as one such service used by cartels to transfer funds electronically. Closer pairing of various FinCEN partnerships with such platforms could assist in identifying money-laundering activity.

13. Assessing Likely Cartel Adaptations

This section assesses how transnational criminal organizations may adapt their intelligence, financial, and logistical practices in response to intensified U.S. enforcement pressure. These adaptations are likely to involve efforts to reduce financial traceability, shift illicit transactions beyond U.S. jurisdiction, diversify transportation and distribution networks, and strengthen internal security against law-enforcement penetration. Taken together, these potential responses

⁴³ Office of the Director of National Intelligence, "Section 702: Basics," accessed August 22, 2026, <https://www.dni.gov/files/icotr/Section702-Basics-Infographic.pdf>.

⁴⁴ Europol, "800 Criminals Arrested in Biggest Ever Law Enforcement Operation against Encrypted Communication," June 8, 2021, <https://www.europol.europa.eu/media-press/news>

[room/news/800-criminals-arrested-in-biggest-ever-law-enforcement-operation-against-encrypted-communication](https://www.fbi.gov/news/stories/fbi-global-partners-announce-results-of-operation-trojan-shield-060821).

⁴⁵ Federal Bureau of Investigation, "Operation Trojan Shield," June 8, 2021, <https://www.fbi.gov/news/stories/fbi-global-partners-announce-results-of-operation-trojan-shield-060821>.

illustrate the degree to which cartel resilience depends on organizational flexibility across multiple operational domains.

13.1 Cold-Wallet Cryptocurrency Transfers

Cartels and associated money-laundering networks may seek to reduce observable on-chain activity through greater use of cold wallets. Because cold wallets store private keys offline, control of cryptocurrency can be transferred physically by handing a device from one person to another without generating an additional blockchain transaction. Although the cryptocurrency remains recorded on the blockchain, the offline transfer of private keys can make the movement of illicit profits more difficult to trace until the funds are brought back online or converted into other assets.

13.2 Alternative Stablecoins and Jurisdictions

Cartels use stablecoins because they are pegged to relatively stable currencies and therefore do not fluctuate in price to the same degree as other cryptocurrencies. The assessment holds that cartels currently use U.S.-linked stablecoins, which gives U.S. authorities greater ability to freeze assets held within the U.S. financial system. Cartels may therefore shift toward Tether and similar stablecoins based outside the U.S., or toward stablecoins and financial institutions associated with other countries that maintain stable currencies.

13.3 Distribution-Network Adaptations

Cartels may increase their use of fake, front, or impersonated shipping companies to move products in tractor-trailers or cargo vans. This could include placing the logos and branding of prominent shipping companies, such as Amazon, Swift, and J.B. Hunt, on vehicles. Cartels may also impersonate government vehicles, such as those of the Texas Department of Transportation, in order to move products more discreetly.

Cartels may also use private aircraft and clandestine airstrips in the central U.S. to move products that are already inside the country. Such airstrips could be repurposed from abandoned airports and airfields, including locations such as Morningstar Field Airport in Iowa or West Yellowstone Airport in Montana. Cartels may additionally target smaller or weaker ports of entry, including Class D and Class E airports and state parks. Class D airports are common in general aviation and generally have less security and no passenger-security procedures. Class E airports are smaller and may lack an air traffic controller, providing similar perceived advantages. State parks may also have a lower security presence than formal land-border crossings, potentially making them attractive locations for covert cross-border movement.

13.4 Potential Intelligence Activity

The assessment identifies several intelligence-related adaptations that cartels may pursue. One is attempts to corrupt or recruit ICE personnel. In response to increased demand for ICE agents, the training process has, in some cases, been condensed to a 13-week program from initial hire to sworn federal-agent status. The assessment argues that a compressed training, vetting, and background-investigation process could create opportunities for cartels to corrupt aspiring agents and cultivate internal informants.

The concern extends beyond ICE. An FBI sting operation that concluded on October 30, 2025, resulted in the arrest of two Mississippi sheriffs and 12 current and former law-enforcement officers on drug-trafficking and bribery charges. The assessment, therefore, considers the corruption of law-enforcement personnel as a broader vulnerability.

Cartels may also pursue psychological or influence operations in support of policies or political actors perceived as favorable to their interests. This assessment identifies the potential financing of anti-ICE rallies through

shell companies as one method of increasing public opposition to ICE. It also considers the possibility that front companies could be used to finance political candidates who are outspoken against ICE or other federal law-enforcement agencies. In addition, cartels could seek to blackmail compromised or poorly vetted federal personnel by threatening to expose them as cartel assets or to harm their relatives.

Finally, cartels may intensify counterintelligence operations to deter members from becoming

U.S. informants. Such measures could include public executions of informants and public displays of their bodies, including so-called corpse messaging; surveillance of DEA agents in Latin America and FBI agents in the U.S.; photographing cartel members who interact with law-enforcement personnel for subsequent blackmail; and internal vetting intended to identify prospective members who may be law-enforcement assets.



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