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CARTEL RISK: WHAT ARE COMPANIES NOT ACCOUNTING FOR?

On Inauguration Day, the second Trump Administration issued an Executive Order making the “total elimination of cartels” an executive policy, signaling the start of an aggressive enforcement posture towards these transnational groups and corporations that may have interactions with them. The following article assesses the laws identified by the U.S. government as key to its total elimination strategy, such as the Anti-Terrorism Act, sanctions programs administered by the Office of Foreign Asset Control, the Money Laundering Control Act, and the anti-bribery provisions of the FCPA. It also explains how the FCPA accounting provisions, which require public companies to maintain accurate books and records and effective internal controls, may be the law best equipped to prosecute corporations with potential cartel interactions.

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INTRODUCTION

On February 5, 2026, Mexican authorities arrested Mayor Navarro of Tequila, Jalisco for extorting major beer and tequila companies in collusion with Cartel Jalisco Nueva Generacion, a Mexico-based cartel designated by the U.S. government as a Foreign Terrorist Organization (“FTO”) and Specially Designated Global Terrorist (“SDGT”).¹ Mayor Navarro has also been accused of leading a corrupt network of public servants in Tequila’s City Hall, a group linked to the diversion of public funds and the

extortion of business owners and merchants throughout the municipality.²

The arrest of Mayor Navarro illustrates the overlap of cartel, money laundering, and corruption risk in Mexico. Companies operating in regions with pervasive cartel activity face liability under multiple U.S. legal regimes, including the Anti-Terrorism Act, various sanctions programs administered by the Office of Foreign Assets Control (“OFAC”), the Money Laundering Control Act,

¹ Fact Sheet, U.S. Dep’t of State, *Designation of International Cartels* (Feb. 20, 2025) <https://www.state.gov/designation-of-international-cartels>.

² Miguel Flores, *Detienen a Diego “N,” presidente municipal de Tequila, Jalisco, por extorsión, lo relacionan con el CJNG*, INFOBAE (Feb 5, 2026) <https://www.infobae.com/mexico/2026/02/05/harfuch-informa-que-se-detuvo-al-presidente-municipal-de-tequila-jalisco/>.

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