

Treasury Sanctions Mexico- and China-Based Money Launderers Linked to the Sinaloa Cartel



July 1, 2024

Washington — Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) sanctioned a Mexico-based money launderer and China-based members of a money laundering organization with criminal links to the Sinaloa Cartel as part of ongoing efforts to disrupt the flow of illicit narcotics into the United States. This action is the result of the U.S. government’s ongoing efforts, in cooperation with the Mexican government, to disrupt the trafficking of fentanyl and save lives — a priority under the [President’s Unity Agenda](#). Today’s action furthers efforts by [Treasury’s Counter-Fentanyl Strike Force](#), which leverages Treasury’s unique expertise and capabilities to disrupt the illicit financial networks relied upon by the cartels.

“Combatting the threat posed by Money Laundering Organizations in China is a key priority of the Treasury Department, and today we are taking action to cut off the financial flows of major money launderers who are powering the trafficking of fentanyl and other illicit drugs to the United States,” said Deputy Secretary of the Treasury Wally Adeyemo. “Through our Counter-Fentanyl Strike Force, we will continue leveraging Treasury’s unique capabilities to disrupt the illicit fentanyl and drug trafficking trade that claims the lives of thousands of Americans each year.”


This action was coordinated closely with the Government of Mexico, including La Unidad de Inteligencia Financiera (UIF), and reflects the close partnership between our countries in disrupting funding that underpins the flow of fentanyl and its precursors into the United States.

In November 2023, President Biden and President Xi Jinping announced the resumption of bilateral cooperation between the United States and China to combat illicit drug manufacturing and trafficking, including synthetic drugs like fentanyl. The United States is working with Chinese authorities to target illicit financing networks, including those linked to the fentanyl trade. As reiterated during [Secretary Yellen’s recent trip to China](#), Treasury is furthering its bilateral cooperation with the People’s Republic of China (PRC) on countering money laundering and other illicit finance issues. Secretary Yellen also raised the issue of illicit

fentanyl in her meetings in Mexico City in December 2023, where Treasury and Mexican authorities committed to enhance information sharing on this illicit finance threat.

Treasury's sanctions also complement indictments on these designated persons issued by the U.S. Attorney's Office for the Central District of California. For information on actions previously taken by the U.S. Department of Justice, [please see this link](#).

CHINESE MONEY LAUNDERING ORGANIZATIONS (CMLO)

As described in Treasury's [2024 National Money Laundering Risk Assessment](#) , CMLOs are now one of the key actors laundering money professionally in the United States and worldwide, and are rapidly becoming one of the most prominent money laundering threat actors facing the U.S. financial system. Drug trafficking organizations, such as the Sinaloa Cartel, have increasingly partnered with CMLOs to launder funds. Individuals working for CMLOs pick up bulk cash generated from the sale of illicit drugs in the United States, then work to move a corresponding amount of funds abroad, often to Mexico. This provides U.S. dollars to PRC nationals seeking to overcome currency controls. In addition to violating federal law in the United States and in Mexico, CMLOs also violate currency controls imposed by the PRC.

MONEY LAUNDERING FUGITIVES

Mexico-based **Diego Acosta Ovalle** (Ovalle) assisted the Sinaloa Cartel by hiding and collecting drug trafficking proceeds, before delivering them to associates of the cartel. The Sinaloa Cartel associates worked with PRC-based **Tong Peiji** (Tong Peiji) and **He Jiaxuan** (He Jiaxuan), both members of a U.S.-based CMLO that has laundered illicit drug proceeds belonging to the Sinaloa Cartel. In at least one instance, Tong Peiji traveled to Mexico to meet with Sinaloa Cartel members to obtain contracts to launder drug trafficking proceeds. Tong Peiji also arranged to purchase cryptocurrency that could be provided to Sinaloa Cartel accounts. Tong Peiji and He Jiaxuan worked within the CMLO to deliver drug trafficking proceeds to individuals in need of U.S. currency. Specifically, He Jiaxuan, as instructed by Tong Peiji, would pick up bulk currency from criminal groups and deliver the funds to other members of the CMLO.

Ovalle, Tong Peiji, and He Jiaxuan were sanctioned today pursuant to Executive Order (E.O.) 14059 for having engaged in, or attempted to engage in, activities or transactions that

have materially contributed to, or pose a significant risk of materially contributing to, the international proliferation of illicit drugs or their means of production.

These designations would not have been possible without the cooperation, support, and ongoing collaboration between the U.S. Attorney's Office for the Central District of California, the Drug Enforcement Administration, Internal Revenue Service – Criminal Investigations, Homeland Security Investigations, the Federal Bureau of Investigation, the Southgate, Downey, Glendora, Fullerton, and El Monte, California Police Departments, Treasury's Financial Crimes Enforcement Network (FinCEN), and other local, federal, and international partners.

SANCTIONS IMPLICATIONS

As a result of today's action, all property and interests in property of the designated individuals that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. Unless authorized by a general or specific license issued by OFAC, or exempt, OFAC's regulations generally prohibit all transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons. U.S. persons may face civil or criminal penalties for violations of E.O. 14059.

Today's action is part of a whole-of-government effort to counter the global threat posed by the trafficking of illicit drugs into the United States that is causing the deaths of over a hundred thousand Americans annually, as well as countless more non-fatal overdoses. This action demonstrates the Administration's [strengthened approach](#) to saving lives by disrupting the trafficking of illicit fentanyl and its precursors into American communities. These efforts are part of the Biden-Harris Administration's comprehensive, whole-of-government strategy to tackle the nation's overdose epidemic, which goes after two key drivers of this crisis: untreated addiction and the drug trafficking profits that fuel it. Today's action will help strengthen public safety by disrupting the illicit drug production and trafficking pipeline that profits by harming Americans. As a key part of the President's Unity Agenda, the Administration has also made historic investments in critical public health interventions including research, prevention, treatment, and recovery support services.

OFAC, in coordination with its U.S. Government partners and foreign counterparts, will continue to target and pursue accountability for foreign illicit drug actors. In addition,

persons that engage in certain transactions with the individuals designated today may themselves be exposed to sanctions or subject to an enforcement action.

The power and integrity of OFAC sanctions derive not only from OFAC's ability to designate and add persons to the SDN List, but also from its willingness to remove persons from the SDN List consistent with the law. The ultimate goal of sanctions is not to punish, but to bring about a positive change in behavior. For information concerning the process for seeking removal from an OFAC list, including the SDN List, please refer to [OFAC's Frequently Asked Question 897](#). For detailed information on the process to [submit a request for removal from an OFAC sanctions list](#).

[View more information on the individuals designated today.](#)

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