

Banking and Finance Law Daily Wrap Up, CRIMES AND OFFENSES— Treasury announces actions addressing government benefits fraud, (Jan. 12, 2026)

Banking and Finance Law Daily Wrap Up

[Click to open document in a browser](#)

By Shashi Kant, BALLB, LLM.

In addition to a geographic targeting order, the initiatives include targeted investigations, enhanced transaction reporting, and information-sharing measures intended to support law enforcement efforts addressing benefit-related fraud.

The U.S. Department of the Treasury [announced](#) a series of initiatives addressing government benefits fraud in Minnesota, including investigative actions by the Financial Crimes Enforcement Network and the issuance of a Geographic Targeting Order imposing additional reporting requirements on certain financial institutions. According to the Treasury Secretary's statement, the initiatives are intended to address fraud involving Minnesota-based government benefit programs and to improve information available to federal, state, and local law enforcement. The Secretary stated that the department's actions include investigations, enhanced reporting requirements, alerts to financial institutions, and training for law enforcement.

FinCEN investigations and enforcement actions. Treasury stated that FinCEN has issued four notices of investigation to money services businesses located in Minnesota. According to the press release, the notices request information from the businesses for examination and investigative purposes under the Bank Secrecy Act. Treasury stated that the investigations concern financial services providers operating outside the traditional banking system. Treasury also stated that the Internal Revenue Service will audit financial institutions that facilitated the laundering of funds connected to Minnesota-based fraud schemes. According to the press release, the IRS will announce the formation of a task force focused on investigating fraud and abuse involving pandemic-era tax incentives and the misuse of tax-exempt status under section 501(c)(3) by entities implicated in the fraud schemes. Treasury stated that these efforts are part of its civil and criminal enforcement support activities.

Geographic targeting order. FinCEN issued a [Geographic Targeting Order](#) requiring banks and money transmitters located in Hennepin County and Ramsey County, Minnesota, to retain and report records of certain payments of \$3,000 or more, according to the order published in the Federal Register. The order states that it applies to funds transfers for which records are required under existing Bank Secrecy Act regulations when specified criteria are met, including where the originator or transmitter provides an address in the covered geographic area and the beneficiary or recipient is located outside the United States. The order defines covered businesses as banks and money transmitters with a branch, subsidiary, or office in the covered geographic area. According to the order, covered businesses must file reports through FinCEN's Financial Industry Portal and provide specified information about the originator, beneficiary, or recipient, depending on the type of institution. The order requires reports to be submitted by the end of the month following the month in which the covered transaction occurred and requires records to be retained for five years. FinCEN stated in the order that reasonable grounds exist to conclude that the additional recordkeeping and reporting requirements are necessary to carry out the purposes of the Bank Secrecy Act or to prevent evasion of its requirements. The order states that it is issued in furtherance of Treasury's efforts to combat international money laundering of proceeds derived from government benefits fraud in Minnesota. The order is scheduled to take effect 30 days after publication in the Federal Register and will remain effective for 209 days after publication unless renewed. The Federal Register lists the publication date as Jan. 13, 2026.

Alert and reporting guidance. Treasury stated that FinCEN has issued an [alert](#) to financial institutions urging them to identify and report fraud associated with federal child nutrition programs. According to the press release, the alert includes red flags intended to assist financial institutions in detecting and reporting activity linked to fraud rings exploiting those programs. Treasury stated that the alert is designed to support law enforcement investigations. The press release also states that enhanced [reporting](#) under the Geographic Targeting Order is expected to provide law enforcement with additional information about recipients located outside the United States who receive proceeds of the fraud. Treasury stated that this information will assist investigations and support the recovery of funds transferred internationally.

Training and coordination. According to Treasury, FinCEN provided training to Minnesota-based federal, state, and local law enforcement on the use of financial data, including Suspicious Activity Reports, to address fraud schemes. Treasury stated that the training is intended to improve the ability of law enforcement agencies to identify, investigate, and disrupt fraud involving government benefits. Treasury stated that the Secretary met with financial institutions, fraud victims, state leaders, and community members in Minnesota and participated in discussions focused on information sharing between the public and private sectors. According to the press release, Treasury characterized these efforts as part of a broader approach to addressing fraud affecting government benefit programs in the state.

RegulatoryActivity: BankSecrecyAct CrimesOffenses MinnesotaNews