

# Publications

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## FinCEN Order on Suspected Minnesota Fraud Takes Effect

### Key Takeaways

- FinCEN's Geographic Targeting Order requires banks and money transmitters in Hennepin and Ramsey Counties, Minnesota, to report certain international funds transfers of \$3,000 or more from Feb. 12 through Aug. 10, 2026.
- Covered institutions are not required to collect new information but must report data they are already required to retain under existing BSA recordkeeping rules.
- Financial institutions should review and update their BSA and AML policies, procedures and reporting workflows to ensure timely identification and reporting of covered transactions.

A Financial Crimes Enforcement Network (FinCEN) order recently took effect, requiring financial institutions to identify and report certain transactions that FinCEN believes are associated with fraud on federal child nutrition programs — particularly past and ongoing suspicious activity potentially related to fraud in Minnesota. FinCEN had issued its Geographic Targeting Order Imposing Recordkeeping and Reporting Requirements on Certain Financial Institutions in Minnesota on Jan. 9, 2026, and it became effective Feb. 12, 2026.

### Transactions Requiring Reporting to FinCEN

The newly effective FinCEN order requires all banks and money transmitters located in Hennepin County and Ramsey County, Minnesota, to file reports with FinCEN of international funds transfers meeting the following criteria:

1. The transaction is in the amount of \$3,000 or more;
2. A corresponding payment order or transmittal order is accepted by a bank or money transmitter;
3. The originator/transmittor provides an address in Hennepin or Ramsey counties;
4. The originator/transmittor is not a publicly traded company regulated by the SEC;
5. The originator/transmittor is not a financial institution subject to the BSA; and
6. Either the beneficiary/recipient is located outside of the U.S., or the financial institution used by the beneficiary/recipient to receive the funds is located outside of the U.S.

### Related People

- Travis P. Nelson

### Related Capabilities

- Banking & Financial Institutions
- Government Investigations

The reporting period runs from Feb. 12, 2026 through Aug. 10, 2026.

## **Compliance Action Steps for Financial Institutions**

Where the transaction meets the above criteria, the covered bank or money transmitter is required to provide to FinCEN certain information that the entity is already required to retain under 31 C.F.R. § 1020.410(a)(1) and (2). This information includes certain identifying information about the sender and the recipient of the funds. FinCEN notes that the FinCEN order does not require gathering additional information, but rather that such information is provided to the government.<sup>1</sup>

With just over a month between when the FinCEN Order was issued and when the compliance requirement takes effect, the main compliance hurdle was likely to ensure that banks and money transmitters have adequate policies, procedures and protocols in place to facilitate the uploading of the existing information to FinCEN.

Banks are uniquely positioned to use their role and resources to help prevent fraud. In substantiating this role, banks must develop and maintain a robust BSA/AML compliance program that includes policies, procedures and protocols, as well as training and ongoing audits. When lapses occur — which can happen even in the most well-developed and precisely executed compliance programs — engaging qualified counsel is essential.

Banks and money transmitters should closely monitor regulatory updates and continue refining their compliance procedures throughout the reporting period to mitigate financial and regulatory risk effectively.

For more information on FinCEN's reporting requirements or compliance best practices, please contact Travis P. Nelson or your regular Polsinelli attorney.

[1] "Covered Businesses are already required to retain much of the information required to be reported under the GTO, due to obligations under 31 C.F.R. § 1010.410(e) and 31 C.F.R. § 1020.410(a). The [FinCEN Order] does not alter these obligations. However, instead of simply retaining the information, the [bank or money transmitter] must report it to FinCEN."