

OSINT INTELLIGENCE DOSSIER

LANDRY INDUSTRIES — MARIE LANDRY'S SPY SHOP

Banking **Blind** **Spots** A Systemic AML Failure

Enabling Fentanyl Money Laundering Across Global Financial Infrastructure

This dossier presents a verified, open-source intelligence analysis of the structural failures within global anti-money laundering (AML) systems that have enabled the fentanyl crisis to be financially sustained at scale. Drawing on regulatory enforcement records, FinCEN data, DOJ filings, and cross-referenced secondary sources, this report establishes that the banking system's vulnerabilities are architectural — not incidental — and that TD Bank's \$3.09 billion penalty represents one visible node in a far wider systemic failure.

AUTHOR

Marie-Soleil Seshat
Landry
CEO & Spymaster

DATE OF ISSUE

April 2026

CLASSIFICATION

Open Source / Public
Intelligence Product

METHODOLOGY

ORCID

0009-0008-5027-3337

AFFILIATION

OSINT Synthesis
Regulatory Analysis

Landry Industries Inc.
Moncton, NB, Canada

LANDRYINDUSTRIES.CA | MARIELANDRYSPYSHOP.COM

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SECTION 01

Executive Summary

CENTRAL FINDING

- ▶ The fentanyl money laundering crisis is not the product of isolated institutional misconduct — it is a predictable output of architecturally defective AML frameworks operating under adversarial pressure from organized transnational crime networks.
- ▶ TD Bank's October 2024 guilty plea and \$3.09 billion penalty — the largest AML enforcement action in U.S. history — illustrates the issue but does not define its scope.
- ▶ HSBC, Deutsche Bank, and a rotating cast of global institutions demonstrate that systemic failure is the norm, not the exception, within current AML infrastructure.
- ▶ In 2024 alone, FinCEN recorded 1,246 Bank Secrecy Act (BSA) reports identifying approximately \$1.4 billion in suspicious fentanyl-related transactions — a figure that by definition represents only detected activity.
- ▶ The structural solution requires a paradigm shift from compliance-driven checkbox AML to intelligence-driven, network-aware financial crime detection.

\$3.09B

TD BANK TOTAL
PENALTY
OCTOBER 2024

\$18.3T

UNMONITORED
TRANSACTIONS
TD BANK 2018–2024

\$1.4B

SUSPICIOUS
FENTANYL-LINKED
TRANSACTIONS IN
2024 (BSA DATA)

This dossier presents a forensic-grade open-source intelligence analysis of the intersection between illicit opioid trafficking — specifically fentanyl — and

systemic anti-money laundering failures within global banking infrastructure. The anchor case is TD Bank's unprecedented 2024 enforcement action, contextualized within a broader pattern of institutional and regulatory failure documented across multiple global financial institutions.

The analysis is grounded in verified regulatory enforcement data, FinCEN public disclosures, Department of Justice filings, and cross-referenced academic and journalistic sources. All performance claims, statistics, and penalty figures cited in this report reflect confirmed primary-source data as of the date of publication.

The core argument is straightforward: fentanyl trafficking generates billions of dollars in annual cash proceeds that must be laundered through the formal financial system to be usable. The banking sector, as the primary interface between illicit cash and legitimate economic infrastructure, carries a structural obligation to interdict these flows. The evidence demonstrates that this obligation has been systematically, and in some cases willfully, neglected.

SECTION 02

Scope, Methodology & Epistemic Standards

2.1 Scope

This dossier covers the period from 2006 (HSBC's documented AML failures) through April 2026, with primary analytical focus on the 2014–2024 TD Bank enforcement timeline and the 2024–2025 FinCEN regulatory environment. Geographic scope is primarily North American, with global contextualization for institutional comparisons.

2.2 Methodology

Research methodology follows the OSINT tradecraft standards developed under Seshat's Axiom (LHFP — Landry Hallucination-Free Protocol). The following data sources were synthesized:

- **Primary Regulatory Sources:** FinCEN enforcement actions, DOJ press releases, Federal Reserve Board consent orders, OCC enforcement documents
- **Legislative Records:** Bank Secrecy Act filings, FEND Off Fentanyl Act (2024), U.S. Congressional Research Service reports
- **Intelligence Analyses:** FinCEN Financial Trend Analysis on Fentanyl-Related Illicit Finance (April 2025), DEA National Drug Threat Assessments (2024, 2025), GAO synthetic drug trafficking report (December 2025)
- **Proprietary Archive:** Landry Industries Google Drive corpus including "Global Dark Money Flows and Tax Haven Abuse" and "5 White Guys — Canadian Banking Exposé"
- **Investigative Journalism:** ICIJ FinCEN Files investigation (2020), Fortune, CNBC, CNN, Banking Dive enforcement coverage

2.3 Epistemic Standards

DATA INTEGRITY NOTICE

All penalty figures, transaction volumes, and enforcement dates cited in this dossier are sourced directly from primary regulatory filings or verified secondary reporting thereof. Statistical claims reflect confirmed data, not projections or estimates, unless explicitly labeled as such. Where uncertainty exists, confidence is explicitly qualified.

The Three-Tier Confidence System governs all claims in this report:

- **Tier 1 (Verified / High Confidence):** Regulatory orders, official DOJ/FinCEN/Fed statements, guilty plea admissions
- **Tier 2 (Analytic / Moderate Confidence):** Pattern modeling based on verified inputs, behavioral typology inference
- **Tier 3 (Hypothesis / Flagged):** Structural interpretations requiring further institutional validation — clearly labeled

SECTION 03

Fentanyl Financial Architecture: The Threat Landscape

3.1 Scale of the Fentanyl Economy

Illicit fentanyl is primarily synthesized, trafficked, and smuggled into the United States by Mexican cartels — principally the Sinaloa Cartel and Cartel Jalisco Nueva Generación (CJNG), both designated as Foreign Terrorist Organizations and Specially Designated Global Terrorists by the U.S. State Department in February 2025. These organizations use precursor chemicals sourced predominantly from People's Republic of China-based suppliers, processed in clandestine laboratories in Mexico, and distributed across all 50 U.S. states.



The 2024 U.S. overdose death toll from synthetic opioids (primarily fentanyl) was 48,422 — a significant decline from 76,282 in 2023, which analysts attribute in part to supply-side enforcement actions. Nevertheless, fentanyl remains the leading cause of drug overdose deaths in the United States, and the financial infrastructure that sustains it continues to evolve in sophistication.

3.2 Illicit Financial Flow Architecture (IFFA)

The money laundering architecture supporting fentanyl trafficking follows the classical three-stage model, adapted to exploit specific weaknesses in automated AML monitoring systems:

[STAGE 1: PLACEMENT]

- Street-level fentanyl distribution → bulk cash proceeds
- Structured deposits below CTR thresholds (\$10,000)
- Branch dispersion across multiple locations
- Use of money mules and nominee accountholders

[STAGE 2: LAYERING]

- Rapid wire transfers across accounts
- Shell company intermediaries (Wyoming LLCs, BVI entities)
- Cross-border routing via correspondent banking
- Trade-based money laundering (electronics, vaping products)
- Chinese Money Laundering Networks (CMLNs) – peso conversion

[STAGE 3: INTEGRATION]

- Real estate investment
- Business front operations (restaurants, salons)
- Precursor chemical procurement payments (China → Mexico)
- Re-entry into legitimate commerce

3.3 Chinese Money Laundering Networks (CMLNs)

A key structural mechanism enabling cartel financial flows is the CMLN model. FinCEN's April 2025 Financial Trend Analysis confirmed that Chinese money laundering organizations operate a peso conversion scheme: U.S. drug proceeds (in dollars) are purchased from cartels at a discount by Chinese nationals in the United States, who then transfer equivalent value in China to cartel-affiliated recipients — effectively repatriating drug proceeds while avoiding international wire detection.

"Large cash deposits into personal and business checking accounts, including accounts purportedly associated with legitimate businesses, such as restaurants and salons."

– FinCEN Financial Trend Analysis: Fentanyl-Related Illicit Finance, April 2025

FinCEN identified Mexico and the People's Republic of China as the top two foreign countries appearing in subject address fields of fentanyl-related BSA reports filed in 2024. Between January and December 2024, the network of

CMLN-facilitated transactions contributed to approximately \$1.4 billion in total suspicious fentanyl-related transactions reported across 1,246 BSA filings.

SECTION 04

Case Anchor: TD Bank – A Decade of Willful Negligence

Toronto-Dominion Bank's U.S. subsidiary entered October 2024 as the 10th-largest American bank by assets and one of the most trusted financial brands in North America. It exited that month as the largest bank in U.S. history to plead guilty to Bank Secrecy Act violations, and the first bank in American history to plead guilty to conspiracy to commit money laundering.

4.1 Timeline of Failure (2014-2024)

Period	Key Event / Finding	Status
2014–2023	Long-term, pervasive, systemic deficiencies in U.S. AML policies and controls — DOJ-confirmed	Active Failure
2018–2021	Da Ying Sze network launders \$470M+ through TD branches in large cash bags; employee bribery for facilitation	Undetected
2018–2024	\$18.3 trillion in customer transactions go unmonitored (92%+ of activity)	Systemic Gap
2019–2023	Three money laundering networks collectively transfer \$670M+ through TD accounts	Undetected
2021	TD employee facilitates laundering of narcotics proceeds in exchange for bribes	Internal Corruption
Oct. 2024	DOJ, FinCEN, Federal Reserve, OCC coordinate resolution: \$3.09B total penalty; guilty plea; asset cap	Enforcement

4.2 The Da Ying Sze Network

The most operationally documented money laundering network exploiting TD's deficiencies was orchestrated by Da Ying Sze (known as "David Sze"), who pled guilty in 2022 to money laundering conspiracy for concealing proceeds of narcotics trafficking — primarily fentanyl linked to Chinese organized crime groups.

Between 2018 and 2021, Sze conducted the majority of his financial operations in large sums of cash, often transported physically into TD Bank branches in bags. The network processed more than \$470 million in transactions through TD accounts, frequently structured to avoid Currency Transaction Report (CTR) thresholds. TD failed to identify Sze in more than 500 CTRs totaling over \$400 million, depriving FinCEN and law enforcement of actionable intelligence for years.

"By making its services convenient for criminals, it became one."

– U.S. Attorney General Merrick Garland, October 10, 2024
Press Conference

Federal authorities identified the scheme only after investigating agents discovered Chinese criminal operatives who had physically bribed TD employees and transported cash-stuffed bags into New York and New Jersey branches. Corrupt employees accepted over \$57,000 in bribes collectively to facilitate the laundering operations.

4.3 Enforcement Actions & Penalties

Regulator	Action	Penalty
DOJ	Guilty plea — BSA conspiracy + conspiracy to commit money laundering	\$1.8 billion
FinCEN	Record BSA penalty — largest in U.S. Treasury/FinCEN history; 4-year monitorship	\$1.3 billion
OCC	Asset cap on U.S. retail banking growth; no new branches without approval	Structural
Federal Reserve	Civil monetary penalty; compliance office relocation to U.S.; governance reforms	\$124+ million

Regulator	Action	Penalty
Total	Coordinated multi-agency resolution	~\$3.09 billion+

4.4 Structural Root Causes

The DOJ's factual record of TD's guilty plea identified a specific internal institutional mechanism as a primary driver: an internal budget mandate known as the "flat cost paradigm," which required that TD Bank's U.S. compliance budget not increase year-over-year, regardless of the bank's growing profit profile and expanding risk surface. This mandated underinvestment in AML infrastructure over nearly a decade left TD screening fewer than 1 in every 10 transactions processed through its systems.

Senior leadership enforced this cost ceiling despite awareness of growing risk exposure. TD employees openly joked about the bank's lack of compliance controls — a fact disclosed publicly by Attorney General Garland at the October 10, 2024 press conference. The DOJ further confirmed that the bank's AML program "appeared adequate on paper" while being fundamentally deficient in operational deployment.

SECTION 05

Detectable Behavioral Patterns & Red Flag Indicators

Despite the systemic failures documented in this report, the behavioral signatures of fentanyl-linked money laundering are not invisible — they are consistently documentable across enforcement cases. The following red flag typologies appear repeatedly in regulatory findings and FinCEN advisory materials:

Structured Sub-Threshold Deposits

Repeated cash deposits below the \$10,000 CTR trigger threshold across the same account or network of accounts. Known as "structuring" — a federal crime in itself.

Transaction Velocity Anomalies

Sudden spikes in deposit or transfer frequency inconsistent with stated account purpose or customer profile. Especially acute for accounts associated with cash-heavy small businesses.

Branch Hopping

Use of geographically dispersed branch locations to fragment deposit activity across monitoring zones, reducing the probability of any single analyst observing a complete pattern.

Network Clustering of Accounts

Multiple accounts sharing common signatories, addresses, phone numbers, or beneficiaries — particularly across shell companies or nominee structures.

Economic Profile Inconsistency

Transaction volume grossly disproportionate to declared business revenue, industry norms, or customer occupation. Jewelry businesses, restaurants, and salons repeatedly appear in enforcement cases.

Physical Cash in Large Quantities

Direct delivery of physical cash to branch tellers — particularly in bags or unusual containers — without plausible commercial explanation. The Da Ying Sze network's primary signature.

Funnel Account Patterns

Multiple parties depositing cash into a single account that subsequently wires funds internationally. TD Bank was found to have significant funnel account activity involving high-risk countries.

P2P Platform Indicators

Venmo, Zelle, and similar platform transactions used to aggregate or redistribute proceeds. TD Bank's failure to monitor P2P transaction patterns was specifically cited in FinCEN's enforcement order.

These indicators are not novel — they appear in FinCEN advisories dating back to 2019. The failure is not one of knowledge, but of institutional will and investment in detection infrastructure. The GAO's December 2025 analysis confirmed that 86% of BSA reports filed in response to the 2019 and 2024 FinCEN fentanyl advisories referenced synthetic drugs, demonstrating that detection is operationally possible when institutions invest appropriately in alert systems calibrated to known typologies.

SECTION 06

Global Context: Systemic Recidivism Across Institutions

The TD Bank case does not represent an aberration. It represents the most recent, most thoroughly documented instance of a pattern that has repeated across the world's largest financial institutions for decades. The following cases establish the systemic character of AML failure globally.

6.1 HSBC: The Cartel's Preferred Correspondent (2012)

HSBC Bank USA, the U.S. affiliate of HSBC Holdings, became the documented financial gateway for the Sinaloa Cartel and other Mexican drug trafficking organizations between 2006 and 2010. The institution's failure was not incidental — it was structural and sustained despite repeated internal and regulatory warnings between 2003 and 2010.

Metric	Detail
Total Fine	\$1.92 billion (2012) — record at time of settlement
Drug Proceeds Laundered	At least \$881 million in documented drug trafficking proceeds (Sinaloa Cartel)
Unmonitored Wire Transfers	Over \$670 billion in wire transfers from HSBC Mexico during the failure period
Physical Dollar Purchases	Over \$9.4 billion in physical U.S. dollars purchased from HSBC Mexico without monitoring
Resolution Type	Deferred Prosecution Agreement (DPA) — no individual criminal prosecutions

A U.S. Senate Homeland Security Subcommittee report characterized HSBC as having "exposed the U.S. financial system to a wide array of money laundering, drug trafficking, and terrorist financing risks." The bank had rated Mexico as "standard risk" — its lowest AML category — despite documented evidence of systemic laundering activity.

EXECUTIVE ACCOUNTABILITY GAP

Despite the scale of misconduct, no HSBC executives, directors, or AML compliance officers faced criminal prosecution. Senator Chuck Grassley publicly characterized the DPA as providing "a get-out-of-jail-free card" for bank leadership. This precedent of institutional penalty without personal accountability became a defining feature of AML enforcement globally.

6.2 Deutsche Bank: Repeat Offender (2017-2023)

Deutsche Bank, Germany's largest lender by total assets, accumulated a multi-year record of AML enforcement actions across multiple jurisdictions, demonstrating the structural persistence of compliance failure even after regulatory intervention.

Year	Action	Penalty
2015	Fed consent order — sanctions compliance failures	Structural
2017	\$630M fine — facilitation of \$10B+ in Russian money laundering through mirror trading scheme	\$630 million
2023	Federal Reserve fine for failure to remediate 2015 and 2017 consent orders; Danske Bank Estonia correspondent banking AML failures (\$276B+ in suspicious transactions processed)	\$186 million

The 2023 enforcement action against Deutsche Bank is particularly significant: it demonstrates that regulators imposed a third enforcement action for failures to remediate compliance deficiencies identified in previous enforcement actions. This pattern of repeated failure and penalty without structural reform is emblematic of the systemic nature of the problem.

6.3 The FinCEN Files Revelation (2020)

The International Consortium of Investigative Journalists (ICIJ) and BuzzFeed News' 2020 FinCEN Files investigation — based on a leak of more than 2,000 Suspicious Activity Reports filed to U.S. Treasury — found that five global banks (JPMorgan Chase, HSBC, Standard Chartered, Deutsche Bank, and Bank of New York Mellon) collectively processed more than \$2 trillion in suspicious transactions over eight years, in many cases after having already been the subject of prior AML enforcement actions.

6.4 The FEND Off Fentanyl Act & 2025 Enforcement Actions

Legislative recognition of the financial architecture of fentanyl trafficking crystallized in the 2024 FEND Off Fentanyl Act (FOFA), which granted FinCEN expanded authority to impose special measures against foreign financial institutions identified as being "of primary money laundering concern in connection with illicit opioid trafficking."

On June 25, 2025, FinCEN issued its first orders under FOFA, designating three Mexican financial institutions — CIBanco, Intercam Banco, and Vector Casa de Bolsa — as primary money laundering concerns and prohibiting U.S. institutions from transmitting funds to or from them. These actions represent the first time the U.S. government has used anti-money laundering authority to directly restrict access to the U.S. financial system for foreign entities facilitating cartel fentanyl financing.

SECTION 07

Systemic Failure Analysis

7.1 The Compliance vs. Intelligence Gap

The foundational failure across all institutions examined in this report is the structural confusion between compliance and intelligence. Modern AML programs are designed primarily as compliance instruments — checkbox systems intended to satisfy regulatory requirements, produce documentation for examination, and avoid enforcement liability. They are not designed as intelligence operations.

A compliance-oriented AML system asks: *did we file the required reports?* An intelligence-oriented AML system asks: *what is actually happening in this customer's financial network?* The former produces paper trails. The latter produces actionable threat detection. TD Bank's "flat cost paradigm" explicitly prioritized the former — at the lowest possible cost — while systematically disabling the latter.

7.2 Alert Saturation and Analyst Fatigue

Modern transaction monitoring systems generate hundreds of thousands of alerts daily at major institutions. The volume is not a sign of effective detection — it is frequently evidence of miscalibrated systems optimized for false-positive generation over genuine risk identification. When analysts face alert queues of this magnitude, the predictable result is queue suppression, escalation avoidance, and the emergence of significant backlogs of uninvestigated suspicious activity — precisely the conditions documented at TD Bank.

TD Bank allowed significant backlogs of potentially suspicious activity to persist, depriving law enforcement of necessary intelligence. The DOJ specifically found that TD failed to identify and timely report suspicious transactions even in cases where law enforcement had already independently flagged the activity.

7.3 Lack of Network-Level Analysis

Perhaps the most consequential structural gap in conventional AML frameworks is the absence of network-level account analysis. Traditional systems examine accounts in isolation: they query whether a single account's transactions exceed defined thresholds. They do not — at most institutions — systematically model the relationships between accounts, beneficiaries, signatories, common addresses, and transaction counterparties.

The Da Ying Sze network's sustained operation over three years demonstrates this gap acutely. The network involved nominee accounts, multiple branches, coordinated cash deposits, and a documented web of criminal relationships. A graph-based network analysis applied to TD's transaction data would have surfaced cluster anomalies within weeks. The linear, account-by-account monitoring system in place allowed \$470 million to flow undetected over 36 months.

7.4 Incentive Misalignment Within Institutions

Financial institutions face a structural conflict of interest in AML enforcement: their revenue model depends on transaction volume and customer relationships, while their compliance obligations require the rejection, reporting, and potential termination of profitable accounts. This tension, when unresolved by strong governance, consistently resolves in favor of revenue — as documented in the HSBC, Deutsche Bank, and TD Bank cases alike.

Corporate penalty structures compound this misalignment. When an institution can generate hundreds of millions in revenue from illicit transactions and subsequently settle enforcement actions for a fraction of that amount, rational actors within the institution's incentive structure are not deterred. Senator Elizabeth Warren articulated this point directly following TD's settlement: "Big banks treat government fines as the cost of doing business."

Failure Mode	Mechanism	TD Bank Evidence
Compliance vs. Intelligence	Checkbox AML vs. threat detection	Program "adequate on paper" — DOJ finding
Alert Saturation	Queue volume → triage failure	Documented backlogs of uninvestigated SARs
No Network Analysis	Account-level monitoring only	\$470M network undetected over 36 months

Failure Mode	Mechanism	TD Bank Evidence
Budget Mandate	"Flat cost paradigm" → underinvestment	92%+ transactions unmonitored (2018–2024)
Employee Corruption	Insider facilitation	Multiple bribery cases; \$57K+ in documented bribes
Incentive Misalignment	Revenue over compliance culture	CEO Masrani "took full responsibility" post-settlement

SECTION 08

Strategic Intelligence Assessment

8.1 The Adversarial Adaptation Cycle

The relationship between money launderers and financial surveillance systems is adversarial and evolutionary. Each regulatory intervention that produces detection capability is followed by adaptation in illicit methodology. The CMLN peso conversion scheme represents one such adaptation — it routes proceeds through Chinese currency markets rather than U.S. wire infrastructure, effectively operating in a detection blind spot for most domestic AML systems.

Trade-based money laundering (TBML) — using commodity transactions (electronics, vaping products, pharmaceuticals) to launder proceeds — represents another adaptive vector documented in FinCEN's 2025 fentanyl analysis. These schemes exploit the complexity of international trade documentation systems that AML programs are typically not configured to analyze.

8.2 Regulatory Fragmentation as Structural Vulnerability

The global AML framework is governed by a patchwork of national regulators, multilateral bodies (FATF), and bilateral enforcement arrangements that create jurisdictional seams exploitable by sophisticated laundering networks. A transaction may be monitored in the U.S. but not in its destination jurisdiction; a shell company structure may be opaque in one jurisdiction and transparent in another.

The ICIJ's FinCEN Files investigation demonstrated that at least five global systemically important banks (G-SIBs) processed trillions in suspicious transactions simultaneously — a pattern that no single national regulator had the mandate, data access, or coordination infrastructure to address. The Danske

Bank scandal, in which Deutsche Bank served as a correspondent banking intermediary for over \$276 billion in suspicious Estonian branch transactions, illustrates the cross-border seam exploitation model in documented detail.

8.3 The Reactive Enforcement Model and Its Limits

The current enforcement model is reactive by design: regulators identify deficiencies after they have produced harm, impose penalties after years of investigation, and mandate remediation that institutions implement with highly variable commitment. The three to ten year lag between the onset of AML failure and enforcement resolution is structurally inherent to this model.

In the context of fentanyl trafficking — where a single year's distribution network can generate hundreds of millions in cash proceeds and contribute directly to tens of thousands of overdose deaths — the reactive model is operationally inadequate. The victims of TD Bank's AML failure between 2018 and 2024 are not made whole by the institution's 2024 guilty plea.

8.4 Canadian Context (Tier 2 — Analytic)

TD Bank is a Canadian institution — the second-largest bank in Canada by assets. Its American AML failures occurred, by the bank's own admission, under governance structures and a budget philosophy set at the executive level. The implications for Canadian regulatory oversight of domestic banks' international operations merit examination. Canada's FINTRAC (Financial Transactions and Reports Analysis Centre) does not have direct jurisdiction over U.S. subsidiary AML programs, creating a governance gap at the parent-company level that this case illustrates acutely.

The Landry Industries proprietary analysis "5 White Guys — Canadian Banking Exposé" identifies structural parallels in Canadian banking governance, including concentrated executive power, incentive misalignment, and the political insulation of Canada's Big Five banks from meaningful accountability. These structural features at the parent institution level are material to understanding how a systemic compliance failure of TD's magnitude can persist for nearly a decade without board-level correction.

SECTION 09

Phased Recommendations

The following recommendations are structured across three implementation horizons and are grounded in the systemic failure analysis in Section 7. They are directed at regulatory agencies, financial institutions, and legislative bodies.

Immediate Horizon (0-12 Months)

STRUCTURING DETECTION	Mandatory real-time structuring alerts with cross-branch aggregation visibility. Eliminate the technical barrier that allows branch-level monitoring to fail to aggregate across a network.
SAR TIMELINESS	Enforce strict SAR filing windows with independent monitoring of backlog metrics. Current rules permit 30–60 day filing periods that are routinely exploited as de facto suppression mechanisms.
P2P INTEGRATION	Require Venmo, Zelle, and equivalent platforms to integrate with BSA reporting infrastructure on an equivalent basis to depository institutions. P2P blind spots are documented in both TD Bank and FinCEN's broader typology analysis.
EMPLOYEE INTEGRITY	Mandatory internal surveillance programs for front-line staff in high-risk branch locations, with independent reporting channels insulated from managerial interference.

Mid-Term Horizon (12-36 Months)

GRAPH ANALYTICS	Deploy network-level graph-based transaction monitoring that maps account relationships, beneficiary clusters, and cross-institutional patterns. Graph-based AML has been technically feasible for over a decade; institutional deployment has lagged due to cost aversion.

CROSS - BORDER INTEL	Establish formal bilateral intelligence-sharing frameworks between FinCEN, FINTRAC (Canada), FINTRAC equivalents, and FATF member states for fentanyl-specific financial typologies.
BO REGISTRY	Enforce the U.S. Corporate Transparency Act's beneficial ownership registry with real-time verification — currently hampered by ongoing litigation — and harmonize standards with EU and UK frameworks.
CMLN TARGETING	Develop specialized detection models for Chinese Money Laundering Network peso-conversion schemes, including pattern recognition for restaurant and salon business accounts used as CMLN fronts.

Long-Term Horizon (36+ Months)

INTELLIGENCE AML	Shift the regulatory framework from compliance-driven AML (report filing) to intelligence-driven AML (threat detection and network disruption). Require institutions to demonstrate detection efficacy, not only filing volumes.
EXECUTIVE LIABILITY	Establish clear personal criminal liability for senior executives whose budget decisions demonstrably disable AML infrastructure. The "flat cost paradigm" model should constitute a criminal act, not merely a corporate infraction.
INCENTIVE REFORM	Reform penalty structures so that AML fines are calibrated to demonstrable economic harm from unmonitored transactions — not to institutional settlement capacity. Penalties must exceed the revenue benefit of non-compliance to function as deterrents.
GLOBAL STANDARD	Advance FATF Recommendation 40 toward a binding multilateral AML intelligence-sharing treaty, with standardized real-time suspicious transaction data exchange between jurisdictions.

SECTION 10

Conclusion

The fentanyl banking narrative — headlines about TD Bank, guilty pleas, record fines — risks obscuring its own most important insight. TD Bank is not the story. TD Bank is the evidence. The story is that global banking systems are structurally configured to be exploitable by sophisticated illicit financial networks, and that the regulatory, institutional, and incentive systems in place to prevent this exploitation have repeatedly and demonstrably failed to do so.

The \$3.09 billion penalty imposed on TD Bank in October 2024 is the largest AML enforcement action in U.S. history. It followed the HSBC settlement of 2012, the Deutsche Bank actions of 2017 and 2023, the FinCEN Files revelations of 2020, and the ongoing Danske Bank case. Each was described at the time of resolution as historic, record-setting, and intended to serve as a deterrent. None has produced systemic change in the underlying architecture.

FINAL INTELLIGENCE ASSESSMENT

- ▶ AML failure is not a compliance problem — it is an intelligence architecture problem. The tools exist; the will and incentive structures to deploy them do not.
- ▶ Personal executive accountability is the missing enforcement lever. Institutional fines without individual criminal liability produce no behavioral change at the decision-making level.
- ▶ The fentanyl financial ecosystem operates across jurisdictions by design. A national enforcement model cannot address a transnational financial network. Cross-border intelligence integration is not optional — it is structurally necessary.
- ▶ The victims of AML failure are not abstract regulatory harm categories. They are the 48,422 Americans who died of synthetic opioid overdoses in 2024 alone — a toll directly enabled by the financial system's sustained failure to interdict fentanyl proceeds.

- ▶ Reform requires treating financial crime detection as a public safety infrastructure investment, not a cost center to be minimized by flat cost paradigms.

The invisible financial networks sustaining the fentanyl economy are not impervious to detection. They are sustained by institutional decisions — about budgets, about risk tolerance, about the relative priority of customer convenience versus public safety — that are made by identifiable individuals in identifiable boardrooms. Those decisions, and their consequences, are the subject that the financial system's next generation of AML reform must confront directly.

Marie-Soleil Seshat Landry

CEO & Spymaster — Landry Industries Inc. | Marie Landry's Spy Shop

ORCID: 0009-0008-5027-3337 | Moncton, New Brunswick, Canada | April 2026

APPENDIX A

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