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Insights Article

Following the Money: How Recent GTOs Reflect Shifting Fraud Risks in the U.S.

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Geographic Targeting Orders (GTOs) have long been a niche but powerful tool in the U.S. government's anti-money laundering (AML) toolbox. While they are temporary and narrowly focused, GTOs often provide a real-time snapshot of where fraud risks are emerging — and how regulators are adapting in response.

Recent developments in 2025 highlight how GTOs continue to evolve alongside shifting fraud typologies, industries at risk and geographic hotspots.

The 2025 GTO: A Focus on CTRs and MSBs

The first GTO issued in 2025 targeted Currency Transaction Reports (CTRs) and Money Services Businesses (MSBs), signaling continued concern around cash-intensive and funds-transfer activity. MSBs remain a focal point for regulators due to their accessibility, transaction velocity and frequent use in both legitimate and illicit financial flows.

Initially, the order applied to certain counties along the Texas and California border, two states with large populations, high transaction volumes and significant cross-border financial activity. Not long after, the scope of the GTO was expanded to include parts of Arizona, underscoring the regional and cross-state nature of the behavior regulators were seeking to observe.

Earlier this year, the GTO reinforced a familiar regulatory theme: when illicit actors look for scale and anonymity, MSBs and geographic diversity are often part of the strategy.

A New Fraud Pattern Emerges in Minnesota

As the year progressed, attention shifted north. In recent weeks and months, authorities uncovered significant fraud activity in Minnesota, centered on daycare providers and transportation companies.

This typology was notable given these industries often interact with:

- Government programs
- Reimbursement or subsidy funding
- High volumes of recurring payments.

This combination can create opportunities for fraud when oversight is limited or documentation is manipulated. In this case, investigators identified patterns suggesting the misuse of funds and coordinated financial activity that warranted a targeted regulatory response.

A Minnesota Focused GTO: Narrow, but Strategic

In response, a new GTO was issued for two counties in Minnesota. Unlike the earlier MSB-centric GTO, this order is transaction-specific, focusing on funds sent outside the United States.

Key features of the GTO include:

- Coverage limited to two counties, reflecting a precise investigative focus
- Reporting on outbound transactions, particularly cross-border fund flows
- A $3,000 reporting threshold, significantly lower than standard CTR requirements.

This lower threshold is intentional. It enables regulators to capture smaller transactions that may otherwise fall below traditional reporting limits but, when viewed in aggregate, can indicate broader fraudulent activity.

Why Cross-Border Transactions Matter Here

The emphasis on **outgoing international transfers** is especially telling. Fraud schemes frequently rely on moving funds quickly out of the U.S.

Key features of the GTO include:

- Obscure audit trails
- Access jurisdictions with weaker controls
- Break the link between illicit activity and its financial proceeds.

By requiring reporting on these transactions, the GTO aims to map fund flows, identify recipient patterns and connect seemingly isolated transactions back to the underlying fraud.

In this sense, the GTO functions as both a detection mechanism and an intelligence-gathering tool, allowing law enforcement and regulators to assemble a clearer picture of how fraudulent networks operate.

Timing, Duration and Reporting Requirements

As with other Geographic Targeting Orders, the Minnesota GTO is effective shortly after it is issued, with covered financial institutions required to comply beginning on February 12, 2026. GTOs are temporary by design and are typically issued for a 180 day period, unless they are modified, renewed or allowed to expire. In this case, it is set to expire on August 10, 2026. All covered businesses must report Covered Transactions by the end of the month following the month in which the Covered Transaction occurred. This means any Covered Transactions that happen in February of 2026, will need to be submitted by March 31, 2026.

What This Signals for Financial Institutions

Taken together, these GTOs highlight several important trends for banks, MSBs and compliance teams:

Fraud Risk is Dynamic
Regulators are increasingly responsive to emerging schemes, especially those tied to specific industries or localities.

Nontraditional Industries are in Scope
Daycare providers and transportation companies underscore that fraud risk is not limited to financial services alone.

Lower Thresholds Mean Higher Expectations
A $3,000 reporting requirement increases visibility but also demands strong monitoring and escalation processes.

Cross-border Activity Remains a Priority
Transactions leaving the U.S. continue to receive heightened scrutiny, particularly when linked to suspicious domestic activity.

A Broader Message Behind the GTOs

At their core, GTOs are about learning before scaling enforcement.

They allow authorities to:

- Test hypotheses about criminal behavior
- Gather data without immediate rulemaking
- Act quickly in response to localized threats.

The Minnesota GTO, like the earlier orders in Texas, California and Arizona, reflects a targeted response to real-world fraud, rather than a one-size-fits-all regulatory approach.

For compliance professionals, these developments serve as a reminder that today's fraud risks look very different from yesterday's — and tomorrow's will likely again. Staying alert to GTOs is not just about regulatory compliance; it's about understanding where criminal behavior is moving next.

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