White Collar Defense & Investigations Update

November 2025

Recent Self-Reporting Case Involving Potential FTO Payments Signals Urgent Compliance Risks for Global Companies

On November 7, 2025, Texas-headquartered Kodiak Gas Services (Kodiak Gas) filed an amended quarterly report with the Securities and Exchange Commission (SEC) disclosing that an internal investigation undertaken on behalf of the company had found that “certain payments likely were made” to individuals likely associated with a Foreign Terrorist Organization (FTO). According to the filing, Kodiak Gas received a report in early 2025 regarding payments to local government officials in Mexico that had commenced prior to the company’s acquisition of its Mexican affiliate in April 2024. In response to this report, Kodiak Gas retained outside counsel to conduct an internal investigation, which ultimately determined that certain payments were likely made to persons associated with an organization designated as a Specially Designated Global Terrorist (SDGT). Specifically, the investigation found that the payments appear to have been made in order to secure protection for employees of the Mexican affiliate company and safeguard their access to work sites. Kodiak Gas subsequently sold its Mexican operations and affiliate in September 2025.

Swift Engagement of Outside Counsel and Robust Compliance Programs Are Critical to Protecting Global Companies from Unlawful Dealings with FTOs

On May 12, 2025, the DOJ issued an updated policy memorandum relating to white collar criminal enforcement, which ranked identifying, investigating, and prosecuting “material support by corporations to FTOs” as a top priority. As of February 2025, the Department of State designated eight cartels and transnational criminal organizations (TCOs) as FTOs and SDGTs. The DOJ has already started investigating within this space. However, Kodiak Gas’ investigation and self-reporting of this matter underscores how critical it is for companies operating in the cross-border space to engage the assistance of qualified white-collar defense counsel when faced with reports of wrongdoing abroad. Moreover, it serves as a crucial reminder that global companies must quality-check their existing compliance programs top to bottom to ensure they are calibrated to identify red flags when operating in high-risk areas such as Latin America.

FOR MORE INFORMATION

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