

Why GAO Did This Study

U.S. Customs and Border Protection (CBP) is the lead federal agency responsible for inspecting travelers who seek to smuggle large volumes of cash—called bulk cash—when leaving the country through land ports of entry. It is estimated that criminals smuggle \$18 billion to \$39 billion a year in bulk cash across the southwest border. The Financial Crimes Enforcement Network (FinCEN) is responsible for reducing the risk of cross-border smuggling of funds through the use of devices called stored value, such as prepaid cards. GAO was asked to examine (1) the extent of actions taken by CBP to stem the flow of bulk cash leaving the country and any challenges that remain, (2) the regulatory gaps, if any, of cross-border reporting and other anti-money laundering requirements of stored value, and (3) if gaps exist, the extent to which FinCEN has addressed them. To conduct its work, GAO observed outbound operations at five land ports of entry. GAO also reviewed statutes, rules, and other information for stored value. This is a public version of a law enforcement sensitive report that GAO issued in September 2010. Information CBP deemed sensitive has been redacted.

What GAO Recommends

GAO recommends that CBP, among other things, gather data on program costs and benefits and that FinCEN develop a plan, including target dates, to better manage its rulemaking process. CBP and FinCEN concurred with these recommendations.

View [GAO-11-73](#) or key components. For more information, contact Richard Stana at (202) 512-8777 or stanar@gao.gov.

MOVING ILLEGAL PROCEEDS

Challenges Exist in the Federal Government's Effort to Stem Cross-Border Currency Smuggling

What GAO Found

In March 2009, CBP created an Outbound Enforcement Program aimed at stemming the flow of bulk cash leaving the country, but further actions could be taken to address program challenges. Under the program, CBP inspects travelers leaving the country at all 25 land ports of entry along the southwest border. On the Northern border, inspections are conducted at the discretion of the Port Director. From March 2009 through June 2010, CBP seized about \$41 million in illicit bulk cash leaving the country at land ports of entry. Stemming the flow of bulk cash, however, is a difficult and challenging task. For example, CBP is unable to inspect every traveler leaving the country at land ports of entry and smugglers of illicit goods have opportunities to circumvent the inspection process. Other challenges involve limited technology, infrastructure, and procedures to support outbound operations. CBP is in the early phases of this program and has not yet taken some actions to gain a better understanding of how well the program is working, such as gathering data for measuring program costs and benefits. By gathering data for measuring expected program costs and benefits, CBP could be in a better position to weigh the costs of any proposed expansion of the outbound inspection program against likely outcomes.

Regulatory gaps of cross-border reporting and other anti-money laundering requirements exist with the use of stored value. For example, travelers must report transporting more than \$10,000 in monetary instruments or currency at one time when leaving the country, but FinCEN does not have a similar requirement for travelers transporting stored value. Similarly, certain anti-money laundering regulations, such as reports on suspicious activities, do not apply to the entire stored value industry. The nature and extent of the use of stored value for cross-border currency smuggling and other illegal activities remains unknown, but federal law enforcement agencies are concerned about its use.

FinCEN is developing regulations, as required by the Credit CARD Act of 2009, to address gaps in regulations related to the use of stored value for criminal purposes, but much work remains. FinCEN has not developed a management plan that includes, among other things, target dates for completing the regulations. Developing such a plan could help FinCEN better manage its rulemaking effort. When it issues the regulations, law enforcement agencies and FinCEN may be challenged in ensuring compliance by travelers and industry. For example, FinCEN will be responsible for numerous tasks including issuing guidance for compliance examiners, revising the way in which it tracks suspicious activities related to stored value, and addressing gaps in anti-money laundering regulations for off-shore entities that issue and sell stored value.