**GAO Responses to Questions for the Record**

**from Senator Diane Feinstein**

Question: The best statistic that the U.S. government has for illicit money leaving the United States bound for drug trafficking organizations is between $18 and $39 billion. That is a range of $21 billion.

* How can we come up with more specific data on illicit money leaving the United States and bound for Mexican and other drug traffickers?
* What more should the U.S. and Mexican governments do to get better information?

Response: Because of its clandestine nature, it is difficult to develop an estimate of the amount of bulk cash that is smuggled across the U.S.-Mexican border with any certainty. This is so because it is hard to accurately measure the extent to which this criminal activity occurs when there may be instances when it is undetected.

Two methods can be used to estimate the volume of bulk cash smuggling. The first method estimates the dollar value of smuggled drugs sold in the U.S. There is uncertainty in using this method since the exact quantities of drugs smuggled into the U.S. and the prices that are paid for these drugs are not readily observable. Better methods to estimate these quantities and prices could reduce uncertainty and the range of estimates. We have not examined the methodology for estimating the dollar value of drugs smuggled into the U.S. Some possible ways to improve such estimates, if they are not being done, include purchases of drugs by undercover agents to develop better data on prices and more knowledge about how much of the source crop is being harvested.

Regarding the second method—counting banknotes for developing better estimates of bulk cash smuggling—one way to improve estimates would be to extend the analysis to other countries to get more coverage. One possible problem with this method is that it assumes that the smuggler prefers to convert dollars into pesos, but this may not be true in all cases.

The extent to which smugglers may opt for stored value or other options to smuggle proceeds from the sale of narcotics could make it more difficult to estimate how much cash is being smuggled out of the country.

Question: Your testimony describes Customs and Border Patrol’s (CBP) seizure of $67 million in illicit bulk cash between March 2009 and February 22, 2011. Clearly, this is a very small percentage of the $18 to $39 billion in illicit money believed to be transferred from the U.S. to Mexico each year. What specific actions need to be taken to increase the seizures of bulk cash at the border and elsewhere in the United States?

Response: CBP’s success in identifying travelers who smuggle cash is limited by three main factors. First, CBP currently does not conduct outbound operations on a full-time basis, providing smugglers opportunities to circumvent detection by crossing the border when CBP officers are not conducting operations. Second, CBP officers have limited equipment, technology, and infrastructure for conducting outbound operations, which limits their effectiveness in discovering bulk cash, according to CBP officials. Third, long wait times impact CBP’s ability to inspect all outbound travelers given CBP’s need to balance its mission of facilitating the cross-border movement of legitimate travelers and billions of dollars in international trade with its mission of inspecting travelers.

Addressing the limitations described above could require substantial investments at all ports of entry. However, the extent that such investments could result in greater seizures of bulk cash is not known, in part because CBP lacks data on benefits and costs of an expanded program. In order to inform decisions about how best to apply scarce resources, we recommended in our October 2010 report that CBP collect cost and benefit data that would enable a cost/benefit analysis of the Outbound Enforcement program. These data could include cost data on training and using currency canine for outbound operations, assessments of infrastructure needs at port of entry outbound lanes, an estimate of the costs resulting from travelers waiting to be inspected, and information on quantifiable benefits, such as seizures, as well as non-quantifiable benefits resulting from outbound inspections. Collecting these types of data will provide CBP with a clearer understanding of how well the program is working and what factors will contribute most to improved results.

While our report focused on CBP’s efforts to seize illicit bulk cash at land ports of entry, it is important to recognize that other agencies also work to combat illicit bulk cash smuggling. For example, through the Border Enforcement Security Task Force, ICE targets significant resources at the Southwest border to interdict undeclared currency, contraband, firearms, and other border crime. Currency seizures by other agencies are not included in the $67 million figure.

Question: In your testimony, you explain that license plate readers are only available at 48 of 118 outbound lanes on the Southwest Border.

* In addition to license plate readers, what other technology does Customs and Border Protection need to better curb southbound bulk cash smuggling?

Response: Customs and Border Protection has additional technologies that it can use to better curb southbound bulk cash smuggling, such as networked identity document readers and x-ray machines. DHS has designated details regarding these technologies as for official use only. We have provided your staff with our law enforcement sensitive report on bulk cash smuggling that describes technologies for curbing bulk cash smuggling in more detail.