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BAUCUS & BINGAMAN: GAO REPORT CHARTS PATH TO ENHANCE CRACKDOWN ON DRUG CARTEL PROFITS

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Senator Jeff Bingaman (D-N.M.) today said a [report](#) by the Government Accountability Office (GAO) highlights the urgent need to take action to stem cross-border currency smuggling. Last year, the Senators asked the GAO to examine the problem of currency smuggling – the transportation of bulk cash proceeds from drug sales in the United States to Mexico or Canada. In the GAO’s report, released today, the National Drug Intelligence Center estimates that criminals smuggle between \$18 billion to \$39 billion each year across the southwest border alone.

“Seizing such a tiny fraction of the bulk cash leaving the country is simply not good enough. These drug cartels don’t fund themselves. This smuggling is a major problem and it is time to stop ignoring it and start improving our efforts to cut off this illegal money supply,” said Baucus. **“The same billions of dollars that are smuggled out of the country could be spent protecting our borders and prosecuting drug crimes. We need to do all we can to better equip Customs and Border Protection to prevent criminals from smuggling this illicit cash out of the United States.”**

“The Obama administration has taken important steps to ramp-up efforts to interdict bulk cash and illegal weapons being smuggled into Mexico, and seizures at ports of entry have increased significantly in recent years. But this report makes clear that we can’t solve this problem unless we improve our border infrastructure and technological capabilities. Doing so would make it possible for us to seize billions of dollars per year and deprive drug traffickers of the proceeds that finance their deadly operations,” Bingaman said.

The report finds that since March 2009, when the Secretary of Homeland Security called on Customs and Border Protection (CBP) to step up efforts to stem the flow of bulk cash, through June 2010, CBP agents seized about \$41 million in illicit bulk cash leaving our country at land ports of entry. While this represents a significant increase in seizures compared to previous years, because CBP currently does not conduct full-time inspections of outbound traffic, shortcomings in our nation’s infrastructure, and a lack of technology deployed at ports of entry, only a fraction of the illicit cash flow is seized.

The report also points to emerging money laundering concerns, made possible by advancing technology. For instance, it highlights the problem of using “stored value cards” – prepaid cards loaded with value or currency – to move illegal proceeds across the border and to countries around the world. It also points to the ability of making monetary transactions via mobile phone technology. The report explores various regulatory gaps under federal anti-money laundering laws that allow criminals to move funds without detection and reviews efforts to address this issue.

The Senators pledged to work to keep resources flowing to the CBP bulk cash seizure program and to support efforts to make the program more effective.

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