



ANTI-MONEY LAUNDERING

Better Information Needed on Effectiveness of Federal Efforts

Accessible Version

Report to Congressional Requesters

February 2024

GAO-24-106301

United States Government Accountability Office

GAO Highlights

View [GAO-24-106301](#). For more information, contact Michael Clements at (202) 512-8678 or ClementsM@gao.gov, or Triana McNeil at (202) 512-8777 or McNeilT@gao.gov.
Highlights of [GAO-24-106301](#), a report to congressional requesters

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Why GAO Did This Study

Criminal organizations launder illicit proceeds to facilitate and conceal crime. The Bank Secrecy Act, as amended, requires financial institutions to file SARs (which help law enforcement investigate crime) under certain conditions. FinCEN administers the act and maintains these reports in a database.

GAO was asked to review U.S. efforts to combat illicit finance. This report examines (1) financial institution suggestions to enhance SAR processes, (2) FinCEN communication of its progress implementing the Anti-Money Laundering Act, (3) FinCEN surveys on law enforcement satisfaction with its products and services, and (4) data collection on efforts to combat illicit finance.

GAO reviewed laws, guidance, and investigation data and interviewed FinCEN and federal law enforcement agencies. GAO also interviewed a nongeneralizable selection of 46 representatives of financial institutions and industry associations (such as banks, casinos, money services businesses, and broker-dealers).

What GAO Recommends

GAO recommends that FinCEN (1) communicate in full its progress in implementing the Anti-Money Laundering Act and (2) improve the reliability of its law enforcement surveys. GAO also recommends that (3) Justice coordinate with other agencies to develop a methodology to produce government-wide data on investigation outcomes. FinCEN did not comment on GAO's recommendations. Justice agreed with GAO's recommendation.

What GAO Found

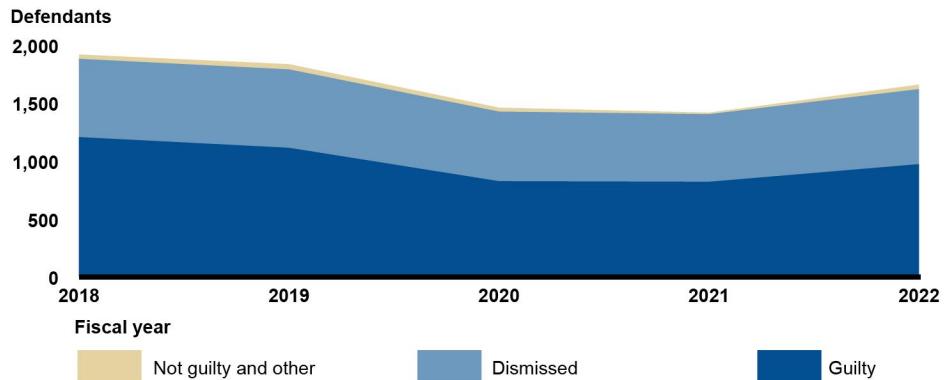
Financial institution representatives that GAO interviewed identified actions the Financial Crimes Enforcement Network (FinCEN) could take to enhance the institutions' ability to identify and report suspicious activity. These include more updates on priority threats and tips to improve suspicious activity reports (SAR), which institutions file if they identify potential criminal activity. FinCEN may cover some of these actions as it implements the Anti-Money Laundering Act of 2020, the aims of which include improving information sharing and technology.

GAO identified 31 sections in the Anti-Money Laundering Act of 2020 for which FinCEN is responsible for implementing. For example, FinCEN is to establish standards for financial institutions to test new anti-money laundering-related technology. As of November 2023, GAO found that FinCEN collectively had described its progress in implementing 19 sections through multiple publications and in varying detail. More complete disclosure of FinCEN's progress implementing the act would provide greater transparency and accountability.

FinCEN surveys law enforcement agencies about their use of and satisfaction with FinCEN's products and services, such as its database of SARs. However, the surveys may not provide reliable information. FinCEN's 2018–2022 surveys had low response rates (ranging from 2 to 10 percent), raising the risk of biased results that do not represent the views of all agencies. FinCEN also did not analyze and adjust, as needed, results for nonresponse bias. As a result, the surveys may not provide FinCEN with a complete and reliable picture of law enforcement's satisfaction with its products and services.

Federal agencies, including the Departments of Justice and Homeland Security, individually track outcomes of their illicit finance investigations (e.g., convictions and forfeitures). Some Justice data track these outcomes across multiple federal agencies (see figure). However, comprehensive, government-wide data do not exist because data collection is fragmented across multiple agencies and data may be incomplete. Developing a consistent methodology to comprehensively track outcomes would better inform federal agencies and Congress about the results and effectiveness of U.S. efforts to combat illicit finance.

Outcomes of Defendants Charged under Money Laundering-Related Statutes, Fiscal Years 2018–2022



Source: Executive Office for U.S. Attorneys' CaseView data. | GAO-24-106301

Accessible Data table for Outcomes of Defendants Charged under Money Laundering-Related Statutes, Fiscal Years 2018–2022

FY	Guilty	Dismissed	Not Guilty and Other
2018	1204	675	37
2019	1112	676	45
2020	824	600	34
2021	819	583	13
2022	971	647	39

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Abbreviations

AMLA	Anti-Money Laundering Act of 2020
AML/CFT	anti-money laundering/countering the financing of terrorism
BSA	Bank Secrecy Act
CATS	Consolidated Asset Tracking System
DEA	Drug Enforcement Administration
DOJ	Department of Justice
EOUSA	Executive Office for U.S. Attorneys
FBI	Federal Bureau of Investigation
FinCEN	Financial Crimes Enforcement Network
GPRA	Government Performance and Results Act
HSI	Homeland Security Investigations
IRS-CI	Internal Revenue Service - Criminal Investigation
MOU	memorandum of understanding
OCDETF	Organized Crime and Drug Enforcement Task Forces
OMB	Office of Management and Budget
SAR	suspicious activity report
TCO	transnational criminal organization

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

February 8, 2024

The Honorable Sheldon Whitehouse
Chairman, Caucus on International Narcotics Control
United States Senate
The Honorable David Trone
House of Representatives

Transnational criminal organizations pose a threat to our nation's well-being and national security.¹ These groups may launder their illicit proceeds (for example, from drug trafficking, human trafficking, and cyberattacks) to facilitate and conceal crimes, which can distort markets and the broader financial system.

The Bank Secrecy Act (BSA), as amended, and its implementing regulations require financial institutions to monitor customer transactions to identify suspicious activity that may indicate money laundering or other criminal activity.² If warranted, an institution must file a suspicious activity report (SAR) with the Financial Crimes Enforcement Network (FinCEN)—

¹Transnational criminal organizations are self-perpetuating associations of individuals who operate transnationally to obtain power, influence, or monetary or commercial gains, wholly or partly by illegal means. They protect their activities through a pattern of corruption or violence or through a transnational organization structure and the exploitation of transnational commerce or communication mechanisms. The White House, *Strategy to Combat Transnational Organized Crime* (Washington, D.C.: July 25, 2011).

²31 U.S.C. § 5318(g) and 31 C.F.R. § 1010.320, referencing 31 C.F.R. §§ 1020.320, 1021.320, 1022.320, 1023.320, 1024.320, 1025.320, 1026.320, 1029.320, and 1030.320. Money laundering generally is the process of converting proceeds from illicit activities into funds and assets in the financial system that appear to have come from legitimate sources. See, e.g., 18 U.S.C. §§ 1956-57 (criminalizing the laundering of monetary instruments).

a bureau in the Department of the Treasury that administers the BSA.³ FinCEN analyzes information in SARs and other BSA reports and shares such analyses with law enforcement agencies, which conduct criminal investigations related to money laundering and BSA noncompliance. In January 2021, the Anti-Money Laundering Act of 2020 (AMLA) was enacted, in part to modernize the anti-money laundering/countering the financing of terrorism (AML/CFT) regulatory framework.⁴ AMLA charges the Secretary of the Treasury or FinCEN Director with various implementation responsibilities.

You asked us to review how the federal government positions its assets to combat illicit finance and promotes coordination and information sharing among law enforcement, financial institutions, and other stakeholders. This report examines

- financial institutions' suggestions for enhancing their SAR processes;
- the extent to which FinCEN has communicated its progress implementing AMLA;
- the extent to which FinCEN has reliable information on law enforcement agencies' satisfaction with its products and services; and
- outcomes of illicit finance investigations that federal law enforcement agencies track, and the extent to which such data provide government-wide metrics.

³Certain financial institutions must file a SAR if a transaction involves or aggregates at least \$5,000 in funds or other assets (or, in the case of money services businesses, \$2,000 in funds or other assets) and the financial institution knows, suspects, or has reason to suspect that the transaction (i) involves funds derived from illegal activities or is intended or conducted to hide or disguise funds or assets derived from illegal activities as part of a plan to violate or evade federal legal obligations; (ii) is designed to evade any BSA requirements; or (iii) has no business or apparent lawful purpose or is not the sort in which the particular customer normally engages, and the financial institution knows of no reasonable explanation for the transaction. See e.g., 31 C.F.R. § 1020.320(a). A financial institution is defined to include banks (except bank credit card systems), brokers or dealers in securities, money services businesses, telegraph companies, casinos, card clubs, a person subject to supervision by any state or federal bank supervisory authority, a futures commission merchant, an introducing broker in commodities, or a mutual fund. 31 C.F.R. 1010.100(t). See also 31 U.S.C. § 5312(a)(2).

⁴AMLA was enacted as Division F, §§ 6001-6511 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, 134 Stat. 3388, 4547-4633 (2021). The Joint Explanatory Statement for the National Defense Authorization Act, 2021, noted that the current U.S. AML/CFT framework is grounded in the BSA, first passed in 1970, and the regime is generally built around mechanisms that contemplate aging, decades-old technology. The Act represents a comprehensive update to this framework. H.R. Conf. Rep. No. 116-617, at Division F (2020).

We have ongoing work examining additional topics from your request, including how law enforcement agencies coordinate and share information on countering illicit finance with federal agencies and private-sector entities.

For our first objective, we reviewed SAR requirements under the BSA and its implementing regulations, FinCEN's guidance on SAR requirements and information-sharing programs, and relevant provisions of AMLA, along with proposed rules and related comment letters. We conducted seven semistructured interviews with a nongeneralizable sample of representatives from six industry associations about their SAR processes and challenges.⁵ These associations comprise different types of financial institutions covered by BSA: banks, credit unions, broker-dealers, casinos, and money services businesses.

For our second objective, we reviewed AMLA to determine which of its sections imposed a rulemaking, reporting, or other requirement on Treasury or FinCEN. To assess the extent to which FinCEN publicly communicated its progress in implementing these sections, we reviewed publicly available documents issued in 2021–2023, including congressional budget justifications, FinCEN's congressional testimonies, FinCEN's AMLA webpage, and unified regulatory agendas. Finally, we assessed FinCEN's communications on its progress in implementing AMLA against a selected leading practice for effectively developing and using evidence identified in our prior work.⁶

For our third objective, we obtained and reviewed FinCEN's 2018–2022 annual surveys of law enforcement agencies about their satisfaction with FinCEN's products and services. We assessed the extent to which the surveys' methodology was consistent with the Government Performance and Results Act of 1993 (GPRA), as amended, particularly its requirement that agencies ensure the reliability of performance data, and

⁵We judgmentally selected these industry associations because of the different types of financial institutions they represented, the size and scope of their membership, and public comments on BSA reforms. Each interview included staff from (1) industry associations and (2) financial institutions that were members of the association. We collectively refer to these staff as "financial institution representatives" or "representatives" throughout this report, unless otherwise noted. We held two separate interviews with representatives from an association of money services businesses: one with traditional money services businesses and the other with virtual asset service providers.

⁶GAO, *Evidence-based Policymaking: Practices to Help Manage and Assess the Results of Federal Efforts*, [GAO-23-105460](#) (Washington, D.C.: July 12, 2023). The leading practice we used was "communicate learning and results."

related Office of Management and Budget (OMB) guidance.⁷ We also reviewed fact sheets and other documents that FinCEN issued about its products and services.

For our fourth objective, we obtained data on illicit finance investigation outcomes from the Executive Office for U.S. Attorneys (EOUSA), Consolidated Asset Tracking System (CATS), and Organized Crime and Drug Enforcement Task Forces (OCDETF).⁸ We assessed the reliability of these data by reviewing related documentation, checking for outliers and errors, and interviewing agency officials. We determined the data were sufficiently reliable for describing federal outcomes of illicit finance investigations. We also reviewed performance reports from selected federal law enforcement agencies. We assessed if these agencies' data were consistent with leading practices issued by an intergovernmental AML organization and selected leading practices on interagency collaboration identified in our prior work.⁹

For all four objectives, we interviewed officials from

- FinCEN, the Office of Terrorism and Financial Intelligence, and the Internal Revenue Service's Criminal Investigation (IRS-CI) in Treasury;
- Drug Enforcement Administration (DEA), EOUSA, Federal Bureau of Investigation (FBI), Money Laundering and Asset Recovery Section, and OCDETF in the Department of Justice (DOJ); and

⁷The Government Performance and Results Act of 1993 created a federal performance planning and reporting framework. Pub. L. No. 103-62, 107 Stat. 285 (1993). The GPRA Modernization Act of 2010 amended and significantly expanded the framework to address a number of persistent federal performance challenges. Pub. L. No. 111-352, 124 Stat. 3866 (2011).

⁸OCDETF is an independent component of the Department of Justice. Established in 1982, OCDETF uses a prosecutor-led, multiagency approach to enforcement to carry out the Department of Justice's strategy to combat transnational organized crime and reduce the availability of illicit narcotics in the nation.

⁹See Financial Action Task Force, *Guidance on AML/CFT-Related Data and Statistics* (Paris, France: October 2015); and GAO, *Government Performance Management: Leading Practices to Enhance Interagency Collaboration and Address Crosscutting Challenges*, GAO-23-105520 (Washington, D.C.: May 24, 2023). Specifically, we used the leading practices of "define common outcomes," "bridge organizational cultures," and "leverage resources and information." We selected these practices because they were most relevant to our objective of examining the extent to which existing federal datasets provide government-wide data.

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- Customs and Border Protection, Immigration and Customs Enforcement's Homeland Security Investigations (HSI), and U.S. Secret Service in the Department of Homeland Security.

See appendix I for additional information on our scope and methodology.

You also asked us to examine the primary money laundering mechanisms of criminal enterprises. To address this question, we reviewed a December 2021 report we issued with findings on multiple types of money laundering strategies and Treasury's *2022 National Money Laundering Risk Assessment*.¹⁰ We describe the mechanisms and strategies in appendix II.

We conducted this performance audit from October 2022 to February 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

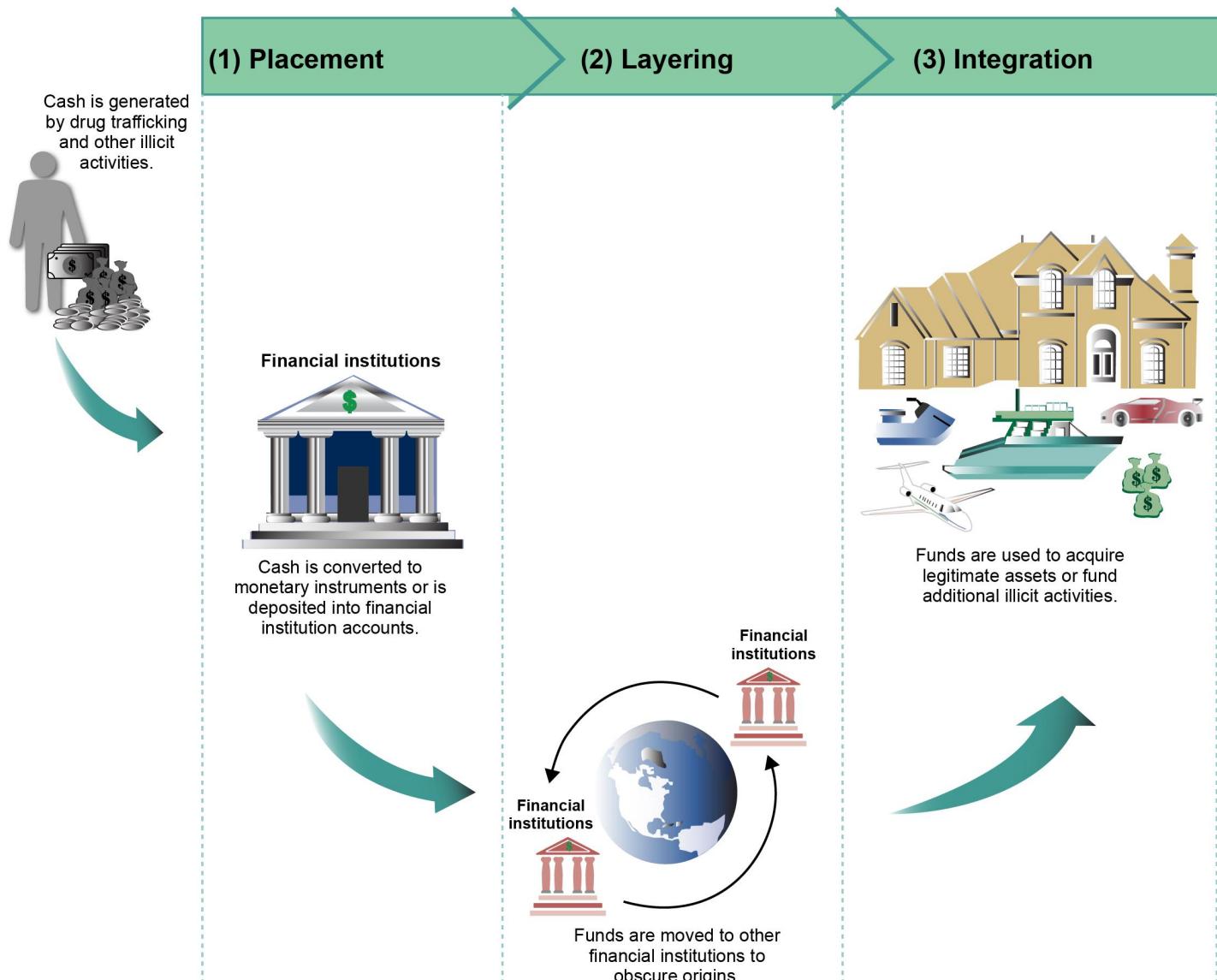
Background

Money Laundering

Money laundering generally takes place in three stages: placement, layering, and integration (see fig. 1). Illicit activities can generate proceeds that criminals try to move into banks and other financial institutions for safekeeping. These proceeds then may be used for legal activities, funneled back into the existing criminal enterprise, or used for new illegal activities (such as drug trafficking proceeds being used to pay for human trafficking). Any financial sector and certain commercial businesses can be targets for money laundering operations during one or more of these stages.

¹⁰GAO, *Trafficking and Money Laundering: Strategies Used by Criminal Groups and Terrorists and Federal Efforts to Combat Them*, GAO-22-104807 (Washington, D.C.: Dec. 23, 2021); and Department of the Treasury, *2022 National Money Laundering Risk Assessment* (Washington, D.C.: February 2022).

Figure 1: Stages of Money Laundering



Source: Financial Crimes Enforcement Network; Art Explosion (icons). | GAO-24-106301

Roles and Responsibilities under Bank Secrecy Act/Anti-Money Laundering Framework

The BSA, as amended, and its related anti-money laundering authorities and requirements (collectively, BSA/AML) provide the legal and regulatory framework for preventing, detecting, and deterring money laundering.¹¹ The framework is designed to prevent criminals from using private individuals and financial institutions to launder the proceeds of their crimes and to detect those criminals who successfully used the system to launder those proceeds.

The main entities implementing BSA/AML include the following:

FinCEN. FinCEN is responsible for BSA administration, has authority to enforce compliance with BSA requirements, and serves as the repository of BSA reporting from financial institutions.¹² It also analyzes information in SARs and other BSA reports and shares such analyses with appropriate federal, state, local, and foreign law enforcement agencies.¹³ FinCEN publishes analyses on its website that include trends and methods in money laundering and other financial crimes. Treasury and FinCEN delegated their examination authority under the BSA to relevant supervisory agencies, including the federal functional regulators and IRS.¹⁴

¹¹The Bank Secrecy Act is the popular name for the framework of anti-money laundering laws codified at 12 U.S.C. § 1829b, 12 U.S.C. §§ 1951-1960, and 31 U.S.C. §§ 310, 5311-5314, 5316-5336, and includes notes thereto, with implementing regulations at 31 C.F.R. Chapter X.

¹²FinCEN has responsibility for operating a government-wide data access service for SARs, Currency Transaction Reports, and other BSA reports. 31 U.S.C. § 310(b)(2)(B).

¹³Other reports required by the BSA include currency transaction reports and the Report of Cash Payments over \$10,000 Received in a Trade or Business (IRS Form 8300), Report of International Transportation of Currency or Monetary Instruments, and Report of Foreign Bank and Financial Accounts. See 31 C.F.R. part 1010, subpart C.

¹⁴31 C.F.R. § 1010.810(b). Under FinCEN regulation, a “federal functional regulator” is defined as the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, Board of Directors of the Federal Deposit Insurance Corporation, National Credit Union Administration, Securities and Exchange Commission, and Commodity Futures Trading Commission. 31 C.F.R. § 1010.100(r). Other regulators have BSA examination responsibility, as delegated pursuant to 31 C.F.R. § 1010.810(b) (e.g., the Federal Housing Finance Agency with respect to housing government-sponsored enterprises).

FinCEN also implements the BSA through the issuance of regulations and guidance. In addition, FinCEN issues several analytic products—including Alerts, Advisories, and Notices—that remind financial institutions of their SAR filing responsibilities, discuss typologies (techniques used), and identify red flags to assist financial institutions in identifying suspicious activity.

In addition, according to FinCEN officials, the agency solicits information or provides feedback to financial institutions through several programs. For example, FinCEN chairs the BSA Advisory Group, which includes representatives from federal and state agencies and financial institutions. The group advises Treasury on BSA reporting and informs private-sector representatives on how BSA information is used.¹⁵ The FinCEN Exchange is a voluntary public-private partnership of law enforcement, national security agencies, and financial institutions. It supports priority national security and countering illicit finance investigations and policies and provides proactive outreach to allow industry to better prioritize its efforts.¹⁶

Financial institutions. The BSA authorizes FinCEN to impose reporting, recordkeeping, and other AML requirements on financial institutions, including banks, broker-dealers, casinos, and money services businesses. Most financial institutions must develop, administer, and maintain effective BSA/AML programs. At a minimum, those institutions must establish a system of internal controls to ensure ongoing compliance with the BSA and its implementing regulations, provide AML compliance training for appropriate personnel, provide for independent testing, designate a person or persons responsible for coordinating and monitoring day-to-day compliance, and establish risk-based procedures for ongoing customer due diligence.¹⁷

Financial institutions' suspicious activity reporting is the cornerstone of the BSA reporting system. According to federal regulators, effective

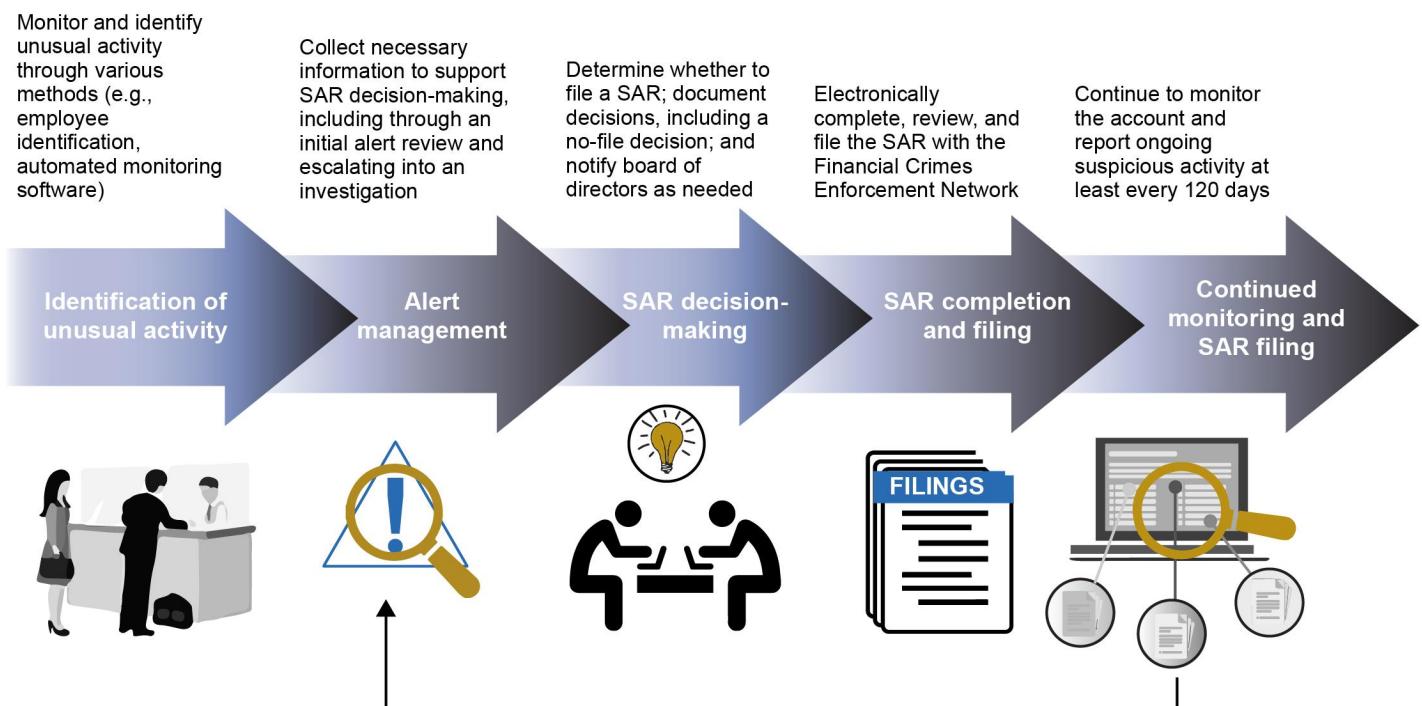
¹⁵Section 1564 of the Annunzio-Wylie Anti-Money Laundering Act of 1992 required the Secretary of the Treasury to establish a Bank Secrecy Act Advisory Group. Membership is open to financial institutions, trade groups, and federal and nonfederal regulators, and law enforcement agencies located in the United States. Pub. L. No. 102-550, 106 Stat. 3672, 4073 (1992) (appearing as a note to 31 U.S.C. § 5311).

¹⁶Section 6103 of AMLA codified the FinCEN Exchange into law. See Pub. L. No. 116-283, § 6103, 123 Stat. at 4553–4555 (codified at 31 U.S.C. § 310(d)).

¹⁷31 C.F.R. §§ 1020.210, 1021.210, 1022.210, 1023.210, 1024.210, 1025.210, and 1026.210, as relevant here.

suspicious activity monitoring and reporting frameworks generally have five components: identification of unusual activity, alert management, SAR decision-making, SAR completion and filing, and continued monitoring and SAR filing (see fig. 2).

Figure 2: Key Components of a Suspicious Activity Report (SAR) Monitoring and Reporting Framework



Source: GAO analysis of Federal Financial Institutions Examination Council guidance; Art Explosion (icons). | GAO-24-106301

Accessible text for Figure 2: Key Components of a Suspicious Activity Report (SAR) Monitoring and Reporting Framework

1. **Identification of unusual activity:** Monitor and identify unusual activity through various methods (e.g., employee identification, automated monitoring software)
2. **Alert management:** Collect necessary information to support SAR decision-making, including through an initial alert review and escalating into an investigation
3. **SAR decision making:** Determine whether to file a SAR; document decisions, including a no-file decision; and notify board of directors as needed

-
4. SAR completion and filing: Electronically complete, review, and file the SAR with the Financial Crimes Enforcement Network
 5. Continued monitoring and SAR filing: Continue to monitor the account and report ongoing suspicious activity at least every 120 days

Source: GAO analysis of Federal Financial Institutions Examination Council guidance; Art Explosion (icons). | GAO-24-106301

By complying with BSA/AML requirements, the institutions assist government agencies with detecting and preventing money laundering, terrorist financing, and other crimes. In turn, law enforcement agencies can use the information compiled by financial institutions to detect and deter criminal activity by investigating and prosecuting criminal actors.

Law enforcement. Several federal law enforcement agencies work to detect illicit activity and conduct criminal investigations related to money laundering and BSA-related criminal violations.

- DOJ prosecutes violations of federal criminal money laundering statutes and criminal violations of the BSA. Within DOJ, DEA and FBI investigate drug trafficking organizations and transnational criminal organizations (including money laundering activities the organizations conduct).
- In the Department of Homeland Security, HSI targets transnational criminal organizations, and agents investigate money laundering, illicit finance, and other financial crimes related to how those organizations receive, move, launder, and store their illicit funds. The Secret Service also targets transnational organized crime and investigates illicit finance and financial crimes predicate to money laundering.
- In Treasury, IRS-CI investigates complex and significant money laundering activity, including that related to terrorism financing and transnational organized crime.
- Additionally, law enforcement task forces, such as OCDETF (part of DOJ) and the El Dorado Task Force (led by HSI) conduct illicit finance investigations. These task forces investigate transnational criminal

organizations and seek to dismantle the financial networks that support them.¹⁸

Federal, state, and local law enforcement agencies also can use SARs and other BSA reports to investigate and prosecute drug trafficking, terrorist acts, fraud, and other criminal activities. To obtain direct access to FinCEN's BSA database, law enforcement agencies must enter into a memorandum of understanding (MOU) with FinCEN that specifies the terms and conditions under which they can use the reports and protect their confidentiality.¹⁹ Such agencies access FinCEN's BSA database through FinCEN Query, a secure web application that allows them to search the complete BSA database.

In addition, as of March 2023, nine federal agencies had agreements to download BSA data (called Agency Integrated Access and formerly referred to as bulk data access) into their computer systems, according to FinCEN officials. Personnel in agencies with such access can search the data without going through FinCEN Query.²⁰

Anti-Money Laundering Act of 2020

In January 2021, AMLA was enacted, which amended and expanded the existing AML statutory framework established under the BSA. FinCEN is responsible for implementing many of AMLA's provisions, including provisions that

- establish beneficial ownership information reporting requirements to improve disclosure and transparency on the flow of illicit funds and

¹⁸Established in 1992, the El Dorado Task Force is the largest anti-money laundering task force in the nation. It consists of more than 200 members from more than 30 law enforcement agencies in New York and New Jersey—including federal agents; international, state, and local police investigators; intelligence analysts; and federal prosecutors. The El Dorado Task Force is headquartered at the HSI New York Special Agent in Charge Office and operates at locations throughout the New York and New Jersey metropolitan area.

¹⁹According to FinCEN officials, ensuring appropriate use of the reports includes limiting access to personnel with an appropriate use for them and ensuring that the searches conducted are only for authorized purposes.

²⁰In 2005, FinCEN agreed to provide several federal law enforcement agencies access to bulk BSA data, including SARs. The agencies combine these data with information from their law enforcement databases to facilitate more complex and comprehensive analyses.

establish a FinCEN database for such beneficial ownership information;

- modernize the AML/CFT regulatory framework, including a review of regulations and guidance to ensure the utility and efficiency of BSA requirements;
- promote public-private partnership and engagement opportunities on AML/CFT matters;
- introduce new staffing options and programs to enhance AML/CFT expertise;
- promote international cooperation on financial crime matters, while protecting financial intelligence from misuse; and
- strengthen enforcement tools to deter money laundering and other forms of financial crime.

Financial Institution Representatives We Interviewed Suggested Enhancements to the SAR Process, Some of Which AMLA Implementation Could Cover

Representatives We Interviewed Identified Actions That Could Enhance Their SAR Processes

Financial institution representatives we interviewed identified actions FinCEN or law enforcement could take to enhance the SAR processes of the institutions.²¹ These include providing more actionable information on identifying illicit activity and using innovative technologies, improving information-sharing programs, and streamlining the SAR form. As described earlier, the SAR process includes (1) identifying unusual activity (alerts), (2) reviewing and investigating alerts, (3) deciding whether to file a SAR, and (4) completing and filing a SAR.

Identifying Unusual Activity

Financial institution representatives we interviewed identified additional information that FinCEN or law enforcement could provide to enhance the institutions' ability to identify unusual activity.

FinCEN AML/CFT Advisories. FinCEN periodically issues Advisories and other analytic products to financial institutions concerning money laundering threats and terrorist finance vulnerabilities.²² Such products often describe money laundering typologies (techniques) and identify red flags. As we previously reported, these products are designed to help financial institutions monitor for and identify unusual activity.²³ For

²¹We held seven semistructured interviews with representatives from six industry associations. Each interview included (1) staff employed by the associations and (2) staff from financial institutions that were members of the associations. We collectively refer to these interviewees as "financial institution representatives" or "representatives" in this report. The number of representatives attending each interview ranged from three to 13, and we interviewed a total of 46 representatives.

²²FinCEN also issues similar publications called Alerts, Notices, Bulletins, and Fact Sheets.

²³GAO, *Bank Secrecy Act: Action Needed to Improve DOJ Statistics on Use of Reports on Suspicious Financial Transactions*, GAO-22-105242 (Washington, D.C.: Aug. 25, 2022).

example, financial institution representatives told us they could use typologies or red flags to train staff or refine the systems they use to monitor customer transactions and generate alerts of unusual activity.²⁴

To help enhance suspicious activity monitoring, representatives in six of the seven interviews suggested FinCEN provide more detailed information or red flags that could be incorporated as rules in automated monitoring systems. According to financial institution representatives, without more actionable guidance, their monitoring systems may generate too many alerts of legitimate financial activity (false positive errors) or may not flag suspicious activity. Too many alerts can cause them to expend resources researching false positive alerts at the expense of engaging in other more productive activities. Specifically:

- Representatives in five of the seven interviews suggested FinCEN update guidance or analytic products (such as Advisories) more often to reflect new or emerging threats. For example, a casino representative said FinCEN last issued guidance for casinos in 2008 and has not updated this guidance to account for online gambling.
- Representatives in two of the seven interviews suggested FinCEN prioritize the typologies or red flags in its existing analytic products (such as in terms of high, medium, or low risk) and delete obsolete information.
- In all four of our interviews with nonbank financial institutions, their representatives suggested FinCEN provide guidance, advisories, or other analytic products tailored to different types of financial institutions.

FinCEN AML/CFT priorities. As required by AMLA, in June 2021, FinCEN issued the first government-wide AML/CFT priorities list, which is intended to help financial institutions prioritize compliance resources and risk management in relation to current threats.²⁵ According to FinCEN, the priorities, in no particular order, are (1) corruption; (2) cybercrime, including relevant cybersecurity and virtual currency considerations; (3)

²⁴Automated monitoring systems include rule-based systems, which detect unusual transactions that do not accord with system-developed or management-established “rules.” Such systems can consist of few or many rules, depending on the complexity of the in-house or vendor product. The rules are applied using a series of transaction filters or a rules engine.

²⁵Financial Crimes Enforcement Network, *Anti-Money Laundering and Countering the Financing of Terrorism National Priorities* (Vienna, Va.: June 30, 2021).

foreign and domestic terrorist financing; (4) fraud; (5) transnational criminal organization activity; (6) drug trafficking organization activity; (7) human trafficking and human smuggling; and (8) proliferation financing.²⁶

Representatives in three of the seven interviews told us that FinCEN's priorities are too broad and, thus, provide limited assistance in helping them to focus monitoring systems on higher-risk activities. One bank representative suggested that FinCEN narrow its priorities or rank them (such as in terms of high, medium, and low risk).

Examples of Federal Law Enforcement Feedback Programs to Financial Institutions

Homeland Security Investigations' Cornerstone Program develops typologies on illicit finance methods and shares them with financial institutions.

The Federal Bureau of Investigation's (FBI) Counter Terrorism Division hosts the Private Sector Alliance, which educates and informs bank executives and strengthens partnerships with law enforcement. FBI officials also said its Financial Crimes Section leads the Private Sector Engagement Initiative, which will focus on expanding and enhancing relationships between the FBI and financial institutions.

The U.S. Secret Service's Criminal Investigative Division and field-based Cyber Fraud Task Force provide alerts and leads on specific predicate crimes (whose proceeds become the subject of a money laundering offense), such as cyber-enabled financial crimes, to financial institutions as needed.

Source: GAO analysis of information from federal law enforcement agencies. | GAO-24-106301

Law enforcement and FinCEN feedback. FinCEN uses several mechanisms to solicit feedback from financial institutions and law enforcement and inform financial institutions on law enforcement priorities and suggestions for SARs.²⁷ These include the BSA Advisory Group, FinCEN Exchange, and FinCEN Law Enforcement Awards program (which recognizes BSA reporting that was particularly helpful in

²⁶AMLA also requires the Secretary of the Treasury, acting through the Director of FinCEN, to promulgate regulations, as appropriate, for financial institutions to incorporate these priorities into their risk-based AML/CFT programs. 31 U.S.C. § 5318(h)(4)(D). In the Fall 2023 unified regulatory agenda, FinCEN stated it intended to release a notice of proposed rulemaking in March 2024.

²⁷For additional information, see [GAO-22-105242](#).

supporting investigations). Some federal law enforcement agencies also conduct direct outreach and provide feedback to financial institutions (see sidebar).

The FinCEN Exchange brings together law enforcement, national security agencies, and financial institutions to support priority national security and counter-illicit finance investigations. The Exchange allows FinCEN and law enforcement to proactively inform financial institutions of priorities for suspicious activity monitoring and reporting.²⁸ According to the American Bankers Association, its members that participated in FinCEN Exchange meetings have found them to be productive and helpful.²⁹ In 2021, FinCEN surveyed attendees of two meetings and reported that 79 percent of respondents for the first meeting and 100 percent for the second believed the information shared during the event would improve their BSA/AML compliance work.

In response to a FinCEN request for information, three financial industry associations suggested ways FinCEN could enhance the benefits of the FinCEN Exchange and other forums. For example, they commented that FinCEN could consider increasing the number and types of financial institutions invited to the meetings. They also suggested sharing information discussed at the meetings with institutions that were not invited. We previously reported concerns by FinCEN and federal law enforcement agencies that expanding participation would make it challenging to maintain the meetings' confidentiality.³⁰ According to FinCEN's Acting Director, FinCEN increased the number of Exchange meetings in the first half of fiscal year 2023.³¹

Representatives in all seven interviews also suggested that FinCEN explore ways for law enforcement agencies to provide feedback to

²⁸AMLA codified the FinCEN Exchange into law. Pub. L. No. 116-283, § 6103, 123 Stat. at 4553–4555 (codified at 31 U.S.C. § 310(d)).

²⁹American Bankers Association, *Letter to the Financial Crimes Enforcement Network re: Review of Bank Secrecy Act Regulations and Guidance*, FINCEN-2021-008 (Feb. 14, 2022).

³⁰GAO, *Bank Secrecy Act: Agencies and Financial Institutions Share Information but Metrics and Feedback Not Regularly Provided*, GAO-19-582 (Washington, D.C.: Aug. 27, 2019).

³¹House Committee on Financial Services, *Oversight of the Financial Crimes Enforcement Network (FinCEN) and the Office of Terrorism and Financial Intelligence (TFI)*, 118th Cong. (Apr. 27, 2023); testimony of Himamauli Das, Acting Director, Financial Crimes Enforcement Network.

financial institutions on a broader scale and in a timelier way. They said that feedback on whether their SARs were helpful or not would help them improve their BSA compliance programs. Further, representatives in two interviews suggested that FinCEN could revise the 314(a) program (discussed later in this section) so that law enforcement could use it to share information with financial institutions. Finally, in two interviews, representatives suggested FinCEN could create a portal that allows information to be shared securely.

Guidance on innovative technologies. In addition to rules-based monitoring systems, financial institutions have started to use “intelligent” monitoring systems that incorporate artificial intelligence and machine learning. These systems can use historical data to analyze transaction patterns that match with money laundering transaction patterns. In 2019, FinCEN launched its Innovation Initiative, which was designed to foster a better understanding of the opportunities and challenges of BSA and AML-related innovation in the financial services sector.³² FinCEN’s Acting Director testified that new technologies may allow financial institutions to further assist law enforcement, such as by identifying more suspicious activity while reducing false positive rates.³³ In 2021, federal banking regulators issued risk-management guidance to provide flexibility to banks in developing, implementing, and updating new technologies in their automated monitoring models.³⁴

³²In 2018, we issued a report that discussed expert views on opportunities and challenges related to artificial intelligence. The report noted that artificial intelligence technologies offer promising capabilities to enhance financial institutions’ compliance activities associated with BSA/AML requirements. See GAO, *Technology Assessment: Artificial Intelligence: Emerging Opportunities, Challenges, and Implications*, [GAO-18-142SP](#) (Washington, D.C.: Mar. 28, 2018).

³³House Committee on Financial Services, *Oversight of the Financial Crimes Enforcement Network*, 117th Cong. (Apr. 28, 2022); testimony of Himamauli Das, Acting Director, Financial Crimes Enforcement Network.

³⁴Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, *Interagency Statement on Model Risk Management for Bank Systems Supporting Bank Secrecy Act/Anti-Money Laundering Compliance* (Apr. 9, 2021). Previously (in 2018), FinCEN and the federal banking regulators issued a joint statement encouraging the reasonable implementation of innovative approaches to meet BSA/AML obligations. Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Financial Crimes Enforcement Network, National Credit Union Administration, and Office of the Comptroller of the Currency, *Joint Statement on Innovative Efforts to Combat Money Laundering and Terrorist Financing* (Dec. 3, 2018).

In two of the seven interviews, representatives told us they have faced challenges in obtaining examiners' approval of the intelligent systems. Unlike rules-based systems, intelligent systems do not have transparent rules that examiners can review. According to financial institution representatives, examiners have wanted them to operate both rules-based and intelligent systems in parallel to demonstrate that the latter can detect the same unusual activity as their rules-based systems.

To help enhance their monitoring, representatives in three of the seven interviews suggested FinCEN issue additional guidance to clarify that financial institutions have the latitude and flexibility to implement new or emerging technologies. For example, an industry association suggested FinCEN and federal banking regulators amend the BSA examination manual to state that banks could deviate from model risk-management guidance in some elements. Further, several associations suggested FinCEN set clear expectations for examiners about regulatory oversight of the adoption, testing, and validation of such technology.

Reviewing and Investigating Unusual Activity

Financial institution representatives we interviewed also identified actions that FinCEN or law enforcement could take to enhance their ability to investigate unusual activity. Examples include the following:

Law enforcement inquiries under Section 314(a). FinCEN's 314(a) program enables law enforcement agencies, through FinCEN, to request that financial institutions locate accounts and transactions of individuals, entities, or organizations who may be involved in terrorism or money laundering.³⁵ On receiving such a request from FinCEN, a financial institution must search its records to identify accounts or transactions of the named person. If a financial institution finds a positive match, it must report the match to FinCEN, along with certain identifying information and information pertaining to the account or transaction.

³⁵A federal, state, local, or certain foreign law enforcement agency investigating terrorist activity or money laundering may request that FinCEN solicit, on its behalf, certain information from a financial institution or group of institutions. On receiving a request and the requisite certification, which provides sufficient identifying information for the individual, entity, or organization under suspicion of engaging in terrorist activity or money laundering, FinCEN may require a financial institution to search its records to determine whether it maintains or has maintained accounts for, or engaged in transactions with, the specified individual, entity, or organization.

Representatives in one interview told us that having a positive match for a 314(a) request informs them that law enforcement is interested in the person but does not tell them why.³⁶ One of the representatives suggested FinCEN amend the request form to have law enforcement agencies include contextual information about the nature of suspicious activity to help financial institutions review a customer's transactions when they have a positive match. Other representatives suggested FinCEN use the 314(a) program as a two-way mechanism for sharing information between law enforcement and financial institutions.³⁷

Financial institution inquiries under Section 314(b). In this program, financial institutions may share information with one another, under a safe harbor that offers protections from liability, to better identify and report activities that may involve money laundering or terrorist activities. Program participation is voluntary, but FinCEN strongly encourages financial institutions to participate. Financial institutions may participate in voluntary sharing after submitting notice to FinCEN and must adhere to requirements of the program, such as ensuring the security and confidentiality of such information.

In 2020, FinCEN reported that financial institutions referenced using the 314(b) program in the narrative section of over 17,000 SARs. Financial institutions used the program either to obtain information from another financial institution to support their investigation or to initiate an investigation after receiving a 314(b) request. For example, when financial institutions receive an alert from their monitoring systems, they may have information about only part of a chain of transactions. Thus, they may need to use a 314(b) request to collect information from other financial institutions to develop a more comprehensive and accurate picture. Also, receiving a 314(b) request from another financial institution may inform the institution about a customer engaging in suspicious activity.

Representatives in four of the seven interviews told us that certain aspects of the 314(b) program are inefficient or ineffective. For example, financial institutions generally must file a SAR, if warranted, within 30

³⁶Section 314(a) requests made by FinCEN contain subject and business names, addresses, and certain other identifying data to assist the financial institution in searching their records.

³⁷Under the program, FinCEN can reach out to more than 34,000 points of contact at more than 14,000 financial institutions.

days of detecting suspicious activity. But representatives in three interviews told us they do not always receive 314(b) responses within that time frame or at all. In another interview, a representative also questioned whether institutions were permitted to share information related to fraud investigations. They said that this uncertainty can make it difficult, for example, to get information about recent check fraud cases.

To enhance financial institutions' investigative ability, representatives in four of the seven interviews suggested that FinCEN take several steps to reform the 314(b) program. These steps include (1) creating a standardized form and process for making and responding to 314(b) requests; (2) expanding the 314(b) program to include additional crimes, such as fraud and cybercrimes more broadly, even when an activity is not suspected of involving money laundering or terrorist activity; and (3) making the program mandatory.³⁸ Separate from but related to the 314(b) program, financial institutions also suggested FinCEN create a portal that BSA officers could use to share information and discuss issues.

Completing and Sharing SARs

Completing and filing SARs. Financial institutions generally must have policies, procedures, and processes in place to ensure that SARs are filed in a timely manner, are complete and accurate, and sufficiently describe the activity reported and basis for filing.

Representatives we interviewed identified actions FinCEN could take to enhance their ability to complete and file SARs. In six of the seven interviews, representatives suggested that FinCEN develop a simplified SAR form, particularly for reporting less complex suspicious activities, such as structuring.³⁹ Also, in two interviews, representatives told us that FinCEN could provide additional guidance on writing the SAR narrative, in

³⁸FinCEN's guidance on the 314(b) program states that financial institutions may share information about transactions involving the proceeds of predicate crime, including fraud, which they suspect apply to a money laundering offense. Financial Crimes Enforcement Network, *Section 314(b) Fact Sheet* (Vienna, Va.: December 2020).

³⁹Structuring includes the actual or attempted breaking up of currency transactions to evade BSA reporting and recordkeeping requirements. 31 C.F.R. § 1010.100(xx). For example, a customer might deposit currency on multiple days in amounts of \$10,000 or less to circumvent a financial institution's obligation to report any deposit over \$10,000 on a currency transaction report. 31 U.S.C. § 5324 and 31 C.F.R. § 1010.314 prohibit the structuring of transactions to avoid the currency transaction reporting requirement.

part because feedback they receive from law enforcement is not always consistent.

SAR sharing among related companies. Representatives in two of the seven interviews told us FinCEN should expand the scope of permissible sharing of SARs and related information between a U.S. financial institution and its foreign branches, subsidiaries, and affiliates. In January 2022, FinCEN issued a notice of proposed rulemaking for a pilot program to permit financial institutions to share SARs and related information with such entities.⁴⁰

In August 2023, FinCEN officials told us they were reviewing the effectiveness of the BSA/AML regime as a part of AMLA, and therefore were unable to comment on any of the suggestions financial institutions made. However, they said they were taking the suggestions under advisement and considering all such matters as part of the AMLA implementation process.

AMLA Implementation Could Address Some Suggestions Identified by Financial Institutions

AMLA was enacted in January 2021 with the intended purposes of improving coordination and information sharing among FinCEN, law enforcement, and financial institutions; modernizing AML/CFT laws; and encouraging technological innovation to support AML/CFT; among other purposes. As discussed below, we identified 31 sections of AMLA with one or more rulemaking, reporting, or other requirements for which FinCEN is responsible.

Specific AMLA provisions involve topic areas covering some of the actions financial institutions identified in our interviews. Some other actions they identified are not covered by AMLA, such as enhancing FinCEN's Section 314(a) and 314(b) programs. The FinCEN Acting Director also testified that some AMLA provisions reflect some

⁴⁰87 Fed. Reg. 3719 (Jan. 25, 2022). As mandated by section 6212(a) of AMLA (codified at 31 U.S.C. § 5318(g)(8)), the pilot program must terminate 3 years after the date of enactment (which is January 1, 2024), unless the Secretary of the Treasury extends the pilot for not more than 2 years upon submitting a report to the Senate.

longstanding concerns of financial institutions about BSA/AML compliance.⁴¹

- **Feedback loops.** AMLA has several provisions that aim to promote information sharing among FinCEN, law enforcement, and financial institutions. For example, it directs FinCEN to establish an Office of the Domestic Liaison, which would provide and receive feedback from BSA officers at financial institutions, among others.⁴² In April 2023, FinCEN's Acting Director testified that a primary function of the Office of the Domestic Liaison (to provide meaningful individualized feedback to financial institutions) would require funding for a substantial number of new positions.⁴³
- **More detailed guidance and analytic products.** AMLA mandates that FinCEN semiannually publish information about emerging money laundering and terrorist financing threats, patterns, and trends (including relevant typologies) to provide meaningful information about SAR use and value.⁴⁴ For example, FinCEN recently completed an analysis of Russian oligarchs that FinCEN officials said financial institutions could use to corroborate and inform their compliance programs.⁴⁵ The analysis was based on financial institutions' BSA reports. It noted potential suspicious activity, such as high-value purchases (e.g., at jewelry stores, art dealers, or similar businesses) and real estate transactions in Turkey and the United Arab Emirates. As of January 2024, FinCEN had published seven such reports.
- **Rulemaking on money laundering priorities.** AMLA requires the issuance of regulations on how financial institutions are to incorporate

⁴¹Himamauli Das, Acting Director, Financial Crimes Enforcement Network, testimony before the House Committee on Financial Services (Apr. 28, 2022).

⁴²Pub. L. No. 116-283, § 6107, 134 Stat. 3388, 4557-4559 (2021) (codified at 31 U.S.C. § 310(f), (g)). See also [GAO-22-105242](#).

⁴³Himamauli Das, Acting Director, Financial Crimes Enforcement Network, testimony before the House Committee on Financial Services (Apr. 27, 2023).

⁴⁴Pub. L. No. 116-283, § 6206, 134 Stat. 3388, 4571-4572 (2021) (codified at 31 U.S.C. § 5318(g)).

⁴⁵Financial Crimes Enforcement Network, *Financial Trend Analysis: Trends in Bank Secrecy Act Data: Financial Activity by Russian Oligarchs in 2022* (Vienna, Va.: Dec. 22, 2022).

the national AML/CFT priorities into their risk-based AML programs.⁴⁶ As of January 2024, FinCEN had not yet issued a notice of proposed rulemaking.

- **Adoption of new technologies.** AMLA directs FinCEN to appoint innovation officers.⁴⁷ It also directs Treasury to assess the impact of financial technology on financial crimes compliance.⁴⁸ Additionally, FinCEN, acting on behalf of the Secretary of the Treasury, is to issue a rule establishing standards for financial institutions to test and validate new BSA compliance technologies.⁴⁹
- **Sharing SAR-related information.** AMLA has several provisions related to information sharing among financial institutions. This includes a pilot program to allow financial institutions to share SAR information with their foreign branches, subsidiaries, and affiliates.⁵⁰ As discussed earlier, FinCEN issued a notice of proposed rulemaking to seek public comment on the proposed establishment of the pilot in January 2022; it had not issued a final rule as of January 2024.⁵¹

⁴⁶Pub. L. No. 116-283, § 6101(b), 134 Stat. 3388, 4549-4552 (2021) (codified at 31 U.S.C. § 5318(h)(4)(D)). AMLA required the Secretary of the Treasury, acting through the Director of FinCEN, to promulgate the regulations, as appropriate, not later than 180 days after the date on which the Secretary of the Treasury established the priorities. FinCEN issued the priorities on June 30, 2021.

⁴⁷AMLA required FinCEN and federal functional regulators to appoint innovation officers not later than 1 year after the effective date of any regulations that may be promulgated by FinCEN under section 6103 of AMLA to establish procedures to protect information shared and exchanged between FinCEN and the private sector through the FinCEN Exchange. Pub. L. No. 116-283, § 6208, 134 Stat. 3388, 4573 (2021). FinCEN had not issued such regulations as of January 2024.

⁴⁸AMLA required the Secretary of the Treasury to submit a report to selected congressional committees on this topic not later than 1 year after the date of the act's enactment. Pub. L. No. 116-283, § 6210(c), 134 Stat. 3388, 4575 (2021). In a document that FinCEN provided to us that was dated March 27, 2023, FinCEN noted that the technology assessment was in progress. FinCEN had not issued the report as of January 2024.

⁴⁹Pub. L. No. 116-283, § 6209(a), 134 Stat. 3388, 4573 (2021). See also Treasury Order 180-01 (reaffirmed Jan. 14, 2020) (delegating responsibility for the issuance of regulations and taking other actions under various laws, including 31 U.S.C. § 5311 et. seq., to the Director of FinCEN).

⁵⁰Pub. L. No. 116-283, § 6212(a), 134 Stat. 3388, 4576-4579 (2021) (codified at 31 U.S.C. § 5318(g)(8)).

⁵¹87 Fed. Reg. 3719 (Jan. 25, 2022). AMLA required the Secretary of the Treasury, in coordination with the FinCEN Director, to issue rules to establish a pilot program not later than 1 year after the date of the act's enactment. Pub. L. No. 116-283, § 6212(a), 134 Stat. 3388, 4576-4577 (2021) (codified at 31 U.S.C. § 5318(g)(8)(A)).

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- **Streamlining SAR form.** FinCEN is formally reviewing regulations implementing BSA and associated guidance to (1) ensure appropriate ongoing safeguards to protect from ongoing threats, (2) ensure that BSA provisions will continue to require useful reports and records, and (3) identify any outdated, redundant, or otherwise not useful regulations or guidance.⁵² In December 2021, FinCEN issued a Request for Information and Comment on ways to streamline, modernize, and update the AML/CFT regime.⁵³

Although FinCEN has taken steps to implement several of these AMLA provisions, others remain unimplemented. At an April 2022 congressional hearing, committee members raised questions about AMLA's implementation deadlines. In September 2022, the Congressional Research Service reported that further delays may raise questions about FinCEN's ability or willingness to prioritize AMLA implementation.⁵⁴ In response to these questions, FinCEN has stated that it needs additional resources to fully implement AMLA. For example, in April 2023, FinCEN's Acting Director testified that additional funding would help staff critical positions necessary to execute FinCEN's mission as mandated by AMLA.⁵⁵ To implement the remaining AMLA provisions, FinCEN requested an additional \$18.2 million and 40 staff in its fiscal year 2024 budget request.

As of October 2023, FinCEN officials said they were primarily focused on implementing the Corporate Transparency Act, which is part of AMLA. This act requires that certain businesses report information on their beneficial owners to FinCEN and requires FinCEN to maintain the information in a nonpublic database. FinCEN's 2023 budget justification listed the implementation of the beneficial ownership reporting

⁵²Pub. L. No. 116-283, § 6216, 134 Stat. 3388, 4582-4583 (2021) (codified at 31 U.S.C. § 5311 note). AMLA required the Secretary of the Treasury, in coordination with other agencies, to submit to Congress a report containing all findings and determinations made in carrying out the review not later than 1 year after the date of the act's enactment. See also Treasury Order 180-01 (reaffirmed Jan. 14, 2020) (delegating responsibility for the issuance of regulations and taking other actions under various laws, including 31 U.S.C. § 5311 et. seq., to the Director of FinCEN).

⁵³86 Fed. Reg. 71201 (Dec. 15, 2021).

⁵⁴Congressional Research Service, *The Financial Crimes Enforcement Network (FinCEN): Anti-Money Laundering Act of 2020 Implementation and Beyond*, R47255 (Washington, D.C.: Sept. 27, 2022).

⁵⁵Testimony of Himamauli Das, Acting Director, Financial Crimes Enforcement Network before the House Committee on Financial Services (Apr. 27, 2023).

requirements, including developing the information technology system and rulemakings, as its top priority. The Beneficial Ownership Reporting Rule, one of several rules pertaining to beneficial ownership requirements, took effect on January 1, 2024.⁵⁶

FinCEN Has Not Provided Information in Full on Its Progress Toward Implementing AMLA

Since AMLA's enactment, FinCEN periodically has updated Congress and the public on its progress toward implementing AMLA but has provided limited information on the status of many of the act's specific sections for which it has implementation responsibilities.⁵⁷ We identified 31 AMLA sections for which FinCEN has one or more rulemaking, reporting, and other anti-money laundering-related implementation responsibilities.⁵⁸ We found that FinCEN publicly communicated the actions it had taken or planned to take to implement 19 sections in total (as of November 2023) but used a piecemeal approach to do so.⁵⁹ Specifically, FinCEN communicated its implementation progress through

⁵⁶87 Fed. Reg. 59498 (Sept. 30, 2022). See also 88 Fed. Reg. 83499 (Nov. 30, 2023) (extending the filing deadline for certain beneficial ownership information reports). AMLA also includes requirements for GAO to conduct several reviews related to this topic, for which we have ongoing work. Pub. L. No. 116-283, §§ 6403, 6502(a), (c), (d).

⁵⁷We use "section" to mean a section of AMLA identified as such in the law—for example, a "section" is section 6101 (Establishment of National Exam and Supervision Priorities). Additionally, we identified FinCEN as having implementation "responsibility" if FinCEN has responsibility pursuant to AMLA or if FinCEN has been delegated such responsibility by Treasury, consistent with Treasury Order 180-01 (reaffirmed Jan. 14, 2020) or FinCEN documentation provided to us.

⁵⁸A section could impose one or more requirements (e.g., section 6101 charges the Secretary of the Treasury with several responsibilities, including publishing AML/CFT priorities and promulgating regulations, among others). As relevant here, AMLA generally charges the Secretary of the Treasury or FinCEN with implementation responsibilities, but FinCEN implemented some of the requirements imposed on the Secretary of the Treasury because it had been delegated those responsibilities informally or consistent with Treasury Order 180-01 (reaffirmed Jan. 14, 2020) (delegating BSA authority to the Director of FinCEN). For example, section 6101 directed the Secretary of the Treasury to establish and publish priorities for AML/CFT policy, but FinCEN issued the priorities.

⁵⁹To determine if FinCEN had publicly communicated progress on a specific section, we reviewed FinCEN's congressional testimonies, budget justifications, and other publicly available documents as of November 2023. Some sections were discussed in multiple sources.

multiple publications that varied in terms of which specific AMLA sections they discussed and the extent to which they discussed them.

- FinCEN maintains an AMLA page on its website, which provides information on the rulemaking and other actions FinCEN had taken to implement eight sections.⁶⁰
- In an April 2022 testimony, FinCEN’s Acting Director provided information on actions the agency had taken or planned to take to implement 12 sections.⁶¹ In an April 2023 testimony, he provided similar information for eight sections.⁶²
- The 2021–2023 unified regulatory agendas collectively described the status of FinCEN’s rulemaking efforts for five sections.
- In its 2022–2024 congressional budget justifications, FinCEN collectively described the actions it had taken or planned to take to implement requirements for nine sections.

As of November 2023, FinCEN had not publicly provided information on 12 AMLA sections for which it has one or more implementation responsibilities. Some of these sections could cover financial institutions’ suggestions. For example, FinCEN has not yet provided publicly available information on its progress on

- establishing standards by which financial institutions are to test technology and related internal processes to facilitate compliance with BSA obligations (section 6209),
- analyzing and reporting on the impact of financial technology on financial crimes compliance (section 6210), or

⁶⁰See Financial Crimes Enforcement Network, *The Anti-Money Laundering Act of 2020*, accessed Nov. 15, 2023, <https://www.fincen.gov/anti-money-laundering-act-2020>.

⁶¹Himamauli Das, Acting Director, Financial Crimes Enforcement Network, testimony before the House Committee on Financial Services (Apr. 28, 2022). AMLA section 6403, codified at 31 U.S.C. § 5336(c)(11), requires the FinCEN Director to be made available, each year for 5 years beginning in 2022, to testify before the Senate Committee on Banking, Housing, and Urban Affairs and the House Committee on Financial Services, or an appropriate subcommittee thereof, regarding FinCEN issues, including anticipated plans, goals, and resources necessary for FinCEN to implement AMLA.

⁶²Testimony of Himamauli Das, Acting Director, Financial Crimes Enforcement Network before the House Committee on Financial Services (Apr. 27, 2023).

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- convening a team of relevant stakeholders to examine strategies to increase cooperation between the public and private sectors for purposes of countering illicit finance (section 6214).⁶³

In response to our August 2023 request, FinCEN provided us with an internal document detailing the implementation status of 17 sections of AMLA as of March 2023. The document identified 24 requirements for the 17 sections, with requirements due to be implemented within the first 2 years of AMLA's enactment. The document noted that seven requirements had been implemented and the others generally were in progress.

FinCEN leadership has responsibility for overseeing, monitoring, and providing updates on its progress towards implementing AMLA, according to Treasury's 2022–2026 strategic plan.⁶⁴ The plan also includes a goal of increasing transparency in the domestic and international financial system, and a desired outcome is AMLA's successful implementation.⁶⁵ In addition, in our prior work, we developed leading practices to help effectively implement federal evidence-building and performance-management activities.⁶⁶ One such practice is communicating learning and results, which includes frequent communication of results to key stakeholders, such as Congress and the public, who may need the information for oversight or decision-making. We further note that such communication can promote buy-in from stakeholders.

FinCEN has publicly disclosed its progress implementing many AMLA sections through testimonies, budget justifications, and other sources. However, FinCEN has not provided Congress and the public with a full picture of its progress in implementing all sections of AMLA for which it has implementation responsibilities, in part because it has not made such public disclosures a priority or developed and implemented a plan to guide its communication of such information. By communicating its

⁶³Pub. L. No. 116-283, §§ 6209, 6210, 6214.

⁶⁴According to Treasury's 2022–2026 strategic plan, Treasury senior leadership designated officials who serve as goal leads and objective leads responsible for overseeing and monitoring progress towards the strategic plan's desired outcomes. Throughout the quarterly review cycle, these officials are to provide Treasury leadership with an update on progress and areas in which assistance is needed to meet priorities.

⁶⁵Department of the Treasury, *Strategic Plan 2022–2026* (Washington, D.C.: 2022).

⁶⁶GAO-23-105460.

progress in implementing AMLA in full, FinCEN would promote greater transparency and accountability.⁶⁷

FinCEN Lacks Reliable Data on Law Enforcement Satisfaction with Its Products and Services

FinCEN Provides Several Products and Services to Help Support Law Enforcement

FinCEN manages the BSA database that stores SARs and other BSA reports used by law enforcement agencies to investigate and prosecute illicit finance. FinCEN provides selected law enforcement agencies with tools, training, and guidance to help them access and search its BSA database. In addition, FinCEN produces analytic products that law enforcement agencies can use for investigative or other purposes.

Tools for Searching the BSA Database and Related Training and Guidance

To access FinCEN's BSA database directly, law enforcement agencies must enter into an MOU with FinCEN, which establishes the terms and conditions for the agency to use BSA reports and protect their confidentiality.⁶⁸ According to FinCEN officials, the agency limits direct

⁶⁷As discussed above, an AMLA section may impose one or more requirements on Treasury or FinCEN. In that regard, we use “in full” to mean that the disclosure would cover each relevant requirement in a section for which FinCEN maintains implementation responsibilities.

⁶⁸In March 2023, the Treasury Inspector General testified that his office had identified weaknesses in FinCEN’s MOU management, including not maintaining or updating MOUs in accordance with standard operating procedures, not reassessing agencies’ need for bulk data access, and not having a readily available list of all MOUs. The Inspector General said that his office had over 30 findings and recommendations for FinCEN in this area. House Committee on Financial Services, Subcommittee on Oversight and Investigations, *Holding the Biden Administration Accountable for Wasteful Spending and Regulatory Overreach*, 118th Cong. (Mar. 8, 2023); testimony of Richard K. Delmar, Acting Inspector General, Department of the Treasury. In August 2023, the Inspector General published its first report in a planned series on FinCEN’s MOU management, which had six recommendations on FinCEN’s processes for restricting access to specific financial records. FinCEN concurred with the recommendations. Department of the Treasury, Office of Inspector General, *Audit of FinCEN’s Management of BSA Data - Suppression Report*, OIG-23-030 (Washington, D.C.: Aug. 31, 2023).

access to the BSA database to manage oversight costs and protect against improper access to the reports.⁶⁹ Once an agency has an MOU in place, it can use the FinCEN Portal to access and FinCEN Query to search the BSA database.⁷⁰ According to FinCEN, more than 470 law enforcement (federal, state, and local), regulatory, and national security agencies had MOUs as of the end of fiscal year 2022.

For fiscal years 2019–2022, law enforcement agencies conducted more than 6.7 million queries of the BSA database, according to our analysis of FinCEN data.⁷¹ As shown in figure 3, DEA, Immigration and Customs Enforcement, and FBI conducted the most queries during this period—accounting for 47 percent of the total.⁷²

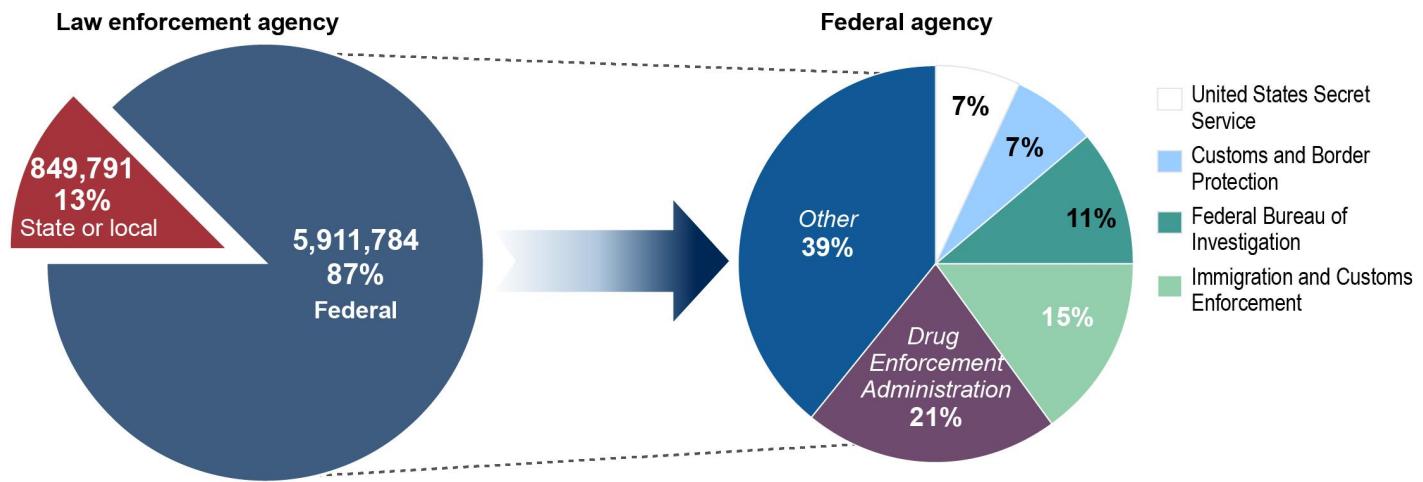
⁶⁹FinCEN uses a set of criteria to score a law enforcement agency's request for direct access. The specific criteria to assess each area vary, depending on whether the applicant is from a federal, state, or local agency. The criteria include the number of staff, number of potential BSA database searches, location, and agency priorities. FinCEN considers this score, among other factors, in its decision-making process to help determine if an MOU is appropriate for the requesting agency.

⁷⁰The FinCEN Portal is the gateway for authorized federal, state, and local law enforcement and regulatory users to access BSA reports. Users log onto the FinCEN Portal to access FinCEN Query (a search application for authorized users of the BSA database), reports, secure e-mail, training, and help resources, such as the Electronic Knowledge Library.

⁷¹FinCEN's data on use of the BSA database by agencies with an MOU include both the number of cases (termed "searches" by FinCEN) on which database users worked and the number of queries made to the database. A case is an individual case, analysis, or examination for which a user sought information. A query is a user's request for information from the system. A user may conduct multiple queries of the database as part of a case. The data we received excluded queries conducted by regulators and other non-law enforcement agencies.

⁷²As we previously reported, this measure excludes search requests and database searches using a downloaded database. GAO, *Anti-Money Laundering: Opportunities Exist to Increase Law Enforcement Use of Bank Secrecy Act Reports, and Banks' Costs to Comply with the Act Varied*, GAO-20-574 (Washington, D.C.: Sept. 22, 2020). According to FinCEN, nine federal agencies (including the FBI, IRS-CI, U.S. Secret Service, Immigration and Customs Enforcement, and Customs and Border Protection) have Agency Integrated Access agreements with FinCEN to ingest BSA reports into their agencies' internal computer systems. Personnel in agencies with access to the data through their internal computer systems can search the data directly. FinCEN does not systematically collect information on the number of cases worked with these data, and therefore we have not included them in our analysis of use of the database.

Figure 3: Number and Share of FinCEN Queries Conducted by Law Enforcement Agencies, Fiscal Years 2019–2022



Source: GAO analysis of Financial Crimes Enforcement Network (FinCEN) data. | GAO-24-106301

Accessible data table for Figure 3: Number and Share of FinCEN Queries Conducted by Law Enforcement Agencies, Fiscal Years 2019–2022

- State or local: 849,791; 13%
- Federal 5,911,784; 87%

Federal agencies:

- US Secret Service 7%
- Customs and Border Protection 7%
- FBI 11%
- ICE 15%
- DEA 21%
- Other 39%

Source: GAO analysis of Financial Crimes Enforcement Network data. | GAO-24-106301

Note: These data exclude queries conducted by agencies using a downloaded database. Nine federal agencies have agreements with FinCEN to download the Bank Secrecy Act database into their agencies' internal computer systems.

FinCEN provides training, guidance, and outreach to law enforcement agencies, in part to help them effectively and efficiently access and search the BSA database.

-
- FinCEN requires staff of agencies with an MOU to take a BSA training course designed to ensure that users understand requirements for using and disclosing BSA reports.
 - FinCEN offers web-based training courses on using the Portal and Query. These courses cover topics such as techniques to search the BSA database, interpret SARs, and identify connected financial transactions and money laundering methods. FinCEN also provides law enforcement agencies with written guidance and manuals on how to use the Portal and Query.
 - To increase awareness of its analytic products and services, FinCEN attends conferences and conducts information sessions to provide subject matter training and outreach to law enforcement agencies.

In 2020, we found that agencies without MOUs may not know about BSA reports or may face hurdles that limit their use of BSA reports.⁷³ We recommended that FinCEN develop and implement policies and procedures (educational or training materials) to help promote the greater use of BSA reports by law enforcement agencies without an MOU. FinCEN agreed with the recommendation but noted it also must ensure that broader access to BSA reports be balanced against security considerations.

In June 2023, FinCEN officials told us they were developing an education plan to inform law enforcement agencies without an MOU about the BSA database but had no set time frames for completing the plan. Another way that FinCEN could implement the recommendation is by providing agencies without an MOU with access only to the FinCEN Portal. This access level would enable these agencies to take web-based training and view help resources, even without access to FinCEN Query and the BSA database. According to FinCEN officials, the agency has granted portal-only access to one agency. We continue to believe the implementation of the recommendation would help promote the greater use of BSA reports by law enforcement agencies without an MOU.

Analytic Products

To assist law enforcement agencies, FinCEN produces several analytic reports on trends and methods in money laundering and other financial crimes based on BSA reports and other information (see table 1). FinCEN

⁷³[GAO-20-574](#).

shares these products with appropriate federal, state, local, and foreign law enforcement agencies through the FinCEN Portal and in other ways.

Table 1: FinCEN Analytic Products

Report type	Number of products in fiscal year 2022	Description and anticipated use	Audience
Intelligence assessments	4	<p>Longer tactical or strategic analytic papers that provide in-depth analyses of financial crime methodologies; associated trends, patterns, and vulnerabilities; and countermeasure recommendations</p> <p>Investigative or intelligence leads, strategic intelligence, policy development or assessment</p>	Treasury and federal, state, and local law enforcement agencies with access to the FinCEN Portal ^a
Intelligence reports	23	<p>Tactical analytic reports describing an actor or group of actors suspected of illicit financial activity</p> <p>Investigative or intelligence leads and strategic intelligence</p>	Treasury and federal, state, and local law enforcement agencies with access to the FinCEN Portal ^a
Network analyses	13	<p>Reports with links and flow charts summarizing financial activity of suspected illicit financial networks</p> <p>Investigative or intelligence leads</p>	Treasury and federal, state, and local law enforcement agencies with access to the FinCEN Portal ^a
Topical suspicious activity report summaries	70	<p>Periodic reports that summarize recently filed suspicious activity reports on topics of interest</p> <p>Investigative or intelligence leads</p>	Treasury and federal, state, and local law enforcement agencies with access to the FinCEN Portal ^a
Research summaries and situation reports	87	<p>Reports summarizing research on specific threats, such as those related to cyber or transnational security</p> <p>Situational or strategic awareness</p>	Treasury and federal, state, and local law enforcement agencies with access to the FinCEN Portal ^a
Investigative memorandums	122	<p>Operational analysis produced at the request of law enforcement to provide case support for ongoing investigations</p> <p>Responses to requests from U.S. and foreign law enforcement agencies on investigative or intelligence leads</p>	Peer-to-peer between Treasury and federal law enforcement agencies
Financial profiles	1	<p>Reports summarizing financial activity of a person, business, or financial institution suspected of illicit financial activity</p> <p>Investigative or intelligence leads and strategic intelligence</p>	Treasury and federal law enforcement agencies

Source: GAO summary of Financial Crimes Enforcement Network (FinCEN) information. | GAO-24-106301

^aFinCEN stated the federal law enforcement agency recipients are limited to the Drug Enforcement Administration, Federal Bureau of Investigation, Homeland Security Investigations, and U.S. Secret Service.

FinCEN Annually Surveys Law Enforcement Users on Satisfaction with Products and Services, but Surveys Have Methodological Weaknesses

FinCEN annually surveys law enforcement and other users about their level of satisfaction with the FinCEN Portal and Query (and related training and guidance) and analytic products.⁷⁴ FinCEN officials told us the agency uses the surveys to identify needed improvements or areas for enhancement, such as new training. FinCEN also uses the surveys to obtain annual data, which Treasury uses for performance measures included in its annual performance reports under the Government Performance and Results Act of 1993, as amended (GPRA).⁷⁵

FinCEN works with a vendor to design and implement the surveys. For the FinCEN Portal and Query survey and Domestic Analytic Products survey, FinCEN provides the vendor with an email list of active users of its products and services.⁷⁶ The vendor emails the surveys to all active users on FinCEN's list.⁷⁷

Active users who responded to FinCEN's surveys generally were satisfied with FinCEN's products and services. However, we found methodological weaknesses in the surveys, as discussed below. For each survey, the vendor analyzed the survey data and reported the results to FinCEN. The vendor used the American Customer Satisfaction Index methodology to

⁷⁴In addition to federal, state, and local law enforcement agencies, prospective survey respondents include federal, state, and local regulatory agencies.

⁷⁵The Government Performance and Results Act of 1993 created a federal performance planning and reporting framework. Pub. L. No. 103-62, 107 Stat. 285. The GPRA Modernization Act of 2010 amended and significantly expanded the framework to address a number of persistent federal performance challenges, including focusing attention on crosscutting issues and enhancing the use and usefulness of performance information. Pub. L. No. 111-352, 124 Stat. 3866 (2011).

⁷⁶FinCEN defines active users as those who used the FinCEN Portal in the last 90 days. The vendor sends the FinCEN Portal and Query survey to all active users and the Domestic Analytic Products survey to all active FinCEN Portal users, as well as individuals participating in the 314(a) program and domestic customers who received FinCEN analytic products.

⁷⁷Although FinCEN had the vendor survey the entire population, another option would have been to survey a random sample. According to the statement of service for the surveys, the vendor will consult with FinCEN on a data collection methodology. This may include FinCEN providing a list of prospective respondents from which a random sample can be drawn.

develop and interpret the survey data for most questions.⁷⁸ In the 2022 FinCEN Portal and Query survey, the respondents rated the value and impact of BSA data as “excellent,” the usability of FinCEN’s Portal as “good,” and training and outreach sessions as “excellent.” For the 2022 Domestic Analytic Products survey, the respondents rated the analytic products and case support as “excellent.”

However, in our review of the 2018–2022 surveys, we found weaknesses in the surveys’ methodology and disclosure of the results.

- **Low response rates and nonresponse bias risk.** The surveys had low response rates (see table 2). Survey response rate is a valuable data quality measure. For the 2018–2022 FinCEN Portal and Query surveys, the reported response rates ranged from around 8 percent to 10 percent. For the Domestic Analytic Products surveys, the reports did not include the response rates. Instead, FinCEN separately provided us with the response rates for the 2021 and 2022 surveys, which were 2 percent and 3 percent, respectively. FinCEN officials told us neither they nor their vendor could locate the response rates for the 2018–2020 surveys. The surveys typically were open from around 2 weeks to 1 month, and FinCEN officials told us that the vendor sent nonrespondents weekly follow-up emails and a final email before the surveys closed.

Table 2: Response Rates and Related Information for Selected FinCEN Customer Satisfaction Surveys, 2018–2022

Survey and response information	2018	2019	2020	2021	2022
Portal and Query Survey					
Number of survey recipients	11,042	12,340	12,881	10,474	13,425
Number of respondents	925	1,229	1,188	946	1,301
Response rate (percent)	8.4	10	9.2	9	9.7
Domestic Analytic Products Survey					
Number of survey recipients	n/a ^a	n/a ^a	n/a ^a	13,400a	17,203 ^a
Number of respondents	169	258	268	280	558
Response rate (percent)	n/a ^a	n/a ^a	n/a ^a	2.1 ^a	3.2 ^a

Legend: n/a = not available

Source: GAO summary of Financial Crimes Enforcement Network (FinCEN) information. | GAO-24-106301

^aInformation was not provided in the survey report. FinCEN provided the information, when available.

⁷⁸The index is a national indicator of customer evaluations of the quality of goods and services, in which respondents rate their satisfaction with various items on a scale from 1 to 10 (1 equals poor and 10 equals excellent).

The low response rates raise the risk of nonresponse bias—that is, the potential for the number of active users who completed the surveys to not accurately reflect the population of active users. Nonresponse bias might occur due to under- or overrepresentation of some respondents' views on survey questions.

However, FinCEN officials told us they did not conduct a nonresponse bias analysis. When a nonresponse bias analysis is performed, survey researchers can use the results to select and adjust statistical weighting techniques to help ensure that survey results accurately reflect the survey population. For example, OMB's survey research guidelines suggest that a nonresponse bias analysis be conducted when the response rate is below 80 percent.⁷⁹ FinCEN officials told us its vendor offered the analysis for an additional fee, but FinCEN did not purchase it.

- **Variation in type of respondents and nonresponse bias risk.** Each year, the surveys are sent to all active users of FinCEN's products and services, but we found that the percentage of users who responded to the surveys varied by agency within and across years. For example, in the Domestic Analytic Products 2020 survey, the Department of Homeland Security accounted for 10 percent of the responses and DOJ and Treasury each accounted for around 20 percent. In the 2021 survey, Homeland Security accounted for 28 percent of the responses, DOJ for 35 percent, and Treasury 1 percent.

Such variation can increase the risk of nonresponse bias if systematic factors cause some users to complete the survey and others not to complete it. Moreover, if survey results are not adjusted for any nonresponse bias, the reported level of user satisfaction represents only the views of the respondents and not the population of users. FinCEN officials told us that no steps were taken to account for the variation or analyze its potential effect on the survey results.

- **Nondisclosure of low response rates.** FinCEN did not disclose the low response rates in its 2018–2022 Domestic Analytic Product survey reports and recent annual performance reports. As a result, FinCEN's survey reports did not provide the audience with a key indicator of the quality of the survey data. As discussed above, low response rates may make survey results representative of only a small percentage of active users of FinCEN products and services.

⁷⁹Office of Management and Budget, *Standards and Guidelines for Statistical Surveys* (Washington, D.C.: September 2006).

Similarly, FinCEN did not conduct a nonresponse bias analysis, although response rates were below OMB's 80 percent threshold for conducting such analysis.

Treasury also used the survey data to develop and present its three FinCEN performance measures. The measures are presented as representing all active users of its products and services without disclosing the data limitations (see table 3).⁸⁰

Table 3: FinCEN's Performance Measures in Annual Performance Plan and Report, Fiscal Years 2018–2022

Performance measure	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)
Percentage of domestic law enforcement and foreign financial intelligence units who assert analytic products used led to detection and deterrence of illicit activity	95	92	97	96	n/a ^a
Percentage of domestic law enforcement and regulators who assert queried Bank Secrecy Act data led to detection and deterrence of illicit activity	85	92	90	93	92
Percentage of users satisfied with FinCEN information-sharing systems	86	89	88	87	87

Legend: n/a = not applicable

Source: Treasury's annual performance plans and reports for the Financial Crimes Enforcement Network (FinCEN). I GAO-24-106301

Note: FinCEN calculates the performance measures using raw survey data (user responses to certain questions in the surveys). These data reflect only the small proportion of users who responded to the surveys and not all users of FinCEN's products and services.

^aFinCEN discontinued this performance measure in 2022 and was working on developing an improved replacement measure to assess performance.

GPRA requires agencies to prepare information on the reliability of data in their performance reports. Verification and validation of performance data support the general accuracy and reliability of performance information, reduce the risk of inaccurate performance data, and provide a sufficient level of confidence to Congress and the public that the information presented is credible. Related OMB guidance encourages agencies to consider a variety of factors when verifying and validating performance data. Such factors include ensuring that supporting documentation is maintained and readily available, staff are skilled and trained in proper

⁸⁰FinCEN calculates the performance measures using raw survey data (user responses to certain questions in the surveys). As a result, the measures capture the small percentage of law enforcement and other users who responded to the surveys, not the percentage of all users of FinCEN's products and services.

procedures, accuracy limits of all data are appropriate to their intended use, and data limitations are explained and documented.⁸¹

Because of the low response rates and lack of nonresponse bias analysis, FinCEN's survey results may not provide a complete and accurate picture of the extent to which law enforcement is satisfied with FinCEN's products and services. As a result, FinCEN may be missing important feedback when making decisions regarding its support for law enforcement. It also may be overstating the extent to which it meets performance measure targets. In addition, without disclosing survey limitations in its annual performance plans and reports, FinCEN risks providing Congress and the public with potentially misleading performance information.

Data on Outcomes of Federal Illicit Finance Investigations Do Not Provide a Full Picture of Total Outcomes

Federal law enforcement agencies track outcomes of their illicit finance investigations. But it is difficult to determine total outcomes across the federal government because monitoring and data collection on such efforts are fragmented across individual agencies.⁸² Some DOJ datasets

⁸¹Office of Management and Budget, *Preparation, Submission, and Execution of the Budget*, Circular A-11 (Washington, D.C.: August 2023). According to the OMB guidance, performance data need not be perfect to be valid and reliable to inform management decision-making. Agencies can calibrate the accuracy of the data to the intended use of the data and the cost of improving data quality. At the same time, significant data limitations can lead to bad decisions resulting in lower performance or inaccurate performance assessments. In addition, OMB has issued standards and guidance for statistical surveys that instruct agencies to design surveys to achieve the highest practical rates of response to ensure that results are representative of the target population. Agencies are to conduct nonresponse bias analyses when response rates or other factors suggest the potential for bias to occur. See *Standards and Guidelines for Statistical Surveys* (2006).

⁸²In our prior work, we defined fragmentation as circumstances in which more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national need and opportunities exist to improve service delivery. GAO, *Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide*, GAO-15-49SP (Washington, D.C.: Apr. 14, 2015).

track illicit finance investigation outcomes across multiple agencies, but the data are not complete.⁸³

Federal Law Enforcement Agencies Collect and Report Data on the Outcomes of Their Illicit Finance Investigations

The case management systems of DEA, HSI, IRS-CI, and OCDETF collect and report an array of data, including convictions, seizures, and forfeitures. The agencies publicly report some of these outcomes in their annual performance plans and reports as performance measures (see table 4).

Table 4: Selected Examples of Illicit Finance-Related Performance Measures That Federal Agencies Use, Fiscal Year 2022

Agency	Performance measure	Total
Organized Crime Drug Enforcement Task Forces	Percentage of investigations with indictments resulting in financial convictions	61%
	Percentage of defendants with financial violations convicted	10%
	Percentage of convictions in closed investigations reporting use of Bank Secrecy Act reports	86%
Internal Revenue Service - Criminal Investigation	Number of defendants sentenced in money laundering cases	418
	Number of defendants sentenced in cases initiated based on Bank Secrecy Act Reports	267
Drug Enforcement Administration	Monetary value of currency, property, and drugs seized (total value intercepted) ^a	\$17.5 billion

Source: GAO analysis of federal law enforcement agencies' performance reports and related documentation. | GAO-24-106301

^aIn January 2024, DEA officials said that they plan to discontinue this metric in fiscal year 2025 and replace it in fiscal year 2026 with an outcome metric or indexes that better reflect DEA's effectiveness against drug-related threats to public health and safety.

DEA, HSI, and OCDETF also track and report data on high-priority organizations they disrupted or dismantled (see table 5).⁸⁴ The agencies

⁸³AMLA section 6201 requires DOJ to annually produce a report containing statistics, metrics, and other information on the use of data derived from BSA-reported data, including the extent to which arrests and convictions were related to the use of the BSA-reported data. In 2022, we found that DOJ faced challenges collecting data that connect agencies' use of BSA reports to case outcomes using current data systems. GAO-22-105242.

⁸⁴For OCDETF and DEA, high-priority targets are those on the Attorney General's Consolidated Priority Organization Target list, comprising leaders of the most prolific transnational criminal organizations. HSI also tracks this metric specifically for high-threat transnational criminal organizations engaged in criminal activity related to illicit trade, travel, or finance.

define disruption as impeding the normal and effective operation of the targeted organization, as indicated by changes in organizational leadership, changes in methods of operation, or both. They define dismantlement as destroying the organization's leadership, financial base, and network to the degree that the organization is incapable of operating and reconstituting itself.

Table 5: Selected Examples of Performance Measures on Disruption and Dismantlement Used by Federal Agencies, Fiscal Year 2022

Agency	Performance measure	Total
Organized Crime Drug Enforcement Task Forces	Number of transnational criminal organizations that were disrupted or dismantled	443
	Number of organizations linked to consolidated priority organization targets that were disrupted or dismantled by investigations ^a	196
Drug Enforcement Administration	Number of foreign priority target organizations linked to consolidated priority organizations that were disrupted or dismantled ^b	27
	Number of foreign priority target organizations not linked to consolidated priority organizations that were disrupted or dismantled	94
	Number of domestic priority target organizations linked to consolidated priority organizations that were disrupted or dismantled	85
	Number of domestic priority target organizations not linked to consolidated priority organizations that were disrupted or dismantled	969
Homeland Security Investigations	Number of significant drug-related illicit trade, travel, and finance investigations that resulted in a disruption or dismantlement	229
	Number of significant non-drug-related illicit trade, travel, and finance investigations that resulted in a disruption or dismantlement	238

Source: GAO analysis of federal law enforcement agencies' performance reports and related documentation. | GAO-24-106301

^aA consolidated priority organization target is the command-and-control element of a major transnational criminal organization that significantly impacts the United States.

^bA priority target organization engages in the highest levels of transnational criminal operations that significantly impact international, national, regional, or local communities.

DOJ Datasets Provide a Multiagency View of Illicit Finance Investigation Outcomes

We used DOJ datasets to compile statistics on the outcomes of illicit finance investigations. Specifically, we obtained summary data from three DOJ datasets that captured illicit finance-related convictions and asset seizures and forfeitures across multiple federal law enforcement agencies for fiscal years 2018–2022.

The data show a slightly downward trend in total convictions and asset seizures and forfeitures over the period but do not provide insights on the causes of the trends. For example, although OCDETF reported that the

COVID-19 pandemic negatively affected its capacity to conduct cases, the trends were declining before the pandemic.

EOUSA Data on Convictions

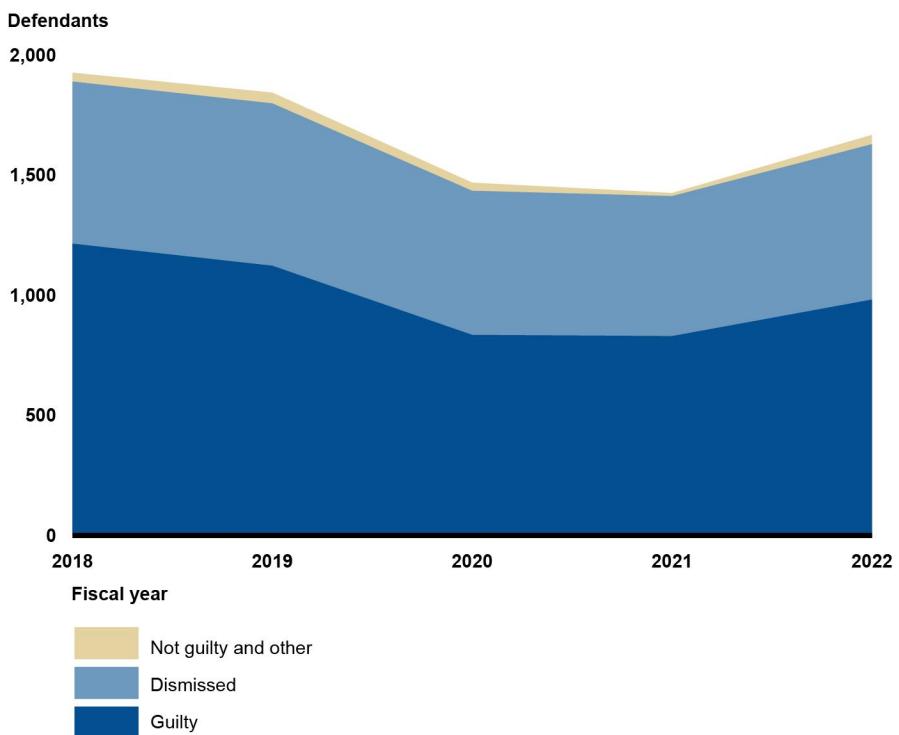
U.S. Attorneys' Offices charged about 2,100–2,500 defendants annually under federal money laundering-related statutes in fiscal years 2018–2022, according to EOUSA data.⁸⁵ About 820–1,200 defendants per fiscal year were found guilty in that period, as shown in figure 4.⁸⁶ Agencies refer their investigative matters to U.S. Attorneys' Offices for prosecution, and FBI, DEA, and Immigration and Customs Enforcement accounted for the greatest number of referrals that resulted in convictions during the period (see app. III for more detailed EOUSA data).⁸⁷ The data include any federal prosecutions in which the defendant was charged under one or more of the federal money laundering-related statutes. However, the data omit money laundering-related cases if a defendant was charged only under a predicate crime (such as narcotics trafficking) rather than a money laundering-related crime or if the money laundering charge did not result in a conviction.

⁸⁵Data are from EOUSA's CaseView, the case management system used by U.S. Attorneys Offices, which includes data on matters, cases, appeals, charges, statutes, and sentencing. EOUSA is a component of DOJ. In this report, we define "federal money laundering-related statutes" as the following: 18 U.S.C. § 1956, 18 U.S.C. § 1957, 18 U.S.C. § 1960, 31 U.S.C. § 5313, 31 U.S.C. § 5316, 31 U.S.C. § 5324, 31 U.S.C. § 5331, and 31 U.S.C. § 5332.

⁸⁶According to EOUSA officials, defendants are often charged and sentenced in different years. Thus, the populations of defendants charged and the population of defendants disposed are different.

⁸⁷An HSI official told us that the agency's total number of indictments and convictions was greater than the totals reflected in the EOUSA data. The official said a reason for the discrepancy could be that EOUSA records one agency as the referring agency when multiple agencies participate in an investigative matter referred to a U.S. Attorney.

Figure 4: Number of Defendants Who Had Been Charged under Federal Money Laundering-Related Statutes, by Disposition Status, Fiscal Years 2018–2022



Source: Executive Office for U.S. Attorneys' CaseView data. | GAO-24-106301

Accessible data table for Figure 4: Number of Defendants Who Had Been Charged under Federal Money Laundering-Related Statutes, by Disposition Status, Fiscal Years 2018–2022

FY	Guilty	Dismissed	Not Guilty and Other
2018	1204	675	37
2019	1112	676	45
2020	824	600	34
2021	819	583	13
2022	971	647	39

Notes: A defendant was included in the data if charged with one or more of the federal money laundering-related statutes we identified.

The disposition status of “other” includes (1) the case transferring districts, (2) the charge being included in another case, (3) adjudicated (juveniles and nonjuveniles), and (4) removal (Rule 40). Rule 40 of the Federal Rules of Criminal Procedure permits a judge, in certain circumstances, to require an individual who was charged with a federal offense in one district and apprehended in another to return to the court where the federal charges are pending.

Additionally, the “dismissed” disposition status includes charges that have been dropped as a result of plea bargains.

DOJ Data on Seizures and Forfeitures

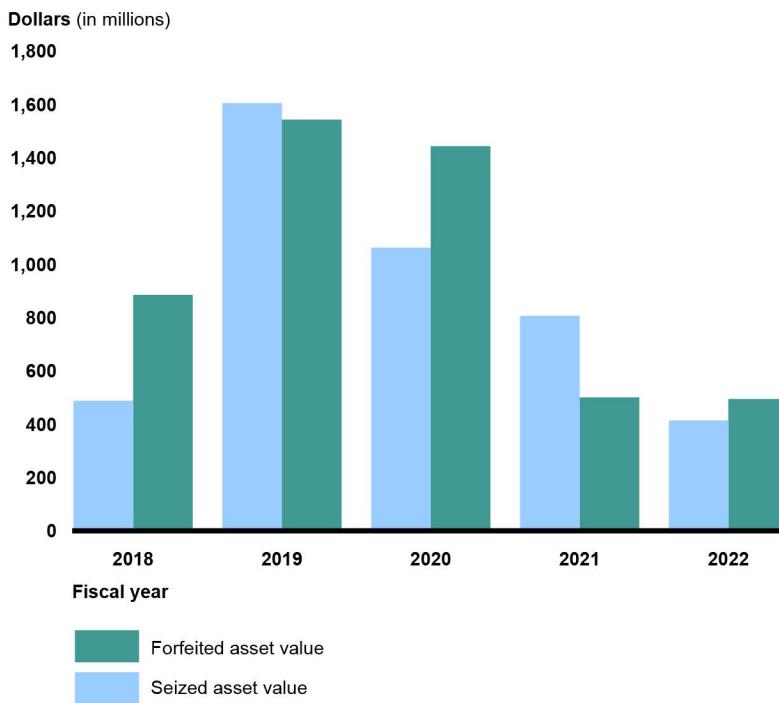
For money laundering-related investigations in fiscal years 2018–2022, DOJ’s Consolidated Asset Tracking System (CATS) data show agencies seized assets valued from \$414 million in fiscal year 2018 up to \$1.6 billion in fiscal year 2019 and finalized the forfeiture of assets valued from \$495 million in fiscal year 2022 to \$1.5 billion in fiscal year 2019 (see fig. 5).⁸⁸ CATS tracks the lifecycle of assets seized for forfeiture by federal law enforcement agencies. FBI, DEA, Immigration and Customs Enforcement, and IRS accounted for the greatest value of forfeited assets during the period (see app. III for more detailed CATS data). The CATS data reflect assets seized for forfeiture by agencies participating in DOJ’s Assets Forfeiture Fund.⁸⁹ The data also reflect assets seized for forfeiture that are referred to the U.S. Attorneys’ Offices for judicial forfeiture proceedings, regardless of the seizing agency.⁹⁰

⁸⁸We obtained CATS data for assets associated with one or more federal money laundering-related statutes we identified (listed in appendix I, table 7).

⁸⁹The Comprehensive Crime Control Act of 1984 established the Assets Forfeiture Fund as a special fund in Treasury to receive the proceeds of forfeitures pursuant to any law enforced or administered by DOJ. Pub. L. No. 98-473, § 310, 98 Stat. 1976, 2052 (codified at 28 U.S.C. § 524(c)). The law authorizes the Attorney General to use the fund to, among other things, finance expenses associated with the execution of asset forfeiture functions and, with specific limitations, certain general investigative costs. DOJ participants in the fund are Asset Forfeiture Management Staff; the Bureau of Alcohol, Tobacco, Firearms, and Explosives; DEA; FBI; the Money Laundering and Asset Recovery Section; OCDETF; U.S. Attorneys’ Offices; and U.S. Marshals Service. Other participants are the Department of Agriculture’s Office of Inspector General, Department of Defense’s Defense Criminal Investigative Service, Department of State’s Diplomatic Security Service, U.S. Food and Drug Administration’s Office of Criminal Investigations, and the U.S. Postal Inspection Service.

⁹⁰Judicial forfeiture means a civil or a criminal proceeding in a United States District Court that may result in a final judgment and order of forfeiture.

Figure 5: Value of Seizures and Forfeitures in Money Laundering-Related Investigations in the Consolidated Asset Tracking System, Fiscal Years 2018–2022, in Fiscal Year 2022 Dollars



Source: Department of Justice's Consolidated Asset Tracking System data. | GAO-24-106301

Accessible data table for Figure 5: Value of Seizures and Forfeitures in Money Laundering-Related Investigations in the Consolidated Asset Tracking System, Fiscal Years 2018–2022, in Fiscal Year 2022 Dollars

FY	Seized Asset Value	Forfeited Asset Value
2018	488.337	885.367
2019	1604.79	1543.1
2020	1062.4	1442.96
2021	806.779	500.519
2022	414.056	494.586

Note: A seizure or forfeiture was included in the data if its primary associated federal statute was one or more of the federal money laundering-related statutes we identified.

The Department of Justice provided its data in nominal dollars. We adjusted the values for inflation using the Gross Domestic Product price index and present them in fiscal year 2022 dollars.

CATS data do not include assets seized by agencies that participate in the Treasury Forfeiture Fund, which receives the proceeds of forfeitures

from Treasury and Homeland Security law enforcement agencies.⁹¹ Treasury officials told us that they lack the ability to identify which of the Treasury Forfeiture Fund's assets were seized or forfeited under specific statutes.

OCDETF Data on Convictions, Seizures, and Forfeitures

We also obtained data from the Organized Crime and Drug Enforcement Task Forces (OCDETF), an independent component of DOJ that uses a prosecutor-led, multiagency approach. Although OCDETF data overlap with the DOJ data presented above, the data focus on high-level transnational, national, and regional criminal organizations and networks.⁹² All OCDETF investigations must have a financial component. For the purposes of its investigations, OCDETF defines "financial violation" more broadly to include federal money laundering-related statutes, as defined above, and related violations, such as tax evasion.

As shown in table 6, from 7 percent to 10 percent of the total convicted defendants in OCDETF investigations were convicted of financial violations in fiscal years 2018–2022.

Table 6: Percentage and Number of Defendants in OCDETF Investigations Convicted of Financial Violations, Fiscal Years 2018–2022

Investigation outcomes	2018	2019	2020	2021	2022
Percent of defendants convicted of financial violations	10%	8%	8%	7%	10%
Number of defendants convicted of financial violations	721	598	432	404	675
Number of defendants convicted	6,941	7,450	5,567	5,778	7,086

Source: Organized Crime and Drug Enforcement Task Forces (OCDETF). | GAO-24-106301

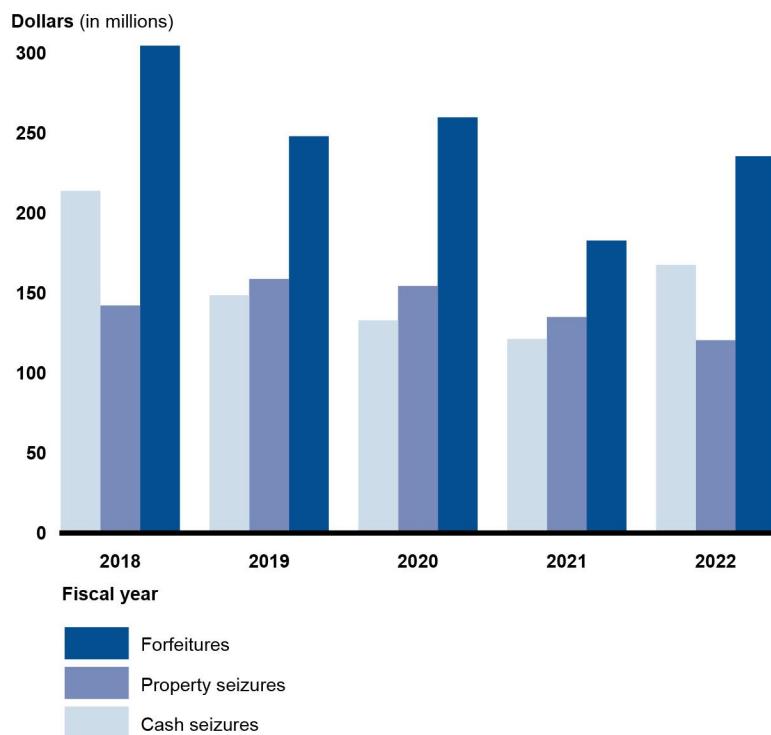
Figure 6 shows that in fiscal years 2018–2022, OCDETF investigations annually resulted in \$256–\$356 million in seizures and \$183–\$305 million in forfeitures. During this period, OCDETF investigations resulted in

⁹¹31 U.S.C. § 9705. Federal law enforcement agencies participating in the Treasury Forfeiture Fund include Treasury's IRS-CI and Homeland Security's U.S. Customs and Border Protection, HSI, U.S. Coast Guard, and U.S. Secret Service. Assets seized for forfeiture by these agencies would be included in CATS if they were referred to U.S. Attorneys' Offices for judicial forfeiture.

⁹²All cases that OCDETF referred to U.S. Attorneys' Offices for prosecution would be included in EOUSA's CaseView data. Likewise, all assets seized for forfeiture by OCDETF would be included in CATS because OCDETF participates in DOJ's Assets Forfeiture Fund. We did not review such data to determine the level of overlap.

money judgments that ranged from around \$276 million to over \$2 billion (see app. III for more detailed OCDETF data).⁹³

Figure 6: Value of Seizures and Forfeitures in OCDETF Investigations, Fiscal Years 2018–2022, in Fiscal Year 2022 Dollars



Source: Organized Crime and Drug Enforcement Task Forces (OCDETF) data. | GAO-24-106301

Accessible data table for Figure 6: Value of Seizures and Forfeitures in OCDETF Investigations, Fiscal Years 2018–2022, in Fiscal Year 2022 Dollars

FY	Cash seizures	Property seizures	Forfeitures
2018	213.863	142.242	304.609
2019	148.604	158.885	247.993
2020	132.935	154.472	259.834
2021	121.296	135.049	182.822
2022	167.678	120.552	235.521

⁹³According to DOJ, as part of sentencing in a criminal forfeiture case, a court may order the defendant to pay a sum of money as a money judgment. OCDETF provided its data in nominal dollars. We adjusted the values for inflation using the Gross Domestic Product price index and present them in fiscal year 2022 dollars.

Note: OCDETF provided its data in nominal dollars. We adjusted the values for inflation using the Gross Domestic Product price index and present them in fiscal year 2022 dollars.

Comprehensive Data on the Outcomes of Federal Illicit Finance Investigations Are Not Readily Available

Although individual federal agencies collect data on outcomes of their illicit finance investigations, comprehensive, government-wide data on such outcomes do not exist because data collection is fragmented and data may be incomplete.⁹⁴

- **Data collection is fragmented.** Each federal law enforcement agency we reviewed uses its own case management system to collect data on its illicit finance investigations and outcomes. Agencies may measure or report on these outcomes differently. In addition, some federal law enforcement agency officials said task force investigations can create duplicate reporting if the participating agencies separately record those outcomes in their own case tracking systems.
- **No single dataset tracks all money laundering-related seizures.** We previously reported that there are four separate systems that track assets seized by federal agencies: CATS and three systems used by agencies participating in Treasury's Forfeiture Fund (which includes Treasury and Homeland Security agencies).⁹⁵ If assets seized by agencies participating in the Treasury Forfeiture Fund are referred to U.S. Attorneys for judicial forfeiture, they appear in CATS' forfeiture data with their associated charges. However, until that occurs, there is no single system to track all seizures from agencies participating in the Treasury Forfeiture Fund with their related charges. According to Treasury officials, to identify seizures specifically associated with

⁹⁴The Financial Action Task Force's 2016 mutual evaluation of the United States found that statistics on money laundering cases were difficult to obtain and did not capture the full range of federal money laundering cases and prosecutions. Financial Action Task Force, *Anti-Money Laundering and Counter-Terrorist Financing Measures: United States Mutual Evaluation Report* (Paris, France: December 2016). The task force is an intergovernmental body that sets standards for combating money laundering and countering the financing of terrorism.

⁹⁵GAO, *Asset Forfeiture Programs: Justice and Treasury Should Determine Costs and Benefits of Potential Consolidation*, GAO-12-972 (Washington, D.C.: Sept. 12, 2012). The systems used by agencies participating in the Treasury Forfeiture Fund are (1) Customs and Border Protection's Seized Assets and Case Tracking System, (2) IRS-CI's Asset Forfeiture Tracking and Retrieval, and (3) U.S. Secret Service's Field Investigative Reporting System.

money laundering charges in the aggregate, one would need to obtain seizure data individually from each participating federal agency.

- **CaseView and CATS do not cover all outcomes.** These two systems track data on cases and assets, respectively, across multiple agencies and thus avoid potential double counting. However, the data might not capture all relevant cases. For example, EOUSA officials said that one reliable way to search CaseView is to use statutes of interest. However, this method might exclude cases not prosecuted under money laundering statutes, such as tax evasion prosecutions. It also would exclude cases in which a defendant is charged under a predicate crime (rather than money laundering), the defendant is not convicted of the money laundering charge, or the money laundering charge is dismissed as part of a plea bargain. Finally, DOJ officials said CaseView may not capture prosecutions from some DOJ components that are not referred to U.S. Attorneys (such as the Criminal Division's Money Laundering and Asset Recovery Section and Narcotic and Dangerous Drug Section).

The intergovernmental Financial Action Task Force has developed standards for AML data and statistics.⁹⁶ According to these standards, data generally should reflect national information, not information from an individual agency or region. The standards further suggest that countries need to present data from different agencies consistently, even when agencies' procedures, counting, or compilation methods differ. Furthermore, to aggregate data at the national level, it is critical to use consistent definitions and the same time periods and avoid double-counting. Similarly, our prior work on leading practices for effective interagency collaboration found that collaborating agencies benefit from defining common outcomes and from leveraging resources and information, such as by sharing relevant data.⁹⁷

Federal law enforcement agencies do not have a coordinating body (such as a working group) responsible for establishing a standardized

⁹⁶Financial Action Task Force, *Guidance on AML/CFT-Related Data and Statistics* (Paris, France: October 2015).

⁹⁷See GAO-23-105520. Another leading collaboration practice also emphasizes the importance of bridging organizational cultures by agreeing on common terminology and definitions. In addition, the Federal Committee on Statistical Methodology has a framework for data quality, which notes the importance of data "coherence," or the ability of the data product to maintain common definitions and methodological processes, to align with external statistical standards, and to maintain consistency and comparability with other relevant data. Federal Committee on Statistical Methodology, *Framework for Data Quality*, FCSM-20-04 (Washington, D.C.: September 2020).

methodology for collecting data on a set of core outcomes of illicit finance investigations. Although OCDETF has such a methodology to collect standardized data across multiple agencies, it only tracks the outcomes of member agency investigations that are designated as OCDETF cases.

Congress has recognized a need for such a body and methodology. For example, in a 2022 report, the Senate Caucus on International Narcotics Control noted there was no common database or methodology to track whole-of-government outcomes in countering illicit finance.⁹⁸ Likewise, the Joint Explanatory Statement accompanying DOJ's fiscal year 2023 appropriation included a provision for DOJ to establish an interagency working group to track money laundering investigations. The working group was to identify the number and status of investigations with a money laundering nexus that involve either foreign official corruption or drug trafficking and to produce a report within a year.⁹⁹ As of November 2023, DOJ officials did not have a status update on this provision. They said they work closely with interagency law enforcement partners, including FinCEN, on illicit finance issues and would provide information to Congress on their ongoing efforts to combat illicit finance, drug trafficking, and corruption.

A focused interagency effort to develop comprehensive federal data on illicit finance networks would help DOJ implement a methodology for collecting and reporting information on the outcomes of anti-money laundering investigations. Without government-wide data on the outcomes of federal anti-money laundering investigations, Congress and agency leadership cannot fully assess the effectiveness and efficiency of federal efforts to combat illicit finance. In addition, the federal government will continue to lack comprehensive data with which to assess money laundering risks and develop AML strategies.

Conclusions

AMLA seeks to strengthen and modernize the existing AML/CTF framework. FinCEN's implementation of its AMLA requirements would represent an important step in achieving the act's objectives. However,

⁹⁸Senate Caucus on International Narcotics Control, *Strengthening U.S. Efforts to Attack the Financial Networks of Cartels* (Washington, D.C.: September 2022).

⁹⁹Joint Explanatory Statement Accompanying the Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, H. Rept. No. 50-347, Divisions A-F, at p. 286.

FinCEN has not fully implemented many AMLA sections. Moreover, FinCEN has not fully informed Congress and the public, particularly financial institutions, about its progress in implementing the act on a section-by-section basis. By communicating its implementation progress in full, FinCEN would promote greater transparency and accountability.

FinCEN's surveys of law enforcement satisfaction provide it with useful feedback for assessing FinCEN products and services and identifying opportunities for improvement. However, these feedback data may not be reliable because of methodological weaknesses, such as failure to adjust results for nonresponse bias. By addressing these weaknesses, FinCEN will have a more complete and accurate picture of law enforcement's satisfaction.

Data on the outcomes of federal agencies' illicit finance investigations can help assess and improve agency performance. However, comprehensive, government-wide data do not exist because data collection is fragmented and incomplete. Use of a standardized methodology to track outcomes across agencies would provide better information on the effects of efforts to combat illicit finance and help identify strategies for improvement. Given that DOJ already has been tasked to create an interagency working group on AML investigations, it may be well-positioned to coordinate such an effort.

Recommendations for Executive Action

We are making a total of three recommendations (two to Treasury and one to DOJ). Specifically,

The Secretary of the Treasury should ensure that the Director of FinCEN develop and implement a communications plan to regularly inform Congress and the public in full about its progress implementing the Anti-Money Laundering Act of 2020. (Recommendation 1)

The Secretary of the Treasury should ensure that the Director of FinCEN work with its survey vendor to improve the reliability of the agency's annual customer satisfaction surveys and appropriately disclose survey data limitations when results are reported. (Recommendation 2)

The Attorney General should lead an effort, in coordination with the Departments of Homeland Security and the Treasury, to develop a methodology for producing government-wide data on the outcomes of

anti-money laundering investigations. This effort could be conducted in conjunction with the interagency working group DOJ was directed to form in the joint explanatory statement accompanying its fiscal year 2023 appropriation. (Recommendation 3)

Agency Comments

We provided drafts of this report to Treasury (including FinCEN), DOJ, and the Department of Homeland Security for review and comment. Treasury and Homeland Security did not have any comments on the report's findings and recommendations, and DOJ communicated via email that it agreed with the recommendation. All three agencies provided technical comments, which we incorporated into the final report as appropriate.

We are sending copies of this report to the appropriate congressional committees and the Secretary of the Treasury, Attorney General, and Secretary of Homeland Security. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact Michael E. Clements at 202-512-8678 or ClementsM@gao.gov, or Triana McNeil at 202-512-8777 or McNeilT@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.



Michael E. Clements
Director, Financial Markets and Community Investment



Triana McNeil
Director, Homeland Security and Justice

Appendix I: Objectives, Scope, and Methodology

This report examines (1) financial institutions' suggestions for enhancing suspicious activity reporting (SAR) processes; (2) the extent to which the Financial Crimes Enforcement Network (FinCEN) communicated its progress implementing the Anti-Money Laundering Act of 2020 (AMLA);¹ (3) the extent to which the FinCEN has reliable information on law enforcement agencies' satisfaction with its products and services; and (4) outcomes of illicit finance investigations that federal law enforcement agencies track, and the extent to which such data provide government-wide metrics.

For the first objective, we reviewed relevant provisions of the Bank Secrecy Act (BSA) and AMLA, BSA implementing regulations, and the Federal Financial Institutions Examination Council's *BSA and Anti-Money Laundering (AML) Examination Manual* to identify financial institutions' SAR requirements. To identify and analyze the methods, processes, or procedures financial institutions use to comply with SAR requirements, we reviewed FinCEN documentation, including selected proposed rules (including public comment letters), Advisories and other analytic products, guidance, documentation on its information-sharing programs, and other materials.

To gain additional insights on these topics, we interviewed officials from FinCEN and federal law enforcement, including the Department of the Treasury's Office of Terrorism and Financial Intelligence and Internal Revenue Service's Criminal Investigation (IRS-CI); Department of Justice's (DOJ) Drug Enforcement Administration (DEA), Executive Office for U.S. Attorneys (EOUSA), Federal Bureau of Investigation (FBI), Money Laundering and Asset Recovery Section, and Organized Crime Drug Enforcement Task Forces (OCDETF); and Department of Homeland Security's Customs and Border Protection, Immigration and Customs Enforcement's Homeland Security Investigations (HSI), and U.S. Secret Service.

To identify financial institutions' suggestions for potential ways to enhance SAR processes, we conducted seven group interviews with a

¹Pub. L. No. 116-283, 134 Stat. 4547 (2021).

nongeneralizable sample of representatives from six industry associations about their SAR processes and challenges.² These associations comprise different types of financial institutions covered by BSA: banks, credit unions, broker-dealers, casinos, and money services businesses. For each interview, we used a semistructured list of questions that included open-ended questions about what challenges financial institutions face with their SAR processes and what actions could be taken to address such challenges.

- Because several different types of financial institutions are subject to SAR requirements, we first scoped our analysis to focus on four types of financial institutions: casinos, depository institutions (banks and credit unions), money services businesses, and securities broker-dealers. We selected these types of financial institutions to include ones that accounted for a varying percentage of the total number of SARs filed in 2021 (the most recently available data at the time), that might be used in different stages of the money laundering process, and that Treasury's 2022 National Money Laundering Risk Assessment identified as having BSA/AML compliance deficiencies.³
- We then judgmentally selected six associations representing these institutions because they had large memberships, represented different viewpoints (e.g., community banks and large banks), and had provided their public comments on BSA reforms.⁴
- For our group interviews, we requested the industry associations invite some of their financial institution members to participate. We conducted semistructured interviews with each association's staff and financial institution members (ranging from three to 13 participants per meeting for a total of 46 participants).⁵ Because the sample was

²Each interview included staff from (1) industry associations and (2) financial institutions that were members of the association. We collectively refer to these staff as "financial institution representatives" or "representatives" throughout this report, unless otherwise noted.

³Department of the Treasury, *National Money Laundering Risk Assessment* (Washington, D.C.: February 2022).

⁴The associations were the Bank Policy Institute, Independent Community Bankers of America, and National Association of Federally Insured Credit Unions (representing depository institutions); Money Services Business Association (representing money services businesses); Securities Industry and Financial Markets Association (representing broker-dealers); and American Gaming Association (representing casinos).

⁵We held two separate interviews with members of the Money Services Business Association: one with traditional money services businesses and the other with virtual asset service providers.

nongeneralizable, testimonial evidence collected during these interviews reflects the views of our interviewees and is not generalizable to all financial institutions. Finally, we evaluated the extent to which provisions of AMLA covered issues raised in our semistructured interviews with financial institutions.

For our second objective, we reviewed AMLA to identify which of its sections imposed a rulemaking, reporting, or other requirement on Treasury or FinCEN. For sections imposing requirements only on Treasury, we determined whether FinCEN had been delegated implementation responsibility for one or more requirements in that section by reviewing Treasury Order 180-01 and FinCEN documentation, including an internal document developed by FinCEN on its AMLA implementation status as of March 2023. To assess the extent to which FinCEN publicly communicated its progress in implementing these sections, we reviewed publicly available documents, including Treasury's FinCEN fiscal year 2022–2024 congressional budget justifications, FinCEN's 2022–2023 congressional testimonies, FinCEN's AMLA webpage, and Treasury's 2021–2023 unified regulatory agendas. We determined that FinCEN communicated its progress if a document discussed actions FinCEN had taken or planned to take to implement one or more requirements contained in an identified section of AMLA. We also interviewed FinCEN officials regarding their management and communications of AMLA implementation. Finally, we assessed FinCEN's communications on its progress in implementing AMLA against a selected leading practice for effectively developing and using evidence identified in our prior work.⁶

For the third objective, we reviewed FinCEN documentation on the products and services it provides to law enforcement. Such documents included FinCEN's fact sheets on its Portal, Query, and 314(a) program, as well as a summary of FinCEN's analytic products. To describe law enforcement agencies' use of FinCEN's BSA database, we analyzed FinCEN data to calculate the number of database queries these agencies

⁶GAO, *Evidence-based Policymaking: Practices to Help Manage and Assess the Results of Federal Efforts*, GAO-23-105460 (Washington, D.C.: July 12, 2023). The leading practice we used was "communicate learning and results."

conducted during 2019–2022. We also reviewed a GAO report on law enforcement's use of BSA reports.⁷

In addition, we analyzed surveys FinCEN used to obtain feedback from law enforcement agencies on their satisfaction with FinCEN's products and services. The surveys were from 2018 through 2022 (the most recently available at the time of our review). We analyzed the survey methodology, findings, and disclosures for the FinCEN Portal and FinCEN Query Performance Measure Surveys and FinCEN Domestic Analytic Products Customer Satisfaction Surveys. We also interviewed FinCEN officials about the surveys, including their methodology and disclosures, and obtained missing response-rate data for certain surveys from FinCEN. We compared FinCEN's survey methods against the Government Performance and Results Act of 1993, as amended, particularly its requirement that agencies will ensure the reliability of the performance data, and related Office of Management and Budget guidance.⁸

For our fourth objective, we reviewed selected federal law enforcement agencies' fiscal year 2021 and 2022 annual performance reports (the most recently available at the time of our review) for DEA, FBI, HSI, IRS-CI, OCDETF, and the U.S. Secret Service. We selected these agencies because they were identified as the primary agencies with AML and countering terrorist financing responsibilities and were included in the scope of prior GAO work on money laundering.⁹

To assess the extent of data on government-wide outcomes on illicit finance investigations, we identified multiagency data sources by

⁷See GAO, *Anti-Money Laundering: Opportunities Exist to Increase Law Enforcement Use of Bank Secrecy Act Reports, and Banks' Costs to Comply with the Act Varied*, GAO-20-574 (Washington, D.C.: Sept. 22, 2020).

⁸The Government Performance and Results Act of 1993 created a federal performance planning and reporting framework. Pub. L. No. 103-62, 107 Stat. 285. The GPRA Modernization Act of 2010 amended and significantly expanded the framework to address a number of persistent federal performance challenges. Pub. L. No. 111-352, 124 Stat. 3866 (2011). Office of Management and Budget, *Preparation, Submission, and Execution of the Budget*, Circular A-11 (Washington, D.C.: August 2023); and *Standards and Guidelines for Statistical Surveys* (Washington, D.C.: September 2006).

⁹Financial Action Task Force, *Anti-Money Laundering and Counter-Terrorist Financing Measures: United States Mutual Evaluation Report* (Paris, France: December 2016).

reviewing GAO and DOJ reports and interviewing federal law enforcement agency officials. The three key sources we identified were

- EOUSA's CaseView, the case management system used by U.S. Attorneys Offices to track data on their cases and defendants, including related charges, statutes, and sentencing.
- DOJ's Asset Forfeiture Management Staff division's Consolidated Asset Tracking System (CATS), which tracks the lifecycle of assets seized for forfeiture by participating federal law enforcement agencies.
- OCDETF's case management information system, used to track OCDETF investigations throughout their lifecycles.¹⁰ OCDETF investigations target high-priority drug trafficking, money laundering, and transnational criminal organizations.

We obtained summary-level data on illicit finance investigation outcomes from these sources. To extract data from CaseView and CATS, we limited our search to selected federal money laundering-related statutes (see table 7). We selected the statutes based on a 2015 Treasury report, which identified the selected statutes as money laundering-related based on a joint analysis with EOUSA of around 5,000 federal indictments and other charging documents.¹¹ Finally, we obtained data from OCDETF's case management system. OCDETF also tracks outcomes (e.g., convictions) associated with "financial violations." OCDETF's definition of "financial violations" includes some of the federal money laundering-related statutes we used to extract data from the CaseView and CATS databases, but also includes additional statutes, as described in table 7.

¹⁰OCDETF is an independent component of the Department of Justice. Established in 1982, OCDETF uses a prosecutor-led, multiagency approach to enforcement to carry out DOJ's strategy to combat transnational organized crime and reduce the availability of illicit narcotics in the nation.

¹¹Department of the Treasury, *National Money Laundering Risk Assessment 2015* (Washington, D.C.: 2015).

Table 7: Statutes Used to Identify Relevant Cases in Data We Obtained

Category	Statutes
Statutes included in requests for all three datasets	18 U.S.C. § 1956 - Laundering of monetary instruments 18 U.S.C. § 1957 - Engaging in monetary transactions in property derived from specified unlawful activity 18 U.S.C. § 1960 - Prohibition of unlicensed money transmitting businesses 31 U.S.C. § 5324 - Structuring transactions to evade reporting requirement prohibited 31 U.S.C. § 5332 - Bulk cash smuggling into or out of the United States
Additional statutes included for CaseView and Consolidated Asset Tracking System (CATS) only^a	31 U.S.C. § 5313 - Reports on domestic coins and currency transactions 31 U.S.C. § 5316 - Reports on exporting and importing monetary instruments 31 U.S.C. § 5331 - Reports relating to coins and currency received in nonfinancial trade or business
Additional statutes for Organized Crime and Drug Enforcement Task Forces (OCDETF) only^b	18 U.S.C. § 1952 - Interstate and foreign travel or transportation in aid of racketeering enterprises 18 U.S.C. § 371 - Conspiracy to commit offense or to defraud United States 21 U.S.C. § 848(a), (b) - Continuing criminal enterprise 26 U.S.C. § 7201 - Attempt to evade or defeat tax 26 U.S.C. § 7203 – Willful failure to file return, supply information, or pay tax 31 U.S.C. § 5322 – Criminal penalties for violations of 31 U.S.C. § 5311 et. seq. 46 U.S.C. § 70503(a)(3) – Concealment of currency on a vessel Other financial violations listed in Titles 18, 26, or 31

Source: GAO analysis and review of agency documentation. | GAO-24-106301

^aData from CaseView and CATS were both obtained using federal money laundering-related statutes, which we identified based on an analysis by the Department of the Treasury.

^bThese “additional statutes” from OCDETF, along with the statutes identified in the first row, comprise OCDETF’s definition of “financial violation” that it uses in its case tracking and performance measures.

We assessed the reliability of these data by reviewing related documentation (such as privacy impact statements and data dictionaries), checking for outliers and errors, and interviewing agency officials. For CaseView and CATS, we also reviewed assessments from prior GAO reports that used these data and found them to be reliable. We determined the data were sufficiently reliable to describe federal outcomes of illicit finance investigations. We assessed the extent to which agencies’ data on investigation outcomes were consistent with leading practices issued by the Financial Action Task Force on AML data and statistics and selected leading practices on interagency collaboration

identified in our prior work.¹² Finally, we interviewed officials from the federal law enforcement agencies discussed above about data on their illicit finance investigations.

We conducted this performance audit from October 2022 to February 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹²See Financial Action Task Force, *Guidance on AML/CFT-Related Data and Statistics* (Paris, France: October 2015); and GAO, *Government Performance Management: Leading Practices to Enhance Interagency Collaboration and Address Crosscutting Challenges*, GAO-23-105520 (Washington, D.C.: May 24, 2023). Specifically, we used the leading practices of “define common outcomes,” “bridge organizational cultures,” and “leverage resources and information.” We selected these practices because they were most relevant to our objective of examining the extent to which existing federal datasets provide government-wide data.

Appendix II: Transnational Criminal Organizations and Their Money Laundering Strategies

The Financial Crimes Enforcement Network (FinCEN), federal law enforcement agencies, and others have identified multiple strategies that transnational criminal organizations (TCO) and other criminals use to launder illicit proceeds in the United States. We generally identified and described these strategies in a December 2021 report and updated the information, where possible, using Treasury's 2022 National Money Laundering Risk Assessment.¹ These strategies can be broadly categorized as cash-based or non-cash-based. Cash-based strategies involve moving funds into the U.S. financial system or through intermediaries to circumvent traditional financial systems. Non-cash-based strategies involve converting illicit funds into goods that are later resold (trade-based money laundering) or into alternative stores of value (such as gold or virtual currency) that sometimes are later converted to currency.

Federal law enforcement agencies responsible for investigating illicit finance include the Federal Bureau of Investigation (FBI), Drug Enforcement Administration, and Organized Crime Drug Enforcement Task Forces (OCDETF) in the Department of Justice; Internal Revenue Service's Criminal Investigation in the Department of the Treasury; and Immigration and Customs Enforcement's Homeland Security Investigations and U.S. Secret Service in the Department of Homeland Security.² The Department of Justice is responsible for prosecuting illicit finance cases.

¹GAO, *Trafficking and Money Laundering: Strategies Used by Criminal Groups and Terrorists and Federal Efforts to Combat Them*, GAO-22-104807 (Washington, D.C.: Dec. 23, 2021); and Department of the Treasury, 2022 National Money Laundering Risk Assessment (Washington, D.C.: February 2022).

²Established in 1982, OCDETF is an independent component of the Department of Justice and the largest anti-crime task force in the country. OCDETF leverages the resources and expertise of its partners in concentrated, coordinated, long-term enterprise investigations of transnational organized crime, money laundering, and major drug trafficking networks.

Cash-Based Money Laundering Strategies

TCOs and other criminals use cash-based money laundering strategies partly because cash offers anonymity. In particular, U.S. currency is valued for its wide acceptance and stability. But the United States requires that cash transactions of a certain value be reported to Treasury.³ TCOs and other criminals use several strategies to avoid this reporting (examples of which are discussed below).

Investigations Involving Bulk Cash Smuggling

Of the investigations OCDETF closed in fiscal year 2022, 481 of them, or around 66 percent, involved money laundering through land-based bulk cash smuggling.

Source: Organized Crime Drug Enforcement Task Forces (OCDETF). | GAO-24-106301

Bulk cash smuggling involves moving physical currency across an international border with the intent of evading currency reporting requirements, often to be deposited in another country's financial institutions.⁴ Criminals smuggle cash in bulk to move the cash across jurisdictions and prevent law enforcement from connecting the funds to illicit activities. Drug traffickers had difficulty transporting bulk cash from the United States into Mexico during the pandemic partly because of border restrictions, according to Treasury's National Money Laundering Risk Assessment issued in 2022.⁵ But Treasury's risk assessment noted

³For example, federal law requires a person to file Internal Revenue Service Form 8300 for cash transactions of \$10,000 or more received in a trade or business, and financial institutions generally must report currency transactions of \$10,000 or more made by, through, or to the institution. See 31 C.F.R. part 1010, subpart C.

⁴The United States prohibits knowingly concealing more than \$10,000 in currency or other monetary instruments and transporting or transferring or attempting to transport or transfer such currency or monetary instruments across a U.S. border with the intent to evade currency reporting requirements. 31 U.S.C. § 5332. In addition, 18 U.S.C. § 1956 prohibits the international transportation, transmission, or transfer of funds (or attempted transportation, transmission, or transfer of funds) that the person knows represent the proceeds of an unlawful activity and conducts the transportation, transmission, or transfer in an effort to disguise circumstances of the unlawful activity or avoid state or federal transaction reporting requirements.

⁵Department of the Treasury, *National Money Laundering Risk Assessment* (Washington, D.C.: February 2022).

Appendix II: Transnational Criminal Organizations and Their Money Laundering Strategies

that TCOs are believed to continue to repatriate a significant volume of illicit proceeds every year through bulk cash smuggling.

Investigations Involving Funnel Accounts

Of the investigations OCDETF closed in fiscal year 2022, 106 of them, or around 15 percent, involved money laundering through funnel accounts.

Source: Organized Crime Drug Enforcement Task Forces (OCDETF). | GAO-24-106301

Funnel accounts are bank accounts used to collect deposits from various locations. Multiple individuals deposit cash in a bank account available to other members of the criminal network in another part of the country. According to Treasury's 2022 risk assessment, funnel accounts typically are used in a variety of complex frauds and scams targeting the elderly or other victims, but drug trafficking organizations, human smuggling organizations, and fraud rings also use funnel accounts to move illicit cash proceeds out of the United States.

Investigations Involving Money Transmitters

Of the investigations OCDETF closed in fiscal year 2022, 198 of them, or around 27 percent, involved money laundering through money services businesses.

Source: Organized Crime Drug Enforcement Task Forces (OCDETF). | GAO-24-106301

Money transmitters are nonbank financial institutions that send currency, funds, or other value that substitutes for currency from one location to another or from one person to another and can be used by criminal groups to electronically move currency across a border.⁶ Federal anti-money laundering regulations require money transmitters to file currency transaction reports, which require collection of the names of the sender and amount and date of the transaction for transactions that meet certain criteria. However, TCOs and other criminals can get around these requirements, including by bribing agents or other money transmitter employees. Furthermore, such criminals may seek to use unlicensed money transmitters to evade controls designed to prevent money laundering.

Informal value transfer systems work outside of conventional banking systems to make funds available to a third party in another geographic location.⁷ Criminals exploit informal value transfer systems for money laundering for several reasons. Such systems can be faster or cheaper

⁶FinCEN regulations define a money transmitter as a person who provides “money transmission services”—the acceptance of currency, funds, or other value that substitutes for currency from one person and the transmission of currency, funds, or other value that substitutes for currency to another person or location by any means. The definition of money transmitter also includes any other person engaged in the transfer of funds. Whether a person is a money transmitter for the purposes of the Bank Secrecy Act is a question of facts and circumstances. 31 C.F.R. § 1010.100(ff)(5). With some exceptions, money transmitters must be registered with FinCEN, obtain state licenses when required, and undergo periodic examinations to review compliance with applicable laws and regulations. 31 C.F.R. part 1022, subpart C. When operating as a money transmitter, the entity is operating a money services business for Bank Secrecy Act purposes. 31 C.F.R. § 1010.100(ff).

⁷Because informal value transfer systems are rooted in money transfer structures that are not necessarily illegal, using these systems to transfer money is not, by itself, an indication of illegal activity. One such system, known as hawala, traditionally has been used in South Asia, the Middle East, and parts of East Africa as an alternative to traditional banks. Hawala generally operates as a closed system based on trust and relies on personal connections of family, tribe, or ethnicity to execute transactions using intermediaries. It has legitimate uses, such as to send remittances from migrant workers to their countries of origin. See Financial Action Task Force and Organisation for Economic Co-operation and Development, *The Role of Hawala and Other Similar Service Providers in Money Laundering and Terrorist Financing* (Paris, France: October 2013).

than banks or money transmitters. The systems also typically lack regulatory supervision because they occur outside the banking system. Transactions also are difficult for law enforcement to trace because they often are settled in cash and across national borders, and documentation is limited or nonexistent.

Investigations Involving Money Orders

Of the investigations OCDETF closed in fiscal year 2022, 126 of them, or around 17 percent, involved money laundering through money orders.

Source: Organized Crime Drug Enforcement Task Forces (OCDETF). | GAO-24-106301

U.S. Postal Service money orders are negotiable financial instruments and a widely accepted form of payment. Unlike checks, money orders cannot bounce because the funds are prepaid. U.S. Postal Service money orders continue to be exploited by TCOs and other criminal groups, according to Treasury's 2022 risk assessment. The U.S. Postal Service's business records indicate a rising number of money order sales were deemed suspicious from 2018 through 2020, and the amounts were in the billions of dollars. Money orders are used in a wide variety of criminal activities, ranging from fraud to narcotics trafficking to human trafficking. Money orders offer a vehicle to convert illicit proceeds into a monetary instrument that is not inherently suspicious in nature.⁸

Non-Cash-Based Money Laundering Strategies

Law enforcement agencies' reports have noted that use of some non-cash-based strategies has increased because money launderers, including TCOs, have become more sophisticated and U.S.-based financial institutions have increased compliance with the Bank Secrecy Act's (BSA) anti-money laundering (AML) requirements. Non-cash-based money laundering strategies include the following:

⁸If a customer purchases U.S. Postal Service money orders with cash totaling \$3,000 or more in a business day, they must complete Postal Service Form 8105-A, Funds Transaction Report, and pursuant to a Bank Secrecy Act regulation, provide an acceptable form of identification and identifying information. See 31 C.F.R. § 1010.415.

Investigations Involving Trade-Based Money Laundering

Of the investigations OCDETF closed in fiscal year 2022, 45 of them, or around 6 percent, involved trade-based money laundering.

Source: Organized Crime Drug Enforcement Task Forces (OCDETF). | GAO-24-106301

Trade-based money laundering can rely on misrepresenting the price, quantity, or type of goods in trade transactions. For example, TCOs and other criminal groups can use trade transactions to hide illicit proceeds by falsely invoicing goods on import and export documentation. After the goods are shipped and the payment is processed, the goods are sold for their real value in local currency in the importing country, laundering the difference in value between the invoiced amount and the real value of the goods. Other trade-based money laundering schemes can involve merchants who—wittingly or not—accept payment in funds derived from illicit activity in exchange for exports of goods.⁹

⁹For additional detail on trade-based money laundering, see GAO, *Countering Illicit Finance and Trade: Better Information Sharing and Collaboration Needed to Combat Trade-Based Money Laundering*, [GAO-22-447](#) (Washington, D.C.: Nov. 30, 2021); *Trade-Based Money Laundering: U.S. Government Has Worked with Partners to Combat the Threat, but Could Strengthen Its Efforts*, [GAO-20-333](#) (Washington, D.C.: Apr. 2, 2020); and *Countering Illicit Finance and Trade: U.S. Efforts to Combat Trade-Based Money Laundering*, [GAO-20-314R](#) (Washington, D.C.: Dec. 30, 2019).

Purchases of high-value, portable assets (such as gold, gems, artwork, airplanes, and electronics) are another strategy that TCOs may use to launder the proceeds of crime.¹⁰ By holding the value of their trafficking proceeds in a moveable commodity that later can be sold elsewhere, traffickers can convert the proceeds to currency in a different country. Sales documentation can provide a veil of legitimacy should a financial institution seek to understand the source of a client's funds.¹¹

Investigations Involving Real Estate

Of the investigations OCDETF closed in fiscal year 2022, 196 of them, or around 27 percent, involved money laundering through real estate purchases.

Source: Organized Crime Drug Enforcement Task Forces (OCDETF). | GAO-24-106301

Real estate purchases made anonymously through the use of legal entities and all-cash purchases are among the most significant money laundering vulnerabilities for the United States, according to Treasury.¹² Once TCOs or other criminals complete a real-estate transaction, the paper trail associated with the purchase can make funds deposited in U.S. financial institutions appear legitimate when the real estate is later sold.

¹⁰TCOs particularly value the use of gold as a money laundering strategy, according to the Financial Action Task Force and others. Gold is useful because its value is relatively stable, it can be easily exchanged for cash, and its origin is difficult to trace. U.S. dealers in precious metals, stones, or jewels by regulation must conduct some AML activities, although this does not include filing suspicious activity reports with FinCEN. See 31 C.F.R. part 1027. Also see Financial Crimes Enforcement Network, *Frequently Asked Questions Interim Final Rule - Anti-Money Laundering Programs for Dealers in Precious Metals, Stones, or Jewels* (Vienna, Va.: May 3, 2005): 10–11.

¹¹See Organisation for Economic Co-operation and Development, *Due Diligence in Colombia's Gold Supply Chain: Where does Colombian gold go?* (Paris, France: Apr. 19, 2018).

¹²As we noted in 2020, criminals can avoid banks' AML programs by purchasing real estate without a loan and anonymously (such as through a shell company). FinCEN issued geographic targeting orders requiring that title insurers report to FinCEN on certain all-cash purchases of residential real estate by legal entities in specified areas. See GAO, *Anti-Money Laundering: FinCEN Should Enhance Procedures for Implementing and Evaluating Geographic Targeting Orders*, GAO-20-546 (Washington, D.C.: July 14, 2020).

Investigations Involving Virtual Currencies

Of the investigations OCDETF closed in fiscal year 2022, 37 of them, or around 5 percent, involved money laundering through virtual currencies.

Source: Organized Crime Drug Enforcement Task Forces (OCDETF). | GAO-24-106301

Digital assets (which include virtual currencies) can be used to pay for illicit goods and to launder the proceeds of illegal activities.¹³ According to Treasury's 2022 risk assessment, the use of virtual assets for money laundering remains far below that of fiat currency and more traditional methods. But U.S. law enforcement agencies have detected an increase in the use of virtual assets to pay for online drugs or to launder the proceeds of drug trafficking, fraud, cybercrime (including ransomware) attacks, and other criminal activity. Certain virtual currencies have features designed to anonymize transactions. In addition, virtual currencies can be run through private services known as mixers or tumblers to increase anonymity.¹⁴

In March 2022, the President issued an executive order on the responsible development of digital assets, which includes virtual currencies.¹⁵ One of the order's objectives was to mitigate the illicit finance and national security risks posed by misuse of digital assets in

¹³Virtual currencies are digital representations of value that are usually other than government-issued legal tender. Examples include Bitcoin and Ether. In December 2021, we reported that virtual currency was increasingly used illicitly to facilitate human and drug trafficking. We also reported that selected federal agencies had taken actions to counter the illicit use of virtual currency in human and drug trafficking but faced challenges. See GAO, *Virtual Currencies: Additional Information Could Improve Federal Agency Efforts to Counter Human and Drug Trafficking*, GAO-22-105462 (Washington, D.C.: Dec. 8, 2021).

¹⁴Upon finding convertible virtual currency mixing as a primary money laundering concern, FinCEN issued a Notice of Proposed Rulemaking in October 2023 that would require domestic financial institutions and domestic financial agencies to implement certain recordkeeping and reporting requirements related to transactions involving convertible virtual currency mixing. 88 Fed. Reg. 72701 (Oct. 23, 2023).

¹⁵The White House, *Ensuring Responsible Development of Digital Assets*, Exec. Order No. 14067; 87 Fed. Reg. 14143 (Mar. 14, 2022).

connection with money laundering, human trafficking, and other crimes.¹⁶ As noted in the order, illicit activities highlight the need for ongoing scrutiny of the use of digital assets, the extent to which technological innovation may affect such activities, and exploration of opportunities to mitigate these risks through regulation, supervision, public-private engagement, oversight, and law enforcement.¹⁷

Use of Shell Companies

TCOs and other criminal groups may use shell companies—which hold funds and manage financial transactions but that do not have operations or employees—to launder trafficking proceeds by concealing assets and activities through seemingly legitimate businesses. Company registration takes place at the state level, and U.S. states generally do not require information that identifies the true owners of companies.

When money launderers layer shell companies—for example, creating a shell company with ownership split among multiple other shell companies across foreign jurisdictions—it can make the investigative process more complex.¹⁸

The Corporate Transparency Act, part of the Anti-Money Laundering Act of 2020, requires that certain businesses report specified information on their beneficial owners to FinCEN and requires FinCEN to maintain the information in a nonpublic database.¹⁹ In September 2022, FinCEN

¹⁶In September 2022, the U.S. Attorney General issued a report pursuant to section 5(b)(iii) of Executive Order 14067, which directed the Attorney General to submit a report on the role of law enforcement in detecting, investigating, and prosecuting criminal activity related to digital assets, and further directed that the report “shall include any recommendations on regulatory or legislative actions, as appropriate.” See Department of Justice, Office of the Attorney General, *The Report of the Attorney General Pursuant to Section 5(b)(iii) of Executive Order 14067: The Role of Law Enforcement in Detecting, Investigating, and Prosecuting Criminal Activity Related to Digital Assets* (Washington, D.C.: Sept. 6, 2022).

¹⁷In April 2023, Treasury issued an illicit finance risk assessment of decentralized finance. See Department of the Treasury, *Illicit Finance Risk Assessment of Decentralized Finance* (Washington, D.C.: April 2023).

¹⁸Senate Banking, Housing, and Urban Affairs Committee, *Combating Illicit Financing by Anonymous Shell Companies*, 116th Cong. (May 21, 2019); testimony of Steven M. D’Antuono, Acting Deputy Assistant Director, Criminal Investigative Division, Federal Bureau of Investigation.

¹⁹Pub. L. No. 116-283, 134 Stat. 4604 (2021).

issued a final rule establishing beneficial ownership reporting requirements, which took effect on January 1, 2024.²⁰ Banks and other covered financial institutions are subject to existing rules requiring that they establish procedures to identify and verify the identity of beneficial owners of companies and other so-called “legal entity customers” when those customers open new accounts.²¹ FinCEN has noted that making beneficial ownership information available would enhance federal efforts to counter money laundering and terrorist financing.

TCOs and Professional Money Laundering Services

TCOs and other criminal groups sometimes use third-party money laundering specialists. These third parties can be professional criminal organizations or individuals employed in legitimate professional services—such as lawyers, accountants, or arts and antiquities dealers—who use their knowledge and abilities to help launder criminal proceeds.

Professional Money Laundering

In its 2022 risk assessment, Treasury reported that professional money laundering organizations recently laundered funds for organized criminal enterprises operating in several countries. As demonstrated by many investigations, they also laundered tens of millions of dollars each year for drug trafficking organizations selling illegal narcotics in the United States. Such organizations conduct money pickups of drug proceeds, transport the cash, deposit the money into the banking system, or transfer the money to different individuals or entities. They use casinos, front

²⁰Beneficial Ownership Information Reporting Requirements, 87 Fed. Reg. 59498 (Sept. 30, 2022). Reporting companies created or registered before January 1, 2024, will have until January 1, 2025, to file their initial reports, while reporting companies created or registered on or after January 1, 2024, and before January 1, 2025, must file an initial report within 90 calendar days of the earlier of the date on which they receive actual notice that their creation (or registration) has become effective or the date on which a secretary of state or similar office first provides public notice that the reporting company has been created or has been registered. Companies created on or after January 1, 2025, must file an initial report within 30 days of receiving notice of creation or registration. In December 2023, FinCEN issued a final rule that governs access to and protection of beneficial ownership information (88 Fed. Reg. 88732 (Dec. 22, 2023)). In January 2023, FinCEN issued a notice and request for comments on the report that will be used to collect beneficial ownership information (88 Fed. Reg. 2760 (Jan. 17, 2023)).

²¹31 C.F.R. § 1010.230.

companies, foreign and domestic bank accounts, and bulk cash smuggling to launder money.

In particular, law enforcement saw an increase in drug trafficking organizations' use of Chinese money laundering organizations to repatriate funds outside the United States (for example, in Mexico), according to Treasury's 2022 risk assessment. These organizations use several common methods to launder money but can offer their services at lower fees than traditional money brokers because of their ability to exploit Chinese currency controls and use communications technology effectively.²² These money laundering schemes are designed to solve two separate problems. First, they enable drug trafficking organizations to repatriate drug proceeds into the Mexican banking system. Second, they enable wealthy Chinese nationals to circumvent China's capital flight laws (which restrict transfers of large sums of money held in Chinese bank accounts for use abroad).

Complicit Professional Service Providers

Treasury has determined that the ability of professional service providers to launder funds on behalf of TCOs and other criminal groups represents a significant money laundering risk to the U.S. financial system.

Professional service providers' legitimate roles in the licit economy make them an attractive asset for bad actors seeking to launder or hide trafficking proceeds. Complicit service providers lend their legitimacy and specialized knowledge to financial or business transactions that can help criminals better evade detection.

Lawyers. Lawyers can be involved in real estate transactions and company formations, both of which are known mechanisms for money laundering.²³ Some states require the use of an attorney for real estate closings, and Treasury has noted that lawyers may be complicit or willfully blind when creating shell companies for criminals to use to launder their

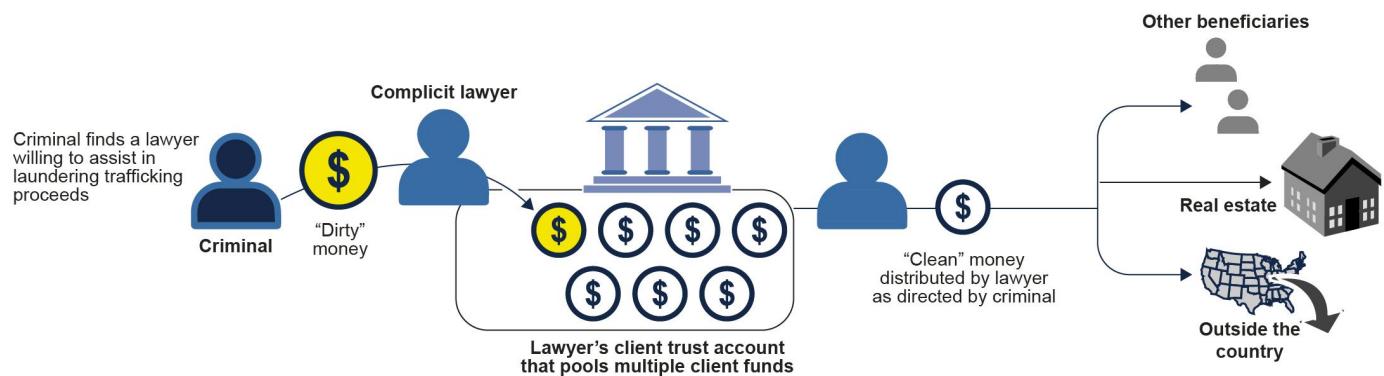
²²In our prior work, we also discussed several advantages offered by Chinese money laundering organizations. See [GAO-22-104807](#).

²³Attorneys are not subject to comprehensive anti-money laundering/countering the financing of terrorism measures. However, attorneys, with certain exceptions, are obligated to file Form 8300 for currency transactions exceeding \$10,000. 31 C.F.R. § 1010.330.

Appendix II: Transnational Criminal Organizations and Their Money Laundering Strategies

illicit proceeds.²⁴ In addition, lawyers may use a type of client trust account, called an Interest on Lawyer Trust Account.²⁵ These accounts are established at a financial institution and a complicit lawyer can use them as funnel accounts to direct funds to other accomplices or locations (see fig. 7). Banks and other financial institutions covered by customer due diligence rules are not required to collect information about the owners of funds within the client trust accounts.²⁶

Figure 7: Illustrative Example of Use of Client Trust Account to Launder Money



Source: GAO analysis of Department of the Treasury and Department of Homeland Security documents; GAO (icons). | GAO-24-106301

Accessible text for Figure 7: Illustrative Example of Use of Client Trust Account to Launder Money

- 1) Criminal finds a lawyer willing to assist in laundering trafficking proceeds.
- 2) Lawyer's client trust account that pools multiple client funds
- 3) "Clean money distributed by lawyer as directed by criminal"

²⁴Department of the Treasury, *2020 National Strategy for Combating Terrorist and Other Illicit Financing* (Washington, D.C.: Feb. 6, 2020).

²⁵These accounts pool multiple clients' funds when the single client's funds alone are not large enough or will not be held long enough to generate interest to the client.

²⁶In the preamble to its Final Rule on Customer Due Diligence Requirements for Financial Institutions, FinCEN referenced comments raised by the legal industry that revealing clients' information could violate client confidentiality. FinCEN also noted that state bar associations had recordkeeping requirements for lawyers who maintain these accounts that require tracking each deposit and withdrawal, the source and recipient of the funds, and payment purpose. 81 Fed. Reg. 29398, 29415-29416 (May 11, 2016).

- 4) Money sent to:
 - a) Other beneficiaries
 - b) Real estate
 - c) Out of country

Accountants. Accountants provide accounting, tax, and consulting services for their clients, which may be exploited to launder illicit proceeds. According to the International Federation of Accountants, accountants could launder money directly by holding illicit proceeds in a bank account or by disguising the beneficial ownership of the proceeds. Accountants also could aid others in money laundering efforts through their direct assistance or willful blindness when they create shell companies, open bank accounts, and conduct transactions on behalf of their clients. Accounting knowledge also can be used to provide fictitious invoicing operations to give shell companies a legitimate cover or to create false documents to conceal the illicit nature of funds.

Real estate professionals. Real estate professionals can use their experience and market knowledge to facilitate money laundering. For example, real estate professionals can help drug traffickers obtain real estate and avoid detection by structuring the financial transactions of properties to conceal the trafficker's identity and ownership of the property. In 2020, we reported that FinCEN expected to use its geographic targeting orders to inform and address its concerns about whether other real estate businesses and professionals should be subject to AML programs and reporting requirements.²⁷ In 2021, FinCEN sought comment to assist it in preparing a proposed rule that would impose nationwide recordkeeping and reporting requirements on certain persons participating in transactions involving nonfinanced purchases of real estate.²⁸ In addition, in October 2023, FinCEN's Director announced that

²⁷A real estate geographic targeting order requires title insurers to report information on certain all-cash purchases of residential real estate by legal entities in specified areas. FinCEN has renewed the real estate geographic targeting order multiple times, most recently in October 2023. In July 2020, we recommended that FinCEN provide additional direction on how the agency will plan to evaluate its geographic targeting orders (see [GAO-20-546](#)). In February 2021, FinCEN revised its procedures for geographic targeting orders to address our recommendation.

²⁸66 Fed. Reg. 69589 (Dec. 8, 2021).

the agency was preparing a notice of proposed rulemaking regarding real estate.²⁹

Arts and antiquities dealers. FinCEN and Treasury's Office of Foreign Assets Control each released advisories identifying the money laundering vulnerabilities associated with the art and antiquities trade.³⁰ The high-value art market is attractive to money launderers in part because its transactions lack transparency and buyers and sellers are anonymous (partly because dealers can act as intermediaries). The Anti-Money Laundering Act of 2020 added antiquities dealers to the definition of "financial institutions" for BSA purposes and required Treasury to implement associated AML regulations.³¹ The act also requires that Treasury study whether art markets should be subject to similar regulation.³²

Investment advisers. Some money launderers may see some investment advisers as a low-risk way to enter the U.S. financial system, according to Treasury's 2022 risk assessment. For example, in addition to not being subject to BSA/AML requirements, investment advisers use third-party custodians (such as broker-dealers or banks) to execute customer transactions, which can hide a customer's identity. Also, according to Treasury's 2022 risk assessment, many federal and state regulatory requirements applicable to investment advisers are not designed to explicitly address money laundering risks. As a result, a

²⁹Financial Crimes Enforcement Network, "Prepared Remarks of FinCEN Director Andrea Gacki During ACAMS: The Assembly" (Vienna, Va.: Oct. 3, 2023); accessed Nov. 6, 2023, <https://www.fincen.gov/news/speeches/prepared-remarks-fincen-director-andrea-gacki-during-acams-assembly-delivered>.

³⁰See Financial Crimes Enforcement Network, *FinCEN Informs Financial Institutions of Efforts Related to Trade in Antiquities and Art*, FIN-2021-NTC2 (Vienna, Va.: Mar. 9, 2021); and Office of Foreign Assets Control, *Advisory and Guidance on Potential Sanctions Risks Arising from Dealings in High-Value Artwork* (Washington, D.C.: Oct. 30, 2020).

³¹Antiquities dealers are persons "engaged in the trade of antiquities, including an advisor, consultant, or any other person who engages as a business in the solicitation or the sale of antiquities, subject to regulations prescribed by the Secretary." Pub. L. No. 116-283, § 6110, 134 Stat. 3388, 4561-4563 (2021). In September 2021, FinCEN released an Advanced Notice of Proposed Rulemaking to solicit comment on AML regulations for dealers in antiquities, citing client confidentiality, use of intermediaries, and unregulated customer due diligence practices as some of the characteristics that money launderers and terrorist financers may exploit to evade law enforcement. 86 Fed. Reg. 53021 (Sept. 24, 2021). As of January 2024, FinCEN had not issued a proposed rule.

³²Department of the Treasury, *Study of the Facilitation of Money Laundering and Terror Finance through the Trade in Works of Art* (Washington, D.C.: Feb. 4, 2022).

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money launderer may seek an investment adviser's assistance to fund a brokerage account with illicit proceeds. In addition, some money launderers may see posing as investment advisers (not following applicable state or federal registration requirements) as an opportunity to attract assets, defraud investors, and launder money.

Appendix III: Outcomes of Federal Illicit Finance Investigations

We obtained data on federal illicit finance investigations from three agencies' management information systems. The outcomes include indictments, convictions, seizures, and forfeitures.

Executive Office for U.S. Attorneys

The Executive Office for U.S. Attorneys (EOUSA) provided us with data from its case management system, CaseView.¹ Specifically, we obtained summary data on defendants and cases charged under federal money laundering-related statutes and their outcomes (e.g., convicted), as well as case characteristics (e.g., district and referring agency).²

Defendants Charged and Cases with Money Laundering-Related Charges

In 2018–2022, U.S. Attorneys' Offices charged between 2,105–2,481 defendants per year with money laundering-related offenses. The Drug Enforcement Administration (DEA) and Federal Bureau of Investigation (FBI) together accounted for over 50 percent of charges (see table 8).³

¹EOUSA provides executive and administrative support for the 93 United States Attorneys. According to EOUSA, while U.S. Attorneys' Offices prosecute the vast majority of cases, EOUSA's data may not include cases brought by Department of Justice litigating components.

²For this report, we defined "federal money laundering-related statutes" as the following: 18 U.S.C. § 1956, 18 U.S.C. § 1957, 18 U.S.C. § 1960, 31 U.S.C. § 5313, 31 U.S.C. § 5316, 31 U.S.C. § 5324, 31 U.S.C. § 5331, and 31 U.S.C. § 5332.

³An official from Homeland Security Investigations noted the agency may be underrepresented in the EOUSA data because it was possible the agency had participated in additional cases in which other agencies were recorded in EOUSA as the single referring agency (without Homeland Security Investigations' acknowledgment).

Appendix III: Outcomes of Federal Illicit Finance Investigations

Table 8: Defendants Charged under Money Laundering-Related Statutes, Number and Percentage by Referring Agency, Fiscal Years 2018–2022

Agency	2018		2019		2020		2021		2022	
	Number	Percent								
Drug Enforcement Administration	654	26%	626	25%	507	24%	614	27%	498	23%
Federal Bureau of Investigation	635	26%	711	29%	669	32%	661	29%	622	28%
Immigration and Customs Enforcement	208	8%	213	9%	263	12%	211	9%	294	13%
Internal Revenue Service	150	6%	134	5%	122	6%	144	6%	120	5%
Joint task forces ^a	255	10%	158	6%	104	5%	131	6%	118	5%
Other ^b	579	23%	614	25%	440	21%	539	23%	537	25%
Total	2,481		2,456		2,105		2,300		2,189	

Source: Executive Office for U.S. Attorneys data. | GAO-24-106301

Notes: A defendant was included in the data if charged under one or more of the federal money laundering-related statutes we identified. Percentages may not sum to 100 due to rounding.

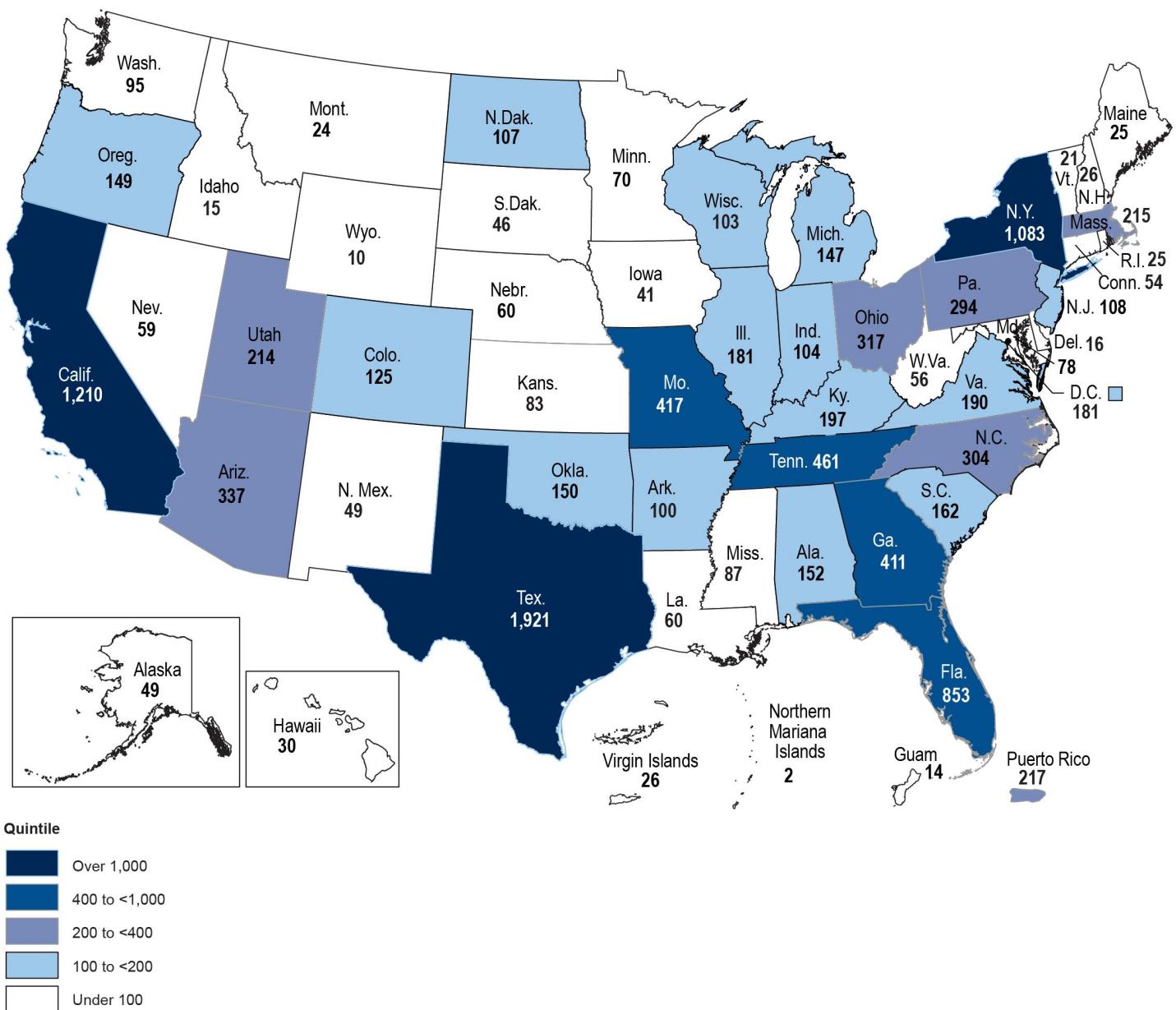
^aIncludes all charges stemming from a joint task force, including joint task forces denoted as a federal agency and a “state or local task force,” as well as state- or local-led task forces with federal agency participation.

^bIncludes all other agencies, none of which accounted for more than 4 percent of charges in fiscal year 2022.

Most charges against defendants were filed by U.S. Attorneys’ Offices in Texas, California, New York, and Florida, which together accounted for about 45 percent of total charges in 2018–2022 (see fig. 8).

Appendix III: Outcomes of Federal Illicit Finance Investigations

Figure 8: Number of Defendants Charged with Money Laundering-Related Offenses by State, Fiscal Years 2018–2022



Source: GAO analysis of Executive Office for U.S. Attorneys data; Mapinfo (map). | GAO-24-106301

Accessible data table for Figure 8: Number of Defendants Charged with Money Laundering-Related Offenses by State, Fiscal Years 2018–2022

State	Charges	Quintile
Texas total	1921	Over 1000
California total	1210	Over 1000
New York total	1083	Over 1000
Florida total	853	400 to < 1000
Tennessee total	461	400 to < 1000
Missouri total	417	400 to < 1000
Georgia total	411	400 to < 1000
Arizona	337	400 to < 1000
Ohio total	317	200 to < 400
North Carolina total	304	200 to < 400
Pennsylvania total	294	200 to < 400
Puerto Rico	217	200 to < 400
Massachusetts	215	200 to < 400
Utah	214	200 to < 400
Kentucky total	197	100 to < 200
Virginia total	190	100 to < 200
DC	181	100 to < 200
Illinois total	181	100 to < 200
South Carolina	162	100 to < 200
Alabama total	152	100 to < 200
Oklahoma total	150	100 to < 200
Oregon	149	100 to < 200
Michigan total	147	100 to < 200
Colorado	125	100 to < 200
New Jersey	108	100 to < 200
North Dakota	107	100 to < 200
Indiana total	104	100 to < 200
Wisconsin total	103	100 to < 200
Arkansas total	100	100 to < 200
Washington total	95	Under 100
Mississippi total	87	Under 100
Kansas	83	Under 100
Maryland	78	Under 100
Minnesota	70	Under 100
Louisiana total	60	Under 100

Appendix III: Outcomes of Federal Illicit Finance Investigations

State	Charges	Quintile
Nebraska	60	Under 100
Nevada	59	Under 100
West Virginia total	56	Under 100
Connecticut	54	Under 100
Alaska	49	Under 100
New Mexico	49	Under 100
South Dakota	46	Under 100
Iowa total	41	Under 100
Hawaii	30	Under 100
New Hampshire	26	Under 100
Virgin Islands	26	Under 100
Maine	25	Under 100
Rhode Island	25	Under 100
Montana	24	Under 100
Vermont	21	Under 100
Delaware	16	Under 100
Idaho	15	Under 100
Guam	14	Under 100
Wyoming	10	Under 100
Northern Mariana Islands	2	Under 100

In addition, EOUSA tracks data on cases, which can comprise multiple defendants. In fiscal years 2018–2022, U.S. Attorneys’ Offices annually filed between 890 and 1,047 cases with money laundering-related charges. Most cases were referred by DEA and FBI (see table 9). U.S. Attorneys’ Offices in Texas, New York, Florida, and California charged the highest number of cases.

Table 9: Cases with Money Laundering-Related Charges, Number and Percentage by Referring Agency, Fiscal Years 2018–2022

Agency	2018		2019		2020		2021		2022	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Drug Enforcement Administration	207	21%	204	19%	166	19%	164	16%	170	18%
Federal Bureau of Investigation	276	28%	296	28%	282	32%	337	33%	301	32%
Immigration and Customs Enforcement	97	10%	121	12%	141	16%	120	12%	82	9%
Internal Revenue Service	92	9%	94	9%	69	8%	93	9%	83	9%
Joint task forces ^a	54	6%	46	4%	36	4%	42	4%	34	4%
Other ^b	247	25%	286	27%	196	22%	269	26%	272	29%
Total	973		1,047		890		1,025		942	

Source: Executive Office for U.S. Attorneys data. | GAO-24-106301

Notes: A case was included in the data if the charges included one or more charges of federal money laundering-related statutes we identified. Percentages may not sum to 100 due to rounding.

^aIncludes all charges stemming from a joint task force, including joint task forces denoted as a federal agency and a “state or local task force,” as well as state- or local-led task forces with federal agency participation.

^bIncludes all other agencies, none of which accounted for more than 5 percent of cases in fiscal year 2022.

Defendants Convicted and Cases with Money Laundering-Related Convictions

The EOUSA data show that the majority of defendants convicted of money laundering-related charges were referred to U.S. Attorneys’ Offices for prosecution by FBI, DEA, and Immigration and Customs Enforcement (see table 10).

Appendix III: Outcomes of Federal Illicit Finance Investigations

Table 10: Defendants Convicted of Money Laundering-Related Charges, Number and Percentage by Referring Agency, Fiscal Years 2018–2022

Agency	2018		2019		2020		2021		2022	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Federal Bureau of Investigation	279	23%	277	25%	186	23%	207	25%	256	26%
Drug Enforcement Administration	343	28%	323	29%	240	29%	248	30%	231	24%
Immigration and Customs Enforcement	181	15%	135	12%	110	13%	117	14%	123	13%
Internal Revenue Service	94	8%	92	8%	54	7%	55	7%	68	7%
Joint task forces ^a	80	7%	84	8%	75	9%	51	6%	54	6%
Other ^b	227	19%	201	18%	159	19%	141	17%	239	25%
Total	1,204		1,112		824		819		971	

Source: Executive Office for U.S. Attorneys data. | GAO-24-106301

Notes: A defendant was included in the data if charged under one or more of the federal money laundering-related statutes we identified. Percentages may not sum to 100 due to rounding.

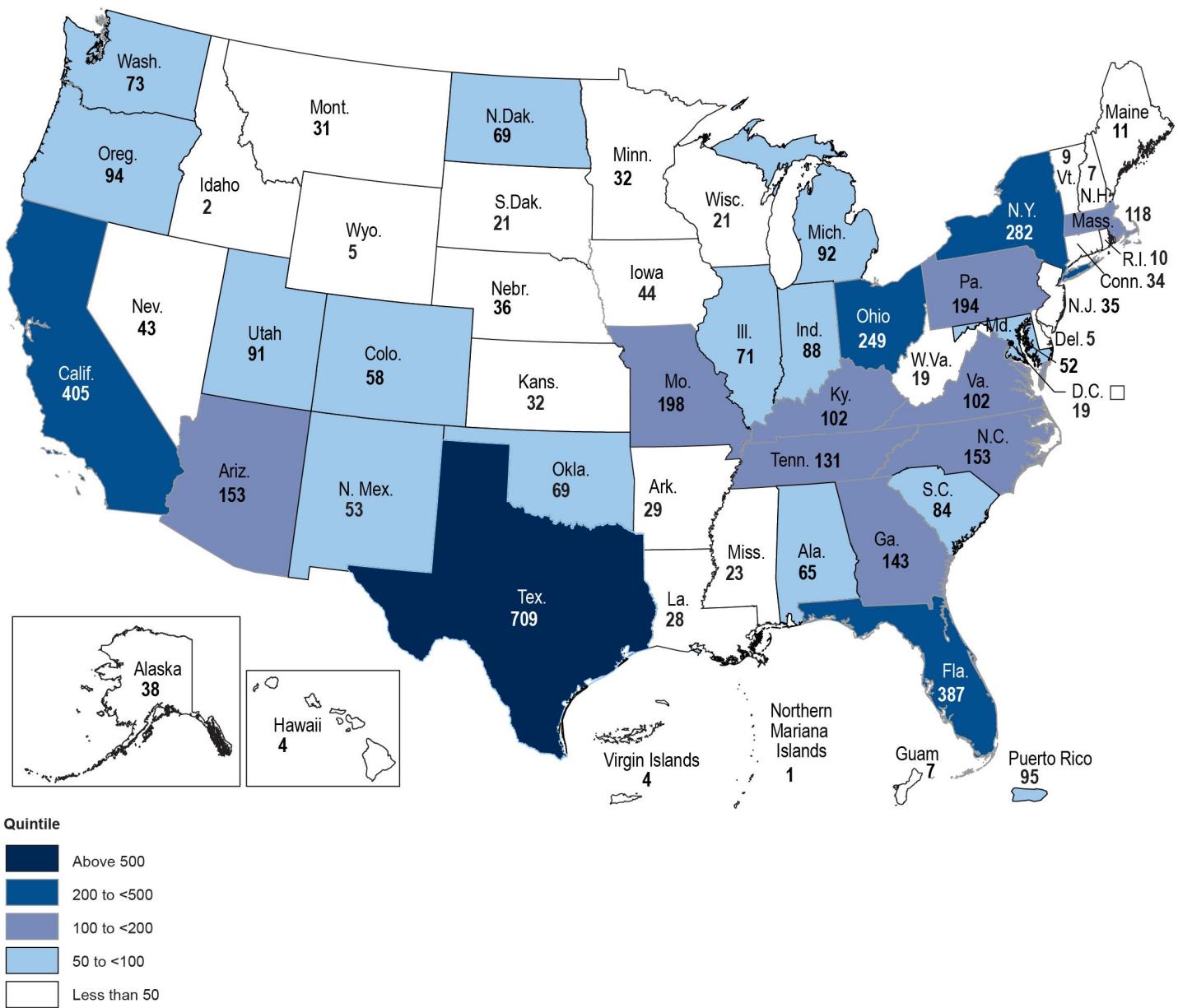
^aIncludes all charges stemming from a joint task force, including joint task forces denoted as a federal agency and a “state or local task force,” as well as state- or local-led task forces with federal agency participation.

^bIncludes all other agencies, none of which accounted for more than 6 percent of guilty defendants in fiscal year 2022.

U.S. Attorneys’ Offices in Texas, California, Florida, and New York convicted the most defendants of money laundering-related charges, which together accounted for 36 percent of total convictions in fiscal years 2018–2022 (see fig. 9).

Appendix III: Outcomes of Federal Illicit Finance Investigations

Figure 9: Number of Defendants Convicted of Money Laundering-Related Charges, by State, Fiscal Years 2018–2022



Source: GAO analysis of Executive Office for U.S. Attorneys data; Mapinfo (map). | GAO-24-106301

Accessible data table for Figure 9: Number of Defendants Convicted of Money Laundering-Related Charges, by State, Fiscal Years 2018–2022

State	Total - Guilty (FY18-22)	Category
Texas total	709	Above 500
California total	405	200 to < 500
Florida total	387	200 to < 500
New York total	282	200 to < 500
Ohio total	249	200 to < 500
Missouri total	198	100 to < 200
Pennsylvania total	194	100 to < 200
Arizona	153	100 to < 200
North Carolina total	153	100 to < 200
Georgia total	143	100 to < 200
Tennessee total	131	100 to < 200
Massachusetts	118	100 to < 200
Kentucky total	102	100 to < 200
Virginia total	102	100 to < 200
Puerto Rico	95	50 to < 100
Oregon	94	50 to < 100
Michigan total	92	50 to < 100
Utah	91	50 to < 100
Indiana total	88	50 to < 100
South Carolina	84	50 to < 100
Washington total	73	50 to < 100
Illinois total	71	50 to < 100
North Dakota	69	50 to < 100
Oklahoma total	69	50 to < 100
Alabama total	65	50 to < 100
Colorado	58	50 to < 100
New Mexico	53	50 to < 100
Maryland	52	50 to < 100
Iowa total	44	Less than 50
Nevada	43	Less than 50
Alaska	38	Less than 50
Nebraska	36	Less than 50
New Jersey	35	Less than 50
Connecticut	34	Less than 50

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State	Total - Guilty (FY18-22)	Category
Kansas	32	Less than 50
Minnesota	32	Less than 50
Montana	31	Less than 50
Arkansas total	29	Less than 50
Louisiana total	28	Less than 50
Mississippi total	23	Less than 50
South Dakota	21	Less than 50
Wisconsin total	21	Less than 50
DC	19	Less than 50
West Virginia total	19	Less than 50
Maine	11	Less than 50
Rhode Island	10	Less than 50
Vermont	9	Less than 50
Guam	7	Less than 50
New Hampshire	7	Less than 50
Delaware	5	Less than 50
Wyoming	5	Less than 50
Hawaii	4	Less than 50
Virgin Islands	4	Less than 50
Idaho	2	Less than 50
Northern Mariana Islands	1	Less than 50

The EOUSA data show that 380–594 cases annually in fiscal years 2018–2022 had a guilty outcome. FBI and DEA were the agencies that referred most of the cases resulting in guilty outcomes (see table 11).

Table 11: Cases with Money Laundering-Related Charges and Guilty Outcomes, Number and Percentage by Referring Agency, Fiscal Years 2018–2022

Agency	2018		2019		2020		2021		2022	
	Number	Percent								
Federal Bureau of Investigation	134	23%	130	24%	98	26%	117	27%	135	27%
Drug Enforcement Administration	123	21%	132	24%	69	18%	86	20%	84	17%
Immigration and Customs Enforcement	99	17%	75	14%	65	17%	87	20%	78	16%
Internal Revenue Service	65	11%	53	10%	35	9%	34	8%	51	10%
Joint task forces ^a	34	6%	27	5%	23	6%	22	5%	19	4%

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Agency	2018		2019		2020		2021		2022	
	Number	Percent								
Other ^b	139	23%	123	23%	90	24%	82	19%	134	27%
Total	594		540		380		428		501	

Source: Executive Office for U.S. Attorneys data. | GAO-24-106301

Notes: A case was included in the data if it included one or more charges of federal money laundering-related statutes we identified. Percentages may not sum to 100 due to rounding.

^aIncludes all charges stemming from a joint task force, including joint task forces denoted as a federal agency and a “state or local task force,” as well as state- or local-led task forces with federal agency participation.

^bIncludes all other agencies, none of which accounted for more than 5 percent of charges in fiscal year 2022.

Fines Associated with Money Laundering-Related Charges

The Department of Justice (DOJ) also tracks fines related to money laundering investigations. In fiscal year 2022, \$2.38 million in fines was imposed for investigations with a money laundering-related charge (see table 12).

Table 12: Number and Total Value of Fines Associated with Money Laundering-Related Charges, by Fiscal Year, 2018–2022

	2018	2019	2020	2021	2022
Number of fines	72	84	44	37	71
Total value (fiscal year 2022 dollars, in millions)	\$13.56	\$5.59	\$1.55	\$0.76	\$2.38

Source: Department of Justice data. | GAO-24-106301

Notes: For defendants charged with both a money laundering-related statute and another criminal statute, the Executive Office for U.S. Attorneys could not determine if the criminal fine was ordered due to the money laundering statute, the other statute(s), or both.

The Executive Office for U.S. Attorneys provided its data in nominal dollars. We adjusted the values for inflation using the Gross Domestic Product price index and present them in fiscal year 2022 dollars.

Seizure and Forfeiture Data

DOJ’s Asset Forfeiture Management Staff division provided us with data from the Consolidated Asset Tracking System (CATS).⁴ The system

⁴The CATS database system stores and processes asset forfeiture data maintained by DOJ entities and others. The data are used to support annual financial statements, audits, and congressional reporting, as well as to enable management to meet accountability requirements for seized and forfeited assets. CATS performs functions involved in the execution of the asset forfeiture program, including tracking, inventory, and status inquiry.

tracks the lifecycle of assets seized for forfeiture by DOJ agencies and others that participate in its Assets Forfeiture Fund.⁵ These aggregated data include seized or forfeited assets associated with a federal money laundering-related charge, the same charges we used to obtain data from EOUSA.⁶

The CATS data show that participating agencies seized assets valued from \$414 million to \$1.6 billion per year in fiscal years 2018–2022. FBI and DEA were the agencies seizing the most assets in terms of dollar value (see table 13).

⁵Assets seized by agencies that participate in the Department of the Treasury's Forfeiture Fund are not included in the seizure numbers because CATS is not the official system of record for those data.

⁶These are the same charges used to request EOUSA data. 18 U.S.C. § 1956, 18 U.S.C. § 1957, 18 U.S.C. § 1960, 31 U.S.C. § 5313, 31 U.S.C. § 5316, 31 U.S.C. § 5324, 31 U.S.C. § 5331, and 31 U.S.C. § 5332.

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Table 13: Number and Dollar Value of Seized Assets Associated with Money Laundering-Related Statutes, Fiscal Years 2018–2022 (Fiscal Year 2022 Dollars in Millions)

Seizing agency	2018		2019		2020		2021		2022	
	Number of assets	Value (\$)								
Bureau of Alcohol, Tobacco, Firearms, and Explosives	176	1.1	43	0.3	72	1.3	81	1.6	7	0.9
Defense Criminal Investigative Service	11	8.4	18	13.9	42	12.0	7	2.2	12	20.3
Diplomatic Security Service (Department of State)	10	1.6	6	0.2	1	0.2	16	1.0	4	2.0
Drug Enforcement Administration	428	67.3	351	139.8	355	78.4	354	206.2	248	26.5
Federal Bureau of Investigation	697	345.0	1,110	1,406.9	652	956.7	1,031	554.6	473	339.3
Food and Drug Administration's Office of Criminal Investigations	15	41.2	12	4.3	7	2.9	45	35.0	8	8.0
U.S. Marshals Service	65	0.7	46	6.6	31	2.5	38	0.2	36	0.0 ^a
U.S. Postal Inspection Service	219	23.1	243	32.9	138	8.5	169	6.0	66	17.1
Total	1,621	488.3	1,829	1,604.8	1,298	1,062.4	1,741	806.8	854	414.1

Source: Consolidated Asset Tracking System data. | GAO-24-106301

Notes: An asset was included in the data if it was associated with one or more of the federal money laundering-related statutes we identified.

The Consolidated Asset Tracking System does not include data on assets seized by agencies that participate in the Department of the Treasury's Forfeiture Fund (for example, the Internal Revenue Service and Immigration and Customs Enforcement).

The Department of Justice provided its data in nominal dollars. We adjusted the values for inflation using the Gross Domestic Product price index and present them in fiscal year 2022 dollars.

^aSeizures totaled \$28,344.

The CATS data show from \$495 million to \$1.5 billion in forfeitures per year in fiscal years 2018–2022. FBI, Immigration and Customs Enforcement, and the Internal Revenue Service were the agencies that contributed the most forfeited assets (see table 14).⁷

⁷According to DOJ, forfeited assets that were seized by agencies that participate in the Department of the Treasury's Forfeiture Fund (for example, the Internal Revenue Service and Immigration and Customs Enforcement) and referred to U.S. Attorneys' Offices for judicial civil or criminal forfeiture proceedings are tracked in CATS and therefore were included in the data.

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Table 14: Number and Dollar Value of Forfeited Assets Associated with Money Laundering-Related Statutes, Fiscal Years 2018–2022 (Fiscal Year 2022 Dollars in Millions)

Seizing agency	2018		2019		2020		2021		2022	
	Number of assets	Value (\$)								
Bureau of Alcohol, Tobacco, Firearms, and Explosives	27	0.3	174	0.9	207	5.9	46	0.2	177	2.2
Customs and Border Protection	69	4.3	92	12.6	56	5.4	100	7.0	87	6.7
Defense Criminal Investigative Service	6	0.5	9	1.1	12	1.9	18	9.2	12	3.9
Diplomatic Security Service (Department of State)	14	2.0	23	0.4	3	0.1	2	0.1	10	0.3
Drug Enforcement Administration	338	71.2	402	123.7	283	29.4	307	62.3	238	24.6
Federal Bureau of Investigation	1,088	260.0	522	907.3	566	1,070.0	579	222.9	648	328.7
Food and Drug Administration's Office of Criminal Investigations	50	41.2	5	1.4	6	0.7	8	4.4	13	5.0
Immigration and Customs Enforcement	206	243.9	262	376.5	155	99.4	351	85.4	147	68.8
Internal Revenue Service	736	219.9	300	106.3	136	200.9	406	68.9	137	28.5
U.S. Marshals Service	38	2.7	5	0.6	22	1.0	16	1.1	30	0.7
U.S. Postal Inspection Service	125	31.8	111	2.9	127	12.9	225	5.6	125	19.6
U.S. Secret Service	60	7.7	30	9.4	94	15.5	63	33.3	37	5.6
Total	2,757	885.4	1,935	1,543.1	1,667	1,443.0	2,121	500.5	1,661	494.6

Source: Consolidated Asset Tracking System data. | GAO-24-106301

Notes: An asset was included in the data if it was associated with one or more of the federal money laundering-related statutes we identified.

The Department of Justice provided its data in nominal dollars. We adjusted the values for inflation using the Gross Domestic Product price index and present them in fiscal year 2022 dollars.

Organized Crime and Drug Enforcement Task Forces

The Organized Crime and Drug Enforcement Task Forces (OCDETF), an office in DOJ that focuses on transnational criminal organizations, provided us with data on the outcomes of its illicit finance investigations.⁸

⁸OCDETF tracks data on its investigations in its Management Information System. OCDETF investigative and prosecutorial personnel use the system to track and coordinate investigative efforts and collect data from the initiation of an OCDETF investigation through the closing of the case.

In addition, OCDETF tracks data on disruptions and dismantlements of such organizations.⁹

OCDETF tracks the number of its investigations that result in charges or convictions of financial violations. OCDETF's definition of financial violation includes statutes additional to those we identified as related to money laundering.¹⁰ OCDETF can track outcomes specifically for investigations that used Bank Secrecy Act information (such as suspicious activity or currency transaction reports). OCDETF data show that a number of its closed investigations used this information, including 90 percent that resulted in financial convictions and 86 percent that resulted in dismantlements in fiscal year 2022 (see table 15).

Table 15: Number of Convictions in Closed OCDETF Investigations and Percentage Using Bank Secrecy Act (BSA) Information, Fiscal Years 2018–2022

Outcome	2018	2019	2020	2021	2022
Financial convictions (all)	132	160	112	132	148
Percent reporting use of BSA information	89%	91%	90%	83%	90%
Other convictions	526	535	457	430	536
Percent reporting use of BSA information	84%	79%	83%	81%	85%
Disruptions	373	425	313	330	424
Percent reporting use of BSA information	86%	81%	86%	86%	90%
Dismantlements	303	333	308	287	339
Percent reporting use of BSA information	100%	83%	83%	84%	86%

Source: Organized Crime and Drug Enforcement Task Forces (OCDETF). | GAO-24-106301

⁹OCDETF defines a disruption as impeding the normal and effective operation of the targeted organization, as indicated by changes in organizational leadership, methods of operation, or both. It defines a dismantlement as destroying the organization's leadership, financial base, and network to the degree that the organization is incapable of operating and reconstituting itself.

¹⁰Additional statutes include, for example, 18 U.S.C. § 371 (tax conspiracy); 26 U.S.C. § 7201 (tax evasion); and 46 U.S.C. § 70503 (concealment of currency on a vessel).

Appendix III: Outcomes of Federal Illicit Finance Investigations

OCDETF also tracks outcomes based on the type of organization investigated. For example, OCDETF tracks disruptions and dismantlements tied to Consolidated Priority Organization Targets and Regional Priority Organization Targets (see table 16).¹¹

Table 16: Number of Closed OCDETF Investigations Resulting in Disruption or Dismantlement of an Organization, Fiscal Years 2018–2022

Outcome	2018	2019	2020	2021	2022
Closed consolidated priority organization target investigations ^a	113	109	85	86	112
Resulting in a disruption	75	80	50	50	77
Resulting in a dismantlement	42	64	50	45	77
Closed regional priority organization target investigations ^b	110	141	94	94	113
Resulting in a disruption	45	53	36	42	56
Resulting in a dismantlement	44	69	31	43	54
Closed transnational organized crime investigations	398	501	374	366	540
Resulting in a disruption or dismantlement ^c	347	421	306	300	443

Source: Organized Crime and Drug Enforcement Task Forces (OCDETF). | GAO-24-106301

^aA consolidated priority organization target is the command-and-control element of a major international drug trafficking organization or money laundering enterprise that significantly affects the U.S. drug supply.

^bA regional priority organization target is an organization whose drug trafficking or money laundering activities significantly affect a region.

^cAccording to OCDETF, it tracks transnational organized crime disruptions and dismantlements in the aggregate; thus, this number cannot be disaggregated into separate categories.

¹¹The consolidated priority organization target list (which is vetted by multiple agencies) contains the international drug trafficking and money laundering organizations determined to most affect the United States. The list is updated twice yearly. According to OCDETF, in addition to drug trafficking, nearly all of these targets are involved in multiple forms of organized criminal activity, such as violence, corruption, human smuggling, weapons trafficking, complex financial crimes, and cybercrime. The Regional Priority Organization Target List includes leaders of significant drug trafficking and money laundering organizations primarily responsible for a region's drug threat.

Appendix III: Outcomes of Federal Illicit Finance Investigations

Finally, a high percentage of OCDETF investigations resulted in assets being seized and forfeited. For example, in fiscal years 2018–2022, from 74 to 85 percent of closed investigations each year resulted in seizures (see table 17). Among closed investigations with indictments, 53–61 percent per year resulted in forfeited assets.

Table 17: Number of Closed OCDETF Investigations and Percentage Resulting in Assets Seized and Forfeited, Fiscal Years 2018–2022

	2018	2019	2020	2021	2022
Closed investigations	677	724	616	570	727
Percent resulting in assets seized	82%	85%	74%	75%	76%
Closed investigations with indictments	665	747	552	520	688
Percent resulting in assets forfeited	60%	53%	60%	59%	61%

Source: Organized Crime and Drug Enforcement Task Forces (OCDETF). | GAO-24-106301

Appendix IV: GAO Contacts and Staff Acknowledgments

GAO Contacts

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