

**PROTECTING THE PUBLIC:  
Law Enforcement Bureaus Claim Information  
Sharing Within Treasury To Be Adequate**

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FEBRUARY 28, 2003



**Office of Inspector General**

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The Department of the Treasury

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## Abbreviations

ATF	Bureau of Alcohol, Tobacco and Firearms
BSA	Bank Secrecy Act
Customs	U.S. Customs Service
FinCEN	Financial Crimes Enforcement Network
Green Quest	Operation Green Quest
ICIG	Intelligence Community Inspectors General
IRS	Internal Revenue Service
NIC	National Intelligence Community
OIG	Office of Inspector General
OFAC	Office of Foreign Asset Control
OIS	Office of Intelligence Support
Secret Service	U.S. Secret Service
TECS	Treasury Enforcement Communications System
U.S.	United States

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*The Department of the Treasury  
Office of Inspector General*

February 28, 2003

Mr. Kenneth Lawson  
Assistant Secretary for Enforcement

Following the terrorist attacks of September 11, 2001, we modified our work plans to include the Treasury Department's counterterrorist activities. One area that appeared to be of crucial importance to improved counterterrorist operations was information sharing, both among law enforcement agencies, and between law enforcement agencies and the national intelligence community (NIC).

We met with representatives of the Bureau of Alcohol, Tobacco and Firearms (ATF), the U.S. Customs Service (Customs), the U.S. Secret Service (Secret Service), the Financial Crimes Enforcement Network (FinCEN), and the Office of Intelligence Support (OIS) between December of 2001 and May of 2002. The objectives of these meetings were (1) to determine how Treasury law enforcement bureaus share information, and whether opportunities existed to improve the flow of information between Treasury law enforcement bureaus and (2) to identify the mechanisms through which Treasury law enforcement bureaus share information with the NIC. We used a structured questionnaire for these interviews, which is provided in Appendix 1.

Under the first objective, no agency representative reported any substantial problems in sharing information among Treasury law enforcement bureaus. For the second objective, our results were included as part of a study of intelligence sharing between the Federal law enforcement community and the NIC conducted by a working group of the Intelligence Community Inspectors General

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(ICIG). For the Treasury offices and bureaus involved in the sharing of intelligence information, we reported on their mission, the information that they typically shared, and the agencies with which they share it. The working group reported its findings, which included our information, to the full ICIG in April 2002.

We did not, as part of this review, validate the responses provided by the agency representatives. This report contains no recommendations, and is provided for your information. We provided a draft of this report to your office and considered comments by your staff in our final report. Your written comments are included in Appendix 2.

## **Missions Of Treasury's Office Of Enforcement And Law Enforcement Bureaus**

The Office of Enforcement is charged with overseeing Treasury's law enforcement mission, including its law enforcement bureaus<sup>1</sup> (ATF, Customs, Federal Law Enforcement Training Center, FinCEN, and Secret Service) and offices [(the Executive Office of Asset Forfeiture and the Office of Foreign Assets Control (OFAC))]. Additionally, the Office of Enforcement provides policy guidance to the Criminal Investigation Division of the Internal Revenue Service.

The Office of Enforcement reported that it has:

- Evolved to meet the increasing demands and challenges facing Treasury's law enforcement bureaus and offices,
- Taken important steps to strengthen management at Treasury bureaus,
- Successfully worked for a significant increase in bureau resources, and
- Met these challenges by strengthening and building its partnerships both inside and outside of Treasury.

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<sup>1</sup> We did not meet with the Criminal Investigation Division of the Internal Revenue Service because our review's scope was limited to law enforcement bureaus and the NIC.

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The missions of Treasury Department law enforcement bureaus are diverse.<sup>2</sup>

- ATF is a law enforcement organization within with unique responsibilities dedicated to reducing violent crime, collecting revenue, and protecting the public. ATF enforces the federal laws and regulations relating to alcohol, tobacco, firearm, explosives, and arson by working directly and in cooperation with others to:
  - Support and assist Federal, state, local, and international law enforcement;
  - Ensure fair and proper revenue collection;
  - Provide fair and effective industry regulation; and
  - Provide innovative training programs in support of criminal and regulatory enforcement functions.
  
- As the Nation's principal border agency, Customs ensures that all goods entering and exiting the United States (U.S.) do so in accordance with all U.S. laws and regulations. This includes:
  - Deterring terrorists activities and prohibiting the importation of weapons of mass destruction;
  - Enforcing U.S. laws intended to prevent illegal trade practices and to protect the American public and environment from the introduction of prohibited hazardous and noxious products;
  - Assessing and collecting revenues in the form of duties, taxes, and fees on imported merchandise;
  - Regulating the movement of persons, carriers, merchandise, and commodities between the U.S. and other nations, while facilitating the movement of all legitimate cargo, carriers, travelers, and mail;

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<sup>2</sup> On November 25, 2002, President Bush signed H.R. 5005, *the Homeland Security Act of 2002*, to create the Department of Homeland Security. On January 24, 2003, ATF was divested to the Department of Justice, while Customs, FLETC, and Secret Service will be divested to the new Department of Homeland Security in March 2003.

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- Interdicting narcotics and other contraband; and
  - Enforcing certain provisions of the export control laws of the U.S.
- FinCEN was established by Treasury Order Number 105-08 in April 1990. Its original mission was to provide a government-wide, multi-source intelligence and analytical network to support the detection, investigation, and prosecution of domestic and international money laundering and other financial crimes. In May 1994, its mission was broadened to include regulatory responsibilities. On October 26, 2001, the USA Patriot Act (Public Law 107-56) established FinCEN as a Treasury bureau. Today, FinCEN is one of Treasury's primary agencies to oversee and implement policies to prevent and detect money laundering.

FinCEN supports law enforcement investigative efforts and fosters interagency and global cooperation against domestic and international financial crimes; and provides U.S. policy makers with strategic analyses of domestic and worldwide money laundering developments, trends, and patterns. FinCEN works toward those ends through information collection, analysis, and sharing, as well as technological assistance and innovative, cost effective implementation of the Bank Secrecy Act (BSA) and other Treasury authorities.

- The Secret Service is mandated by the Congress and executive orders to carry out two distinct and significant missions -- protection and criminal investigations. The Secret Service is responsible for the:
  - Protection of the President, the Vice President, the President's and Vice President's families, heads of state, and other designated individuals;
  - Investigation of threats against those under their protection;

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- Protection of the White House, Vice President's Residence, Foreign Missions, and other buildings within Washington, D.C.; and
  - Security design, planning, and implementation at designated National Special Security Events.

The Secret Service is also responsible for the enforcement of laws relating to counterfeiting of obligations and securities of the U.S. and investigating financial crimes including, but not limited to, access device fraud, financial institutions fraud, financial identity theft, computer fraud, computer based attacks against aspects of our nation's financial, banking, and telecommunications infrastructure.

The mission of OIS is to provide timely, relevant intelligence to the Secretary and other Treasury Department officials. OIS also serves as Treasury's liaison with the NIC. OIS has no law enforcement responsibilities; however, it receives and transmits information with the NIC for all of the other offices located in the Departmental Offices. Representatives of OIS reported to us that they play no role in facilitating the sharing of law enforcement information among Treasury bureaus.

## **Information Collected By Treasury Law Enforcement Bureaus**

We divided the information collected by Treasury law enforcement bureaus into two categories: (1) investigative case information and (2) data pertinent to accomplishing their respective missions. With respect to the first category, ATF, Customs, and the Secret Service perform criminal investigations and enter investigative data into case management systems. The specific data fields that each bureau populates vary, but investigators are supposed to enter enough data into the record so that potential connections among case elements (individuals, vehicles, and weapons) can be identified.

With respect to the second category, bureaus maintain specialized databases relating to the accomplishment of their specific missions.

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For example, ATF maintains databases on arson and explosives incidents, firearms and explosives licenses and imports, firearms registrations under the National Firearms Act, firearms tracing information, and ballistic information. Customs inputs all case, suspect, regulatory, and trade compliance information into the Treasury Enforcement Communications System (TECS). The Secret Service maintains databases of counterfeit notes, instances in which they have been passed, and hand writing samples. Finally, FinCEN collects and analyzes BSA data and combines it with information generated by law enforcement agencies and other sources for analysis and dissemination to law enforcement customers.

## **Information Sharing Among Treasury Law Enforcement Bureaus**

Treasury law enforcement bureaus share information with each other and with other law enforcement and intelligence agencies via several methods. When bureaus identify a law enforcement need that cuts across their different missions, a common response is to form an interagency task force, employ liaison relationships and informal contracts, and access information from various databases.

One example of a task force is Operation Green Quest (Green Quest.) Treasury created Green Quest, a new multi-agency financial enforcement initiative intended to augment existing counter terrorist efforts by bringing the full scope of the government's financial expertise to bear against systems, individuals, and organizations that serve as sources of terrorist funding. Green Quest is aimed at identifying, freezing, and seizing the accounts and assets of terrorist organizations that pose a threat to the U.S. and to all nations of the world.

This task force is led by Customs and includes representatives from Treasury ATF, FinCEN, IRS, OFAC, and Secret Service and non-Treasury organizations (such as the Federal Bureau of Investigation, the Postal Inspection Service, and the Naval Criminal Investigative Service). Green Quest brings together the extensive financial expertise of the Treasury Bureaus along with the exceptional



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experience of our partner agencies and departments to focus on terrorist financing. Additionally, members of Green Quest belong to various task force entities outside Treasury to ensure case information is properly utilized, shared, and distributed.

To further facilitate the taskforce concept, the Office of Enforcement reported that it has standard weekly meetings with law enforcement liaison representatives to share information on pertinent investigative cases and future actions. In addition, the Assistant Secretary for Enforcement chaired a monthly meeting with all law enforcement bureaus intelligence sections for the same purpose.

When officers identify an information need that does not warrant the formation of a task force, they often use informal contacts in other agencies to obtain information. The establishment of liaison relationships between agencies often facilitates informal information sharing. All Treasury law enforcement bureaus have liaison officers assigned to or from other law enforcement or intelligence agencies.

Finally, in particular cases, law enforcement bureaus have found it worthwhile to develop databases that other agencies can access. One example is ATF's National Integrated Ballistic Information Network, which allows local, state, and Federal law enforcement agencies to compare ballistic information with ATF's database. Another is Customs' Interagency Border Inspection System, which operates on TECS and allows Customs or Immigration officers at ports of entry to check individuals' names and vehicle license plates against law enforcement databases.

FinCEN is a network bringing people and information together to combat domestic and international money laundering. It uses automated systems to collect, analyze, and share information. Because FinCEN's primary mission is to facilitate information sharing regarding financial crimes, it bears additional discussion. FinCEN facilitates information sharing in two main ways. First, FinCEN uses anti-money laundering laws (such as the BSA) to

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require reporting and recordkeeping by banks and other financial institutions. This recordkeeping preserves a financial trail for investigators to follow as they track criminals and their assets. The BSA requires depository institutions and non-banking financial institutions to report suspicious currency transactions, which could trigger investigations.<sup>3</sup> FinCEN establishes policies and regulations regarding information collection and sharing to deter and detect money laundering in partnership with the financial community. Law enforcement agencies can search FinCEN's BSA databases for information related to their investigations, either at FinCEN through the Platform program, or remotely through the Gateway program. Through information requests and usage of the databases, FinCEN determines if more than one agency is searching for the same information, allowing those agencies to coordinate their investigation.

Second, FinCEN conducts analyses at the request of client agencies, working with both their own databases and with other sources of information. These analyses merge several sources of information into a larger picture that is intended to allow client agencies to target their investigations more effectively. FinCEN representatives stated that their effectiveness would be enhanced if they had access to a wider range of information both within and without the Treasury Department. However, when these concerns were raised with Treasury law enforcement bureaus, they responded that the level of information they provided to FinCEN was appropriate, citing both operational security concerns and legal constraints.

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<sup>3</sup> The USA Patriot Act expanded this operation by requiring organizations in the money service business industry to register with FinCEN and report information. These additional organizations include travel agents, vehicle sellers, pawnbrokers, precious metal and jewelry sellers, telegraph companies, and others.

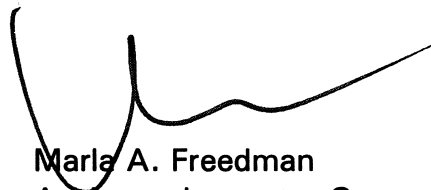
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## Summary

Information sharing is done through the described vehicles and on ad hoc bases. Bureau representatives indicated that they find these mechanisms to be generally effective. As a normal course of business, information sharing is done on a daily basis taking into consideration its wider application. Representatives of all of the agencies discussed above reported that resistance to sharing information across agency lines has decreased greatly since September 11, 2001.

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We performed our work in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency. We appreciate the cooperation and courtesies extended to our staff. If you have any questions, please contact me at (202) 927-5400, or a member of your staff may contact Marj P. Leaming, Director, Office of Evaluations at (202) 927-5171.



Marla A. Freedman  
Assistant Inspector General for Audit

- 1) Does your office or bureau share its law enforcement information with the National Intelligence Community?
  - a) If yes, what types of information are shared and with what Federal government agencies?
  - b) If no, are there types of information that you believe would be beneficial to share and with what Federal government agencies?
  - c) What problems exist?
  
- 2) Does the National Intelligence Community share foreign intelligence information with your office or bureau?
  - a) If yes, what types of information and from what Federal government agencies?
  - b) If no, are there types of information that you believe would be beneficial to receive and from what Federal government agencies?
  - c) What problems exist?
  
- 3) Does your office or bureau share its law enforcement information with other law enforcement agencies?
  - a) If yes, what types of information are shared and with what Federal government agencies?
  - b) If no, are there types of information that you believe would be beneficial to share and with what Federal government agencies?
  - c) What problems exist?
  
- 4) Do other law enforcement agencies share law enforcement information with your office or bureau?
  - a) If yes, what types of information and from what Federal government agencies?
  - b) If no, are there types of information that you believe would be beneficial to receive and from what Federal government agencies?
  - c) What problems exist?



ASSISTANT SECRETARY

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

February 11, 2003

**MEMORANDUM FOR MARLA A. FREEDMAN  
ASSISTANT INSPECTOR GENERAL FOR AUDIT**

**FROM:** Kenneth Lawson,   
Assistant Secretary (Enforcement)

**SUBJECT:** PROTECTING THE PUBLIC: Law Enforcement Bureaus  
Claim Information Sharing Within Treasury to Be Adequate

This memorandum responds to the Office of Inspector General's draft report entitled, "PROTECTING THE PUBLIC: Law Enforcement Bureaus Claim Information Sharing Within Treasury to Be Adequate," delivered to my office in December 2002.

The draft report had no recommendation but lacked many important details associated with the Bureaus and the Office of Enforcement as a whole. My staff has worked closely with your office to compile a more complete report; their assistance and patience is greatly appreciated.

I trust the comments and changes meet with your approval.

If you have any question on this matter please call Jaime J. Cagigas at 622-5071.

Attachment

Appendix 3  
Major Contributors To This Report

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Marj P. Leaming, Director of Evaluations  
John Lemen, Supervisory Evaluator  
Inez Jordan, Supervisory Evaluator  
Lynn Richardson, Audit Manager  
Dexter Payne, Presidential Management Intern

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Office of Accounting and Internal Control  
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