



# Department of the Treasury Financial Crimes Enforcement Network

## Advisory

**FIN-2011-A009**

**Issued: April 21, 2011**

**Subject: Information on Narcotics and Bulk Currency Corridors**

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The Financial Crimes Enforcement Network (FinCEN) is issuing this Advisory to draw the attention of financial institutions to narcotics and bulk currency corridors in the United States. The goal is to assist financial institutions in developing a better understanding of their own geographic locations, how these locations intersect with established flows of narcotics and bulk currency, and how geographic location may affect Bank Secrecy Act (BSA) obligations.

### Identifying Narcotics and Bulk Currency Corridors

The trafficking of illegal drugs, fueled in part by a continuing demand for illegal narcotics in the United States, has created an established pattern of narcotics distribution channels and disposition of illicit funds. The Office of National Drug Control Policy has identified High Intensity Drug Trafficking Areas (HIDTA), indicating areas of specific concern.<sup>1</sup> Additionally, financial institutions may find the U.S. Department of Justice's National Drug Threat Assessment useful, specifically to identify areas that may be hubs of activity as well as logistical highways in the drug trade.<sup>2</sup> These resources may help financial institutions determine if they are located either in a HIDTA or in a region that is located in the supply chain for narcotics and bulk currency smuggling.

Financial institutions may wish to pay particular attention to Appendix A of the 2010 National Drug Threat Assessment, the National Drug Intelligence Center Dynamic Mapping Initiative,<sup>3</sup> and the Department of Justice's Regional Drug Transportation Corridors.<sup>4</sup> These visual representations may assist financial institutions in identifying geographic regions that, although not in HIDTA locations, are located in the logistical channels of transportation of narcotics and bulk currency.

The narcotics and currency corridors have resulted in corresponding illicit financial activity, the likely goal of which is to limit the time and expense related to physically transporting illicit bulk currency. This activity may be a version of what is referred to as inter-state cash, pass-through activity, or funnel account activity. Funnel account activity often involves a customer structuring currency deposits into an account in one geographic area, with the funds subsequently withdrawn in a different geographic region with little turn-around time. The rapid flow of funds may also span a large geographic area between the deposits and withdrawals, including instances where the deposit location is

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<sup>1</sup> [http://www.whitehousedrugpolicy.gov/publications/pdf/HIDTA\\_fs.pdf](http://www.whitehousedrugpolicy.gov/publications/pdf/HIDTA_fs.pdf)

<sup>2</sup> [http://www.justice.gov/dea/concern/18862/ndic\\_2010.pdf](http://www.justice.gov/dea/concern/18862/ndic_2010.pdf)

<sup>3</sup> <http://www.ndicgis.usdoj.gov/Maps.aspx>

<sup>4</sup> <http://www.justice.gov/ndic/pubs38/38661/images/figure3.jpg>

thousands of miles away from the withdrawal location. The currency deposits and withdrawals often have no apparent lawful or business purpose and do not reflect the stated occupation of the account holder. The deposit activity often occurs in areas in narcotics and bulk currency corridors and is withdrawn in HIDTA regions. The withdrawal activity may include not only currency withdrawals, but purchasing of monetary instruments or initiation of international wire transfers.

### **Guidance**

FinCEN reminds U.S. financial institutions of their requirement under the BSA to report suspicious transactions conducted or attempted by, at, or through the U.S. financial institution.<sup>5</sup> A transaction is suspicious if the transaction(a) involves funds derived from illegal activity, (b) the transaction is indicative of structuring, money laundering, terrorist financing, or any other violation of federal law or regulation, or (c) the transaction has no business or apparent lawful purpose, or is not the sort in which the customer is normally expected to engage, and the financial institution knows of no reasonable explanation for the transaction after examining the available facts .<sup>6</sup>

Questions or comments regarding the contents of this Advisory should be addressed to the FinCEN Regulatory Helpline at 800-949-2732.

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<sup>5</sup> A transaction is suspicious if it falls within one of the categories enumerated in our SAR rules. A transaction requires reporting if the transaction satisfies the monetary threshold in our SAR rules, and the financial institution “knows, suspects, or has reason to suspect” that the transaction is suspicious. Financial institutions should note that our rules allow for the voluntary filing of SARs. *See, e.g.*, 31 CFR § 1020.320.

<sup>6</sup> *Id.*