



**Financial Action Task Force  
on Money Laundering**  
Groupe d'action financière  
sur le blanchiment de capitaux

**DETECTING AND PREVENTING THE CROSS-BORDER  
TRANSPORTATION OF CASH BY TERRORISTS AND  
OTHER CRIMINALS**

**International Best Practices**

12 February 2005

# **SPECIAL RECOMMENDATION IX: CASH COURIERS DETECTING AND PREVENTING THE CROSS-BORDER TRANSPORTATION OF CASH BY TERRORISTS AND OTHER CRIMINALS**

## **International Best Practices**

### **Introduction**

1. The use of cash couriers is now recognised as a major method for terrorists to move funds. To address this issue, the Financial Action Task Force (FATF) issued Special Recommendation IX and its Interpretative Note which were developed with the objective of preventing terrorists and other criminals from using cash couriers to finance their activities or launder their funds.

2. While the Interpretative Note is intended to further explain the obligations set out in Special Recommendation IX, this Best Practices Paper is intended to give additional details and guidance for jurisdictions on how to detect cash couriers and how to implement effective measures to prevent the use of cash couriers by terrorists and other criminals.

### **Statement of the Problem**

3. Reporting by intelligence and law enforcement indicates that cash smuggling is one of the major methods used by terrorist financiers, money launderers and organised crime figures to move money in support of their activities. Over many years, FATF typologies exercises have repeatedly highlighted the key role that cash couriers often play in money laundering operations. However, in recent years, evidence has emerged that cash couriers also play a significant role in the international financing of terrorism.

4. Cash couriers use a variety of methods to smuggle cash; however, a preferred method is the use of commercial airlines for the following reasons: (1) the passenger (courier) can stay close to his money during transport, (2) many foreign destinations can be quickly reached; and (3) little pre-planning is required. Land border crossings also offer advantages to the cash courier, including the ability to conceal the currency in the courier's vehicle. Another leading method of cash smuggling is through the mail.

### **Definitions**

5. For the purposes of Special Recommendation IX and this Best Practices Paper, the definitions set out in the Interpretative Note to Special Recommendation IX apply.

### **Implementing Measures: General Considerations**

#### *Thresholds in the declaration system*

6. In a declaration system, the obligation to make a written declaration is triggered if the person is transporting currency or bearer negotiable instruments of a value exceeding the pre-set threshold. While the Interpretative Note to Special Recommendation IX prescribes a maximum threshold of EUR/USD 15,000, it is acknowledged that many countries have decided to adopt thresholds below this limit.

#### *Technical capabilities*

7. Countries are also encouraged to develop specific technical expertise to increase their capacity to detect cash at the borders. For example, jurisdictions should consider developing mechanisms to detect cash within baggage or shipments through the use of canine units that are specially trained to

sniff out currency, X-ray technology, scanners and other sophisticated equipment. All mechanisms employed should be utilised on a risk and intelligence led basis given the volume of cross-border movement. In line with this, jurisdictions need to ensure that their cross-border currency reporting systems are adequately resourced and funded.

#### *Large Denomination Bank Notes*

8. Countries should give consideration to the elimination of large denomination bank notes. These notes can be used by cash smugglers to substantially reduce the physical size of cash shipments being transported across borders and, by doing so, significantly complicate detection exercises.

#### *Other forms of cash*

9. Countries should apply Special Recommendation IX and its Interpretative Note to the cross-border transportation of *currency and bearer negotiable instruments*. Additionally, countries are encouraged to consider applying these measures to other forms of cash and bearer negotiable instruments that may keep the anonymity of the bearer, payer or payee.

### **Targeting Cash Couriers**

10. In developing measures to detect the physical cross-border transportation of currency and bearer negotiable instruments for terrorist financing or money laundering purposes, it is critical that countries conduct interdiction operations to disrupt this criminal activity. Countries should develop effective and feasible procedures to detect, stop or restrain, and where appropriate, confiscate such currency and bearer negotiable instruments. Countries are encouraged to coordinate these operations with all relevant law enforcement authorities<sup>1</sup> and, when appropriate, commercial air/sea carriers. Law enforcement authorities should contact airline personnel to discuss their co-operation and assistance prior to commencing currency interdiction operations. For example, airline agents should be asked to report suspicious behaviour of passengers noted at check-in, and when necessary, be able to co-operate with law enforcement regarding the investigation of cash courier cases.

11. Countries are encouraged to base targeting efforts upon intelligence and analysis together with risk and threat assessments. Authorities must first identify travel routes, flights, ships and concealment methods that are considered high-risk because of known or possible links to terrorist financing or other illicit finance movement. High-risk passengers should then be identified. The use of “profiling” or targeting passengers for examination on the basis of race, religion or ethnicity should be strictly prohibited. Detection methods should be focused on key transit, destination and source countries, and the authorities in these countries should co-ordinate activities, intelligence and information on targeted carriers or individuals. When targeting individuals, names should be checked against the various jurisdictional and UN terrorist watch lists, as well as other law enforcement databases according to domestic data protection laws. Access to intelligence reports, seizure analysis and historical data, both domestically and internationally, is essential in identifying trends used by cash couriers. This information should be shared in a timely manner between countries.

### **Identifying Cash Couriers**

12. Countries are encouraged to establish passenger screening systems to analyse the behaviour, appearance and communications (verbal and non-verbal) of potential cash couriers. Authorities should take note of behaviour anomalies. An integral part of the screening process is the conducting of interviews on passengers who merit further examination. Authorities should develop a baseline of questions before interviewing the subject. A list of red flag indicators to aid in the detection of cash couriers is available to the appropriate authorities through FATF channels.

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<sup>1</sup> In many countries, customs departments are not considered law enforcement agencies and thus do not have the background, training or authority to conduct enforcement operations.

## **Collection of Data**

13. Most inspections, detections and seizures result from an initial “document review” process. When conducting interviews, it is best practice to ensure that an analysis of identification and travel documentation includes the following: passport, visa, airline/cruise ticket, and declaration or suspicious disclosure documentation.

14. When targeting cash from cargo examinations, it is best practice to ensure that some or all of the following shipping documents are made available for review: manifest, airway bill, shipper’s export declaration and invoice/packing list.

## **Restraint/Confiscation of Currency**

15. When a false declaration or false disclosure occurs, or when there are reasonable grounds for suspicion of money laundering or terrorist financing, countries are encouraged to consider imposing a reverse burden of proof on the person carrying currency or bearer negotiable instruments across borders on the question of the legitimacy of such currency and bearer negotiable instruments. Therefore if, under these circumstances, a person is unable to demonstrate the legitimate origin and destination of the currency or bearer negotiable instruments, those funds may be stopped or restrained. Countries may consider confiscation of currency or bearer negotiable instruments without criminal conviction in a manner consistent with FATF Recommendation 3.

## **Inspections**

16. Countries should consider establishing procedures to conduct thorough inspections of passengers, vehicles, cargo, etc. when it is suspected that currency and bearer negotiable instruments may be falsely declared or undisclosed or that it may be related to terrorist financing or money laundering. If possible, inspections should be conducted by a minimum of two individuals. As stated earlier, the use of X-ray equipment, scanners and canine units that are specially trained to sniff out currency should also be used to the maximum extent possible. When suspicious currency and bearer negotiable instruments are discovered, the baggage/cargo should be kept intact with the currency and negotiable instruments so that photographs can be taken to preserve evidence. Authorities should have in place appropriate systems for the handling, storage, security and accounting for seizures of cash and bearer negotiable instruments.

17. When inspecting for currency which may be falsely declared or undisclosed, or which may be related to terrorist financing or money laundering, it is best practice to give particular attention to the potential use of counterfeit currencies. The unique forensic characteristics of counterfeit currency can be quite valuable to investigators attempting to disrupt terrorist or other criminal networks. In some cases, counterfeiters employ either their own smugglers or other already established smuggling networks to accomplish this cross-border activity. Some countries have established mechanisms to detect counterfeit currency. For example, when encountering questionable or suspicious U.S. currency, authorities should check these notes using the U.S. Secret Service Counterfeit Note Search Website ([www.usdollars.usss.gov](http://www.usdollars.usss.gov)) or the European Central Bank website ([www.eur.ecb.int/en/section/recog.html](http://www.eur.ecb.int/en/section/recog.html)) in the case of euro notes.

18. Likewise, it is best practice to examine currency closely to determine if “chop marks” or other external markings that could tie the currency to particular individuals or currency traders is present. Such information also should be shared among domestic law enforcement and with the international community, as appropriate.

19. Customs authorities and other enforcement agencies are encouraged to work with prosecutorial or judicial authorities to establish guidelines for the stopping or restraining of currency and bearer negotiable instruments, and the arrest and prosecution of individuals in cases involving falsely declared or disclosed currency and bearer negotiable instruments, or where there are suspicions that

the currency or bearer negotiable instruments are related to terrorist financing or money laundering. These guidelines should also address individuals who fail to truthfully answer questions posed by customs officers or fail to co-operate with the authorities in the inspection process.

### **International and domestic co-operation**

20. Countries are encouraged to have co-operation arrangements with other countries which would allow for bilateral customs information exchanges between customs and other relevant agencies on cross-border reports, the stopping or restraining of cash and bearer negotiable instrument, and red flag indicators. This co-operation could also extend to operations involving controlled deliveries and other investigative techniques when unaccompanied cash and bearer negotiable instruments are detected at the border. Countries are also encouraged to enhance customs and border capabilities, information sharing and passenger targeting. Increased information between domestic customs authorities and police forces, and international police forces (such as Interpol and Europol) is also encouraged. In cases where countries have a disclosure obligation, systems should be in place to record information collected from suspicious or false oral statements for international cooperation purposes.

21. Countries are also encouraged to enhance domestic law enforcement co-operation between customs, immigration and the police to respond to detections of currency and bearer negotiable instruments, and to develop intelligence. FIUs also have a useful role to play in the dissemination of this type of information domestically. For instance, jurisdictions are encouraged to ensure that false declarations / disclosures are reported or otherwise made available by the designated competent authorities to the financial intelligence unit.

## Typologies of Cash Couriers

### **Example 1: Use of Commercial Airline**

Airport security officials at an x-ray security point discovered a large amount of currency hidden in a false-bottom briefcase. The security officials then notified customs authorities who responded by performing a search of passengers who were boarding the same international flight. An announcement was made prior to the passengers boarding the flight notifying them of the requirement (in the departure country) to declare cash. One suspect then declared cash in the amount under the reporting requirement. While boarding the aircraft, the suspect was stopped in the jet way and advised of the reporting requirement and was afforded the opportunity to amend his previous declaration. After he chose not to avail himself of that option, an inspection disclosed that the suspect was carrying significantly more currency than he had declared. This currency was immediately seized.

### **Example 2: Use of Private Vehicle**

As a result of a lookout at a land border port, Country B intercepted a total of \$165,000 USD in suspected proceeds of crime. The subject of the lookout was returning from Country A. Upon inspecting the pick up truck, officers noticed that the airbag cover in the passenger side was loose. Officers removed the plastic cover revealing a false compartment, which was found to be concealing the bundles of currency. In addition, the passenger of the vehicle was carrying a large quantity of currency on her person.

### **Example 3: Use of Air Parcel**

Law enforcement authorities in Country C initiated an investigation based on two bulk currency seizures over USD 200,000 discovered in express outbound courier shipments intended for a particular business in Country X. This currency was destined for a country of concern. The business and its owner located in Country X were ultimately identified as members of a known and designated Middle Eastern terrorist organisation.