

Highlights of GAO-20-112, a report to congressional requesters

Why GAO Did This Study

Drug deaths in the United States have been rising for years. According to the Centers for Disease Control and Prevention, in 2017 there were over 70,000 U.S. drug overdose deaths. This national emergency results in part from the activities of international narcotics traffickers and their organizations. The Kingpin Act, enacted in 1999, allows Treasury to designate and sanction individuals and entities that contribute to illicit narcotics trafficking. Sanctions and other consequences include blocking a designee's property and assets, denying U.S. travel visas to designees, and penalizing U.S. persons who violate the prohibitions in the Kingpin Act. Treasury is required to submit an annual report to Congress on agencies' Kingpin Act-related personnel and resource expenditures and sanctions activities.

This report examines (1) how U.S. agencies designate individuals and entities under the Kingpin Act; (2) the extent to which U.S. agencies monitor, enforce, and report on sanctions under the Kingpin Act; and (3) what agencies have done to assess the effectiveness of the Kingpin Act. GAO reviewed documents from and interviewed officials at Treasury, the Department of State, and other partner agencies. GAO also performed fieldwork in Colombia and Mexico.

What GAO Recommends

GAO is recommending that Treasury ensure that OFAC (1) improve guidance to partner agencies on their Kingpin Act-related expenditures and (2) disclose expenditure data limitations in its annual Kingpin Act reports to Congress. Treasury did not agree or disagree with the recommendations.

View GAO-20-112. For more information, contact Chelsa Kenney Gurkin at (202) 512-2964 or GurkinC@gao.gov.

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COUNTERNARCOTICS

Treasury Reports Some Results from Designating Drug Kingpins, but Should Improve Information on Agencies' Expenditures

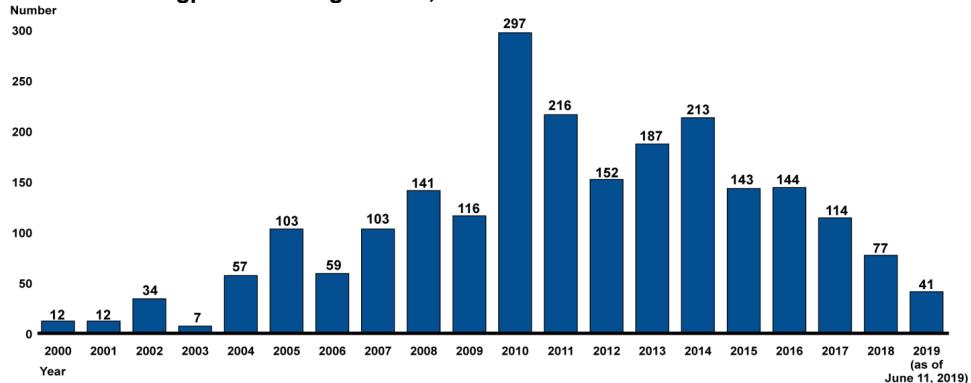
What GAO Found

Under the Foreign Narcotics Kingpin Designation Act (Kingpin Act), the Department of the Treasury's (Treasury) Office of Foreign Assets Control (OFAC) leads a flexible interagency process to designate and sanction foreign individuals and entities that contribute to illicit narcotics trafficking. OFAC identifies potential Kingpin Act designees, compiles evidence, submits it for legal review, and seeks concurrence from partner agencies on designation decisions.

OFAC and U.S. partner agencies monitor and enforce Kingpin Act sanctions, but OFAC has not ensured consistency and transparency of the expenditure data it has reported to Congress. Federal Banking Agencies monitor the OFAC compliance programs of U.S. banks through regular bank examinations. Additionally, OFAC handles enforcement through warnings, monetary penalties, and other methods. As required, OFAC reports annually to Congress on Kingpin Act designations and corresponding agency expenditures, but it has provided limited guidance to partner agencies on expenditure data they report. As a result, agencies use different methods to calculate the personnel and resource costs associated with their Kingpin activities. For example, the Department of Homeland Security said it only reports personnel expenditures when it is the lead investigative agency, but the Department of Defense reports personnel expenditures when it is not the lead. Furthermore, OFAC has not reported the limitations in agency data in its congressional reports. This lack of clear expenditure information could hinder oversight of the Kingpin Act.

OFAC officials noted challenges to assessing the overall effectiveness of the Kingpin Act, but they and their U.S. and international partners track and report a range of results. The primary challenge cited is the difficulty of isolating the effect of the Kingpin Act from multiple other programs combating drug trafficking organizations. Results reported by OFAC and its partners include, for example, from 2000-2019, OFAC reported that it had designated more than 2,000 Kingpins and their supporters, and frozen more than half a billion dollars in assets under the act. In addition, host government officials reported that Kingpin Act sanctions assist them in imposing penalties on drug traffickers.

Number of Kingpin Act Designations, from 2000 to 2019



Source: GAO based on Office of Foreign Assets Control data. | GAO-20-112