U.S. Immigration and Customs Enforcement
Homeland Security Investigations

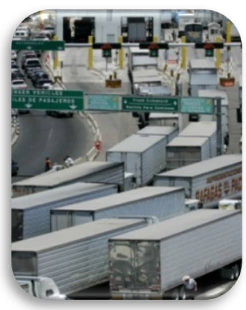
In-Bond Diversion Program

The U.S. Immigration and Customs Enforcement (ICE), Homeland Security Investigations (HSI), Trade Enforcement Unit manages the in-bond diversion program for all HSI in-bond investigations. HSI conducts in-bond investigations to prosecute individuals and corporations responsible for the illegal entry of merchandise into the commerce of the United States through the exploitation of the in-bond process. HSI in-bond diversion investigations and programs also target violations related to foreign trade zones and bonded warehouses.

The in-bond transportation system was established by federal statute and allows merchandise not intended for U.S. consumption to transit or to enter the United States at a port of entry other than the port of actual arrival. When conducted legally, in-bond transactions facilitate trade by allowing the use of U.S. infrastructure for the transportation of goods to foreign markets. Transportation costs are reduced through the utilization of established trade routes throughout the United States. If goods are rejected or unable to make entry into U.S. commerce, they may enter the in-bond transportation system.

<u>There are three types of in-bond movements:</u>

1. Importation & Exportation: Foreign merchandise immediately exported from the U.S. port of arrival without entry into U.S. commerce.
2. Transportation & Exportation: Foreign merchandise transiting the United States in-bond for exportation at a destination port without entry into U.S. commerce.
3. Immediate Transportation: Foreign merchandise arriving at a U.S. port of entry and transported to another port where a superseding entry will be filed by the importer or broker.



Trucks at border crossing

The in-bond transportation system can be exploited for the purpose of smuggling high-duty merchandise, without paying lawful customs duties and excise taxes, into the United States. For example, goods are diverted into the domestic market when U.S. Customs and Border Protection (CBP) declarations show the goods have been exported to an intended foreign market.

<u>Types of in-bond diversion schemes:</u>

1. Imported goods are removed from containers in transit between the initial port of entry and a bonded facility.
2. The illegal diversion of containers into the United States between the initial port of entry and the alleged port of export.
3. The diversion and subsequent domestic consumption of merchandise entered into a foreign trade zone or imported merchandise improperly described and not physically examined by CBP and entered into the United States.

Diversion may cause the evasion of duties and taxes, goods to be entered in violation of U.S. laws, and the entry of potentially harmful goods.

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