



Protectors of Independence Since 1789

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The story of the United States Customs Service is the story of America itself. In 1789, the Congress of a new and almost bankrupt democracy looked to a fledgling corps of Customs collectors to locate and collect the funds Congress needed to run the country. For the first 125 years of this nation's history, Customs was the government's primary source of income. When it opened for business, Customs administered 59 ports of entry with an annual collection of \$2 million dollars. Revenues collected by Customs paid for the purchase of the Louisiana and Oregon Territories, Florida and Alaska, for the building of the transcontinental railroad and for the construction of the U.S. military and naval academies.

As foreign trade flows into the U.S. increased, however, so did the flow of contraband. From the very beginning, Customs collectors tasked with generating revenue were also responsible for enforcing the Tariff Act and other laws that regulated the entry of goods into this country. In the years that followed, the Customs mission grew broader, and given the scope of their duties and enforcement authority, Customs collectors became important figures. Today, the more than 20,000 men and women who fill the Service's ranks are at work on our borders and beyond, employing state-of-the-art technologies and techniques to shield America from contraband and terrorism at home, and partnering with foreign governments and Customs organizations around the world to build the border regimes we need to ensure security and the free flow of trade.

How an organization created in 1789 to collect revenue generated by "tariffs and tonnage" has become a frontline agency in the war against drugs and terrorism — as well as a world-class servicer of free trade — is a story worth telling. How Customs plans to meet future challenges, to work productively with its constituents in the U.S., and to reach out to its counterparts abroad is a story that's still being written. The challenges facing Customs in the 21st century are very different from the ones that confronted James Madison, who first proposed the agency's creation, or Alexander Hamilton, who headed the first Treasury Department. What hasn't changed is the sense of purpose that Customs continues to bring to its mission or the agility with which the agency approaches new

tasks and growing responsibilities. After more than 200 years of operation, the men and women of the United States Customs Service remain the nation's protectors of independence, a corps of highly trained and skilled professionals who stand ready 24 hours a day, 365 days a year in defense of the right to "life, liberty, and the pursuit of happiness."

The Collection of Revenue

The 1st Congress of the United States lost no time in creating revenue-producing legislation — the Tariff Act of July 4, 1789. The Act, which established a tariff and a system for collecting duties, was hailed by the press of the day as a "second Declaration of Independence" — that's how important the legislation was to the public and their elected representatives. On July 31, 1789, officials in Washington established the first Customs districts and ports of entry. They created the process by which Customs officers would be selected and their duties established.

The first vessel to arrive at the port of New York under the new Customs law was the brigantine *Persis*, from Leghorn (Livorno), Italy, on August 5, 1789. Commanded by James Weeks, she was consigned to one James Seton, who paid the first duty ever collected by U.S. Customs — \$774.71. New York's Collector of Customs was John Lamb, one of the heroes of the wartime capture of Fort Ticonderoga from the British.

Lamb and other Revolutionary War heroes appointed to Customs positions by President Washington were the first in a long line of prominent persons to hold Customs posts: Herman Melville, author of *Moby Dick*, was a Customs officer in New York. Pat Garrett, the sheriff who finally caught the infamous outlaw Billy the Kid, held a Customs post in El Paso. President Theodore Roosevelt appointed Edwin Arlington Robinson, the American poet, to the Customs Service. President William Howard Taft subsequently appointed Matthew Henson, who accompanied Admiral Peary on their famous expedition to the Arctic in 1909, to the Customs Service. Other famous Customs officials include Presidents Ulysses S. Grant and Chester Arthur, and author Nathaniel Hawthorne.

During the first year of operation, U.S. Customs collected \$2 million dollars in duties. Some of this money paid down Revolutionary War debt; other funds were directed toward national defense and public works.

In 1801, Customs revenues paid Barbary pirates a one million-dollar ransom to free captured American seamen. (Piracy became Customs province again in 1970, when the Service was assigned the responsibility of halting an epidemic of skyjacking.)

From 1789 until 1913, when Congress passed the first federal income tax law, the Customs Service provided the U.S. Government with most of the revenue the government needed to meet its operating costs. By 1835, Customs revenues had reduced the national debt to zero — no small accomplishment. By 1860, Customs collections accounted for 90 percent of all the money raised for government operations.

Revenue from duties and tariffs underwrote America's rapid expansion as one territory after another was added to the original cluster of 13 states. The opening of the West, the purchase of the Louisiana and Oregon Territories, the addition of Florida and Alaska, the construction of the national road from Cumberland, Maryland, to Wheeling, West Virginia; the Lewis and Clark Expedition and the Transcontinental Railroad — all were funded by a single agency — U.S. Customs. Customs collections even built the U.S. military and naval academies, and the capital city of Washington, D.C. Although the Internal Revenue Service provides the government with the bulk of its revenue today, the Customs Service continues to supply the treasury with the second-largest amount of monies deposited annually in the general fund — approximately \$23 billion.

Regulators and Protectors of Our Borders

Throughout its history, the Customs Service has been responsible for eliminating smuggling, one of its most hazardous assignments. In 1808, when Customs officials were trying to stop the smuggling of dress goods along the Vermont-Canada border, merchants threatened to kill any Customs collector who attempted to enforce the laws.

It was in 1808, as well, that the infamous *Black Snake*, a ferryboat smeared with tar and turned into a smuggling ship, invaded Lake Champlain. For months, the *Black Snake*, manned by a crew of desperados, scorned Customs officers and carried load after load of potash across the border from Canada. Determined to put an end to this traffic, U.S. officials dispatched the *Fly*, a 12-oared cutter manned by a committed crew of American military men.

On August 2, 1808, one of the officers assigned to the *Fly* and a group of his men boarded the pirate ship. During the ensuing melee, three infantrymen were killed, and a lieutenant was severely wounded. In a last determined effort, Sgt. Johnson and a detachment of soldiers captured the *Black Snake's* crew. All were jailed at Burlington, Vermont, and indicted for the killing of three Government officials. Three of the crewmembers were found guilty; one, Cyrus B. Dean, was hanged two weeks later.

When American pioneers moved West, Customs inspectors accompanied the early settlers, enforcing U.S. laws and territorial statutes relating to revenues, immigration, and smuggling.

In mountain states along the northern border, primitive enforcement conditions prevailed well into the 1920s, easing only with the coming of the automobile and later, aerial surveillance.

Mounted Customs officers along the southwest border faced difficult terrain and desperate smugglers. Officer Robert Rumsey was one of many killed in the line of duty.

In 1853, the Secretary of the Treasury authorized the appointment of mounted Customs inspectors for the newly created Paso del Norte district. The mounted patrol was responsible for 1,900 miles of border along the Gulf of Mexico, the U.S.-Mexican border, and the Pacific Ocean. Among these early mounted Customs officers were members of the First U.S. Calvary, better known as Teddy Roosevelt's "Rough Riders."

In the West, where Customs has had a continuing presence since the territory's acquisition, Custom's officers managed to preserve the San Francisco Customhouse flag during the devastating earthquake of 1906.

With the passage in 1920 of the 18th Amendment — prohibiting the importation, possession, and sale of liquor — smuggling in the U.S. reached a new high. Criminal gangs known as “bootleggers” worked the borders with boats, trucks, and planes.

Customs countered with seizure after seizure of contraband alcohol. When the rumrunners were caught, Customs officers often confiscated their transport vehicles, along with the liquor they carried. During prohibition, in fact, the U.S. Customs air interdiction fleet consisted wholly of aircraft seized for liquor smuggling.

First on Many Fronts

Customs contributions to the nation go far beyond the collection and return of revenue to the treasury. It was the Customs Service that taught the fledgling American Government how a federal agency should operate. That task fell to it by default: Customs was not only the first fully formed agency, but for years, it was far and away the largest.

By 1792, the Customs workforce totaled nearly 500 people — 80 percent of all Treasury employees. The Post Office, the next largest agency, employed only half that number. Because Customs had such a large workforce and could be counted on to assume a wide array of responsibilities, Congress would turn to it time and again to take charge of the nation's needs.

When America needed lighthouses, for example, to guide ships safely past treacherous shoals, it turned to Customs to build those lighthouses. From 1791 to 1850, Customs supervised the construction of more than 300 lighthouses, from the Great Lakes to the Gulf of Mexico.

When America needed a system to honor the debts owed its Revolutionary War heroes and to provide them with pensions, it turned to Customs as the first “veterans administration.” When America needed to provide for the relief of sick and disabled seamen, it turned to Customs as the first “public health service.”

When America needed armed revenue cutters to patrol its shores, it turned to Customs to direct those ships, making Customs the first “Coast Guard.” When, in 1930, America needed to devise a system of “uniform authentic weights and measures,” to ensure for merchants and consumers alike that a pound was indeed a pound, it turned to Customs as the first “bureau of standards.”

When masses of immigrants began seeking refuge in America, Congress turned to Customs to manage the influx. It was the first “Immigration and Naturalization Service.”

More than 140 years ago, when this country began its first battle against pornography, it was the Customs Service that Congress called on to protect the public. More than 100 years ago, when unscrupulous counterfeiters began to target American-made products, it was Customs that first came to the defense of America’s manufacturers.

Nearly 80 years ago, when drug abuse first showed itself as the corruptive force it is, it was Customs who rushed to the frontlines, determined to defend the nation by using its people and technology to fight the war on drugs.

In 2001, after the attack on the World Trade Center and the Pentagon, Customs immediately joined forces with law enforcement agencies in the United States, and with law enforcement and intelligence organizations around the world to combat global terrorism. The Customs mission quickly expanded as Customs officers on the nation’s borders, at its ports, and at posts overseas directed the agency’s resources toward counter-terrorism and Homeland Security.

Today's Customs Service

The keyword for the U.S. Customs Service at the dawn of this century is “more.” More international travelers, more conveyances, more cargo and, unfortunately, more opportunities for those who choose to break our laws. Today's Customs Service is a critical player with a significant responsibility for maintaining national security. Customs is tasked with the enforcement of over 400 laws and regulations, many of which are enforced on behalf of other Federal agencies.

Narcotics Interdiction

Since the 1960s, Customs officials have faced the overwhelming challenge of fighting the influx of illegal narcotics into the United States — opium, heroin, hashish, marijuana, amphetamines, various “designer drugs” like ecstasy, and a wide array of illegal narcotics that routinely make their way to our shores.

The staggering – and ever-increasing – number of conveyances, cargo and passengers arriving into the United States each year present Customs with complex targeting and interdiction challenges, requiring an effective application of intelligence, investigative and operational approaches.

Trying to curb the flood of illegal drugs has proven an ambitious task, yet, through diligence, close inspection, and sophisticated technology, Customs has given an excellent account of itself in fighting the flow of illegal drugs into the United States. The U.S. Customs Service leads the nation's law enforcement agencies in terms of the number of illegal narcotics seized and suspects apprehended. Recently, in one 12-month period, Customs seized an astonishing 1.4 million pounds of narcotics bound for domestic distribution.

Customs interdiction efforts, and its unique position on the nation's borders, allow the agency to gather the statistics it needs to report the epidemic use of specific drugs. In recent years, sizable seizures of cocaine and new synthetic drugs, such as ecstasy, have

tipped law enforcement authorities to the latest “drugs of choice,” as well as to the techniques criminals use to smuggle them.

A distinctive, high-profile tool in Customs drug fight is its force of drug detector dogs, their trainers, and the Customs officers who work with these canine detectors.

Customs narcotic detector dogs were first used on a wide scale in 1970. These canine detectors save countless man-hours in locating narcotics in vehicles, mail, unaccompanied baggage, on cargo ships, and throughout Customs facilities. A dog and his handler can check 500 packages in 30 minutes — an incredible accomplishment, given the fact that it would take an examiner several days to inspect the same number of packages. At border points, a detector dog can inspect a vehicle in about two minutes, while the same search by a Customs inspector would take at least 20 minutes. With their skill and efficiency, these amazing canines have saved passengers and importers countless delays clearing Customs, while at the same time keeping deadly narcotics off the nation’s streets.

Technological advances like mobile and fixed truck x-ray systems assist in Customs search for illegal substances and expedite the movement of cargo from Customs facilities. These devices provide an accurate, detailed look at cargo in a fraction of the time needed for a manual search, allowing a greater number of conveyances to be searched and released.

Customs narcotics interdiction efforts also extend beyond our nation's shores. Customs fleet of aircraft, equipped with sophisticated surveillance and tracking devices, coordinates with their high-speed boats to thwart smuggler aircraft as they drop payloads of narcotics off the American coast. Customs air-wing also coordinates and participates in counter-narcotics missions over high-activity areas like the Caribbean and certain South American countries.

Trade Fraud

Customs special agents are some of the finest criminal investigators in the world. Their expertise in border investigative methods and techniques has allowed them to solve increasingly complex crimes. Customs has investigated every type of smuggling activity imaginable, from the smuggling of narcotics to the illegal import of endangered animals and Rembrandt paintings. Customs is also responsible for preventing the illegal export of munitions of war, international money laundering schemes, undervaluation schemes, cargo theft and international conspiracies, neutrality violations, and child pornography. Another initiative established by Customs is the Forced Child Labor Command Center, which monitors the importation of prohibited goods manufactured by forced or indentured child labor.

Cybersmuggling

With the arrival of the Internet, Customs took on a new role and became a lead agency in the enforcement of laws designed to eliminate criminal activity conducted in the New World of cyberspace. Among the most heinous crimes investigated by Customs Computer Investigation Specialists is child pornography. In addition to developing and implementing the strategies used to track cyber-pornographers, Customs investigators routinely provide training and expertise to prosecutors and law enforcement officials both here and abroad. Despite the relative newness of this type of crime, Customs efforts have already led to hundreds of arrests in child pornography cases. Other Internet crimes that Customs tracks include the many forms of telemarketing fraud — bogus investments,

charities, prize offers, and travel packages — that continue to plague the American consumer.

Intellectual Property Rights

To secure the rights of creative individuals and those who have a vested interest in their works, Customs protects Intellectual Property Rights (IPR). IPR can be a *copyright*, which protects original creations of “authorship”, such as books, paintings, music and movies; *trademark*, which is a design, slogan, brand name or configuration used to identify products as originating from a particular source; *patent*, which is issued to protect a novel or useful invention, or *trade name*, used to identify a specific business or occupation. Each year, trade in counterfeit or pirated merchandise in violation of IPR cost industry billions of dollars and nearly 750,000 jobs.

Science and analytical research assist Customs officers in their efforts to stop these illegal and fraudulent activities. The Customs Service maintains eight laboratories in the U.S. and San Juan, Puerto Rico, where sophisticated equipment analyzes certain imports to determine their appropriate classification. These scientific findings provide key, accurate evidence in the effort to prosecute IPR violators.

Commerce

Customs currently processes over \$1 trillion (total imports) in trade each year. Given an increasing volume of annual trade and new security concerns triggered by terrorist attacks, Customs faces unprecedented challenges to its ability to support the flow of free trade. Customs is depending on new manpower and policy initiatives and a heightened level of international cooperation to assist the effort, but a significant investment in new technology, as well as in continued research and development, is key to Customs continued ability to carry out its historic trade mission.

A new Automated Commercial Environment (ACE), presently in development, will rely on account management to streamline the commercial import process, lowering the cost of trade compliance and increasing customer service for the trade community. Inspectors

will use this system to make paperless cargo clearances as well as targeting non-compliant cargo for examinations.

Customs current automated system (ACS) helps brokers, Customs agents, the enforcement community, and ultimately, users, perform a variety of functions— services ranging from the assessment and collection of users fees to obtaining instant information on new or changing import quotas, monitoring high-risk shipments and exchanging enforcement information nationwide. Additionally, computer technology has increased and accelerated Customs role as registrar of statistics vital to U.S. trade, commerce, and security. New proposals for ensuring the security of air and sea-borne cargo are also expected to guarantee a new level of protection for importers as well as the American people. These plans turn on the acquisition of new and sophisticated technologies, on new partnerships and carrier agreements with industry, and on international agreements with our allies in the war on terrorism.

Money Laundering

Customs agents are experts in the investigation of international money laundering schemes devised by sophisticated cartels to hide their criminal proceeds. With the passage of the Bank Secrecy Act in 1970, individuals and corporations were required to disclose certain assets and transactions, and criminals found it increasingly difficult to introduce the proceeds of their illegal activities into legitimate commerce. Time after time, Customs investigators have expertly negotiated the intricate, tangled money trail that the criminal underworld depends on to launder billions in “dirty money” every year.

Global money laundering disrupts the legitimate flow of commerce, introducing billions of unregulated dollars into the world’s economies and depriving governments of revenue collected in the form of taxes and duties. The Customs Money Laundering Coordination Center, one of the government’s primary weapons tasked with curbing money laundering activities, is engaged in continuous undercover financial investigations. During a recent three-year-period, Customs conducted 12,000 investigations leading to 3,150 arrests and the seizure of nearly \$1.1 billion.

Customs is a major player in the effort to identify, disrupt, and dismantle the global money laundering networks on which terrorist organizations depend to finance their attacks on the United States and its allies. In February 2002, Customs launched a multi-agency initiative to identify and dismantle laundering systems used by al Qaeda terrorists to finance their attacks on American facilities at home and abroad. In the same year, Customs investigators identified billions in terrorist assets and have been instrumental in their confiscation. Customs agents and investigators continue to identify and to shut down any organization or enterprise that supports terrorist activities.

Strategic Investigations

Few crimes are more terrifying, or potentially more devastating, than those involving the importation of arms or explosives intended to do harm to America and its citizens. Since September 11, 2001, Customs has played a pivotal role in the effort to ensure Homeland Security, putting its officers on high alert along the borders, at ports, and overseas.

Customs has always been responsible for halting the import and export of sensitive and controlled commodities, including weapons of mass destruction (WMD) and related technologies, munitions, and firearms. In recent years, Customs has seized military aircraft, missile parts, night-vision systems, bomb-making devices, Phalanx missiles, and stealth and anti-missile technology. Today, Customs is working around the clock with its counterparts in law enforcement and with the U.S. military to prevent terrorist organizations intent on attacking American cities and citizens from smuggling nuclear, biological, or chemical weapons across U.S. borders. In 1999, a Customs inspector stopped an individual attempting to smuggle explosives across the Canadian border into Washington State; reportedly, the explosives were intended to be used to attack Los Angeles International Airport during the millennium celebration. The incident alerted Customs to a growing terrorist threat, while the 2001 attack on New York and Washington reinforced the agency's commitment to hardening U.S. borders and to strengthening and expanding strategic investigations.

Passenger Travel

In the 20th century, international travel and tourism enjoyed unparalleled growth and popularity. The safe, expedient movement of passengers was made more convenient by the use of Customs modern technologies and improved equipment. Customs has relied on the Treasury Enforcement Communications System (TECS) to perform instant checks on travelers, vessels, aircraft, and importers and to expedite the processing of law-abiding travelers. Customs has also maintained a proactive customer service program which employs initiatives to aid travelers, such as Passenger Service Representatives and outreach activities — meetings with civic organizations, travel clubs, school groups — helpful brochures, information kiosks, and a dedicated web site.

In the 21st century, Customs is leading the effort to ensure airport security across the United States. The heightened alert triggered by the events of September 11, 2001, and the imposition of stringent security guidelines had a significant impact on travel and tourism, and on the expeditious processing of trade. Systems that provide Customs with advance information about passengers are under review and targeted for improvement, and Customs is cooperating with its counterparts in domestic and international law enforcement to increase information-sharing and data collection. Customs is also working with the travel industry and local law enforcement agencies to devise new strategies to combat the falsification of travel documents and to improve efforts to document the identities of passengers. Customs is also partnering with other U.S. law enforcement agencies and customs organizations overseas to provide unprecedented levels of security for passengers and cargo shipments. Customs agents are acting as sky marshals on domestic and international flights; the agency is working closely with a newly-federalized corps of baggage inspectors, and developing technology to meet the new and present danger posed by global terrorism.

Counter-Terrorism

In 2002, Customs turned much of its attention to new counter-terrorism efforts and to its responsibility for coordinating those efforts with the other federal, state, and local agencies working toward the same end. Customs also developed new strategies that

would allow the agency to interface effectively with the Office of Homeland Security. While Customs continues to pursue its anti-smuggling initiatives, especially its efforts to eliminate the flow of illegal narcotics, counter-terrorism is now an additional priority for the agency, one that has supported the acquisition of new technology and substantial increases in agency resources.

Summary

The job of protecting 96,000 miles of U.S. land, air, and sea borders and more than 300 ports of entry is entrusted each day to the 20,000 dedicated employees of the U.S. Customs Service. U.S. Customs is the principal agency tasked with protecting our nation's borders, and the only border agency with an extensive air, land, and marine interdiction force to carry out its multi-faceted mission: We are the guardians of our Nation's borders — America's frontline. We serve and protect the American public with integrity, innovation, and pride. We enforce the laws of the United States, safeguard the revenue, and foster lawful international trade and travel.