



**Homeland  
Security**

## **RECOMMENDATION FROM THE CIS OMBUDSMAN TO THE DIRECTOR, USCIS**

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To: Eduardo Aguirre, USCIS Director  
Jim Loy, Deputy Secretary, DHS

From:: Prakash Khatri, CIS Ombudsman

Date: November 29, 2004

Re: Recommend that USCIS cease operation of the Chicago Lockbox upon the expiration of its current Memorandum of Understanding (September 30, 2005) with the U.S. Department of Treasury due to:

- A. Inefficient shipment of files between USCIS offices, resulting in tracking and management challenges;
- B. Inefficient processing within the Chicago Lockbox, resulting in delays in issuing receipts to immigration customers; and
- C. Insufficient guidance and oversight within the Chicago Lockbox which have resulted in valid filings being incorrectly rejected and returned to immigration customers.

### **I. BACKGROUND**

US Citizenship and Immigration Services (USCIS) has a business arrangement with the U.S. Department of the Treasury (USDOT) which takes advantage of a Lockbox Depository Agreement between USDOT and Bank One, NA. Under this agreement, Bank One provides lockbox imaging and check collection and processing services, as well as systems development services, for Adjustment of Status (AOS) applications and payments to USCIS. These services are provided at Bank One's facility in Chicago, Illinois (hereinafter, the "Chicago Lockbox"). A copy of the Memorandum of Understanding (MOU) involving these three parties is attached to this recommendation.

USCIS maintains a small staff at the Chicago Lockbox, known as the Case Resolution Unit, to resolve certain problems encountered by Bank One in reviewing and receipting AOS applications.

Currently the Chicago Lockbox receives AOS applications and any related ancillary petitions/applications which have been sent by the public to selected USCIS District Offices, a process commonly referred to as "indirect filing." With indirect filing, cases are shipped between USCIS locations at least 3 times before they are adjudicated. First, participating District Offices receive the cases from customers and ship them to the Chicago Lockbox for processing by Bank One. Next, cases successfully processed by the Chicago Lockbox are shipped to the USCIS National Benefits Center (NBC) in Lee's Summit, Missouri, for further processing and

creation of the alien or “A” file.<sup>1</sup> Finally, the NBC ships the cases back to the originating District Office for final adjudication.

Beginning on December 1, 2004, USCIS will switch to “direct filing” by modifying its procedures to allow immigration customers to file certain cases directly at the Chicago Lockbox. *See* 69 FR 67751 (Nov. 19, 2004). This change will cover the entire country, not just the select Districts currently forwarding cases to the Lockbox, and it be implemented in two stages, with Phase One beginning in December and Phase Two beginning in April 2005.

USCIS believes that this lockbox arrangement is the most efficient system for receiving fees and initial processing, and it has expressed concerns about having District Offices receive money from customers, which was standard practice before the Chicago Lockbox was established. However, many immigration customers believe that the Chicago Lockbox has negatively affected processing times and adds an additional bureaucratic layer to immigration benefits processing.

The CIS Ombudsman believes that the Chicago Lockbox arrangement does not efficiently provide the services intended, with the following deficiencies persisting and no effective remedial plan in place: 1) the output of the Chicago Lockbox must be shipped to other USCIS facilities (first to the NBC and then on to District Offices), which is inefficient; 2) the Chicago Lockbox delays initial processing, including the critical step of issuing receipts to customers; and 3) the Chicago Lockbox incorrectly rejects valid filings and unnecessarily returns them to immigration customers, resulting in additional delays and exposing customers to possible fee increases.

## **II. JUSTIFICATION**

The Chicago Lockbox is an inherently inefficient operation as currently structured. Even with the implementation of direct filing, the Lockbox in Chicago is over 500 miles from the NBC in Lee’s Summit, MO (near Kansas City), the USCIS office which receives its output. As a result, USCIS must bear the costs for: 1) receiving and accounting for files at the Chicago Lockbox; 2) packaging, accounting for, and shipping processed cases at the Chicago end; and 3) receiving, unpacking, and accounting for these applications at the NBC – all in addition to the fees charged by Bank One as the depository and by USDOT as the contract administrator.

Currently, USCIS Service Centers receive cases and process them without a lockbox arrangement, including depositing fees received. At a minimum, if a lockbox arrangement is considered critical by USCIS for indirect filings, its logical location is physically at the NBC.

The Chicago Lockbox is also beset by serious processing problems that negatively affect immigration customers. When Bank One has difficulties with a case, it is passed to the USCIS Case Resolution Unit collocated with Bank One at the Lockbox. Cases have remained unresolved in this unit for months, during which time fees were not deposited, receipts were not

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<sup>1</sup> Petitions and applications involved in the Dallas District Office’s I-130/485 Pilot Program are an exception to this process and are not shipped to the NBC.

issued, and processing was not begun. The circumstances which allowed a Lockbox backlog to occur remain, and the Lockbox will be under increased pressure from a larger volume of cases being filed under the direct mail system. This form of administrative limbo has resulted in thousands of frustrated customers who rely on a USCIS receipt for several important purposes such as evidence of their legal status.

As it presently operates, the Chicago Lockbox sometimes prevents USCIS from complying with 13 U.S.C. § 3302(c), which states:

(c)(1) A person having custody or possession of public money, including a disbursing official having public money not for current expenditure, shall deposit the money without delay in the Treasury or with a depository designated by the Secretary of the Treasury under law. Except as provided in paragraph (2), money required to be deposited pursuant to this subsection shall be deposited not later than the third day after the custodian receives the money. The Secretary or a depository receiving a deposit shall issue duplicate receipts for the money deposited. The original receipt is for the Secretary and the duplicate is for the custodian.

(2) The Secretary of the Treasury may by regulation prescribe that a person having custody or possession of money required by this subsection to be deposited shall deposit such money during a period of time that is greater or lesser than the period of time specified by the second sentence of paragraph (1).

Delays are routine for cases referred to the USCIS Case Resolution Unit, since it may actually take days, weeks, or months before a deposit occurs. Expansion of direct mail may exacerbate delays by substantially increasing the volume of cases processed through the Lockbox. These delays impede the fiscal efficiency of the Lockbox and undermine the rationale for employing this front-end processing mechanism.

In addition, immigration customers, experienced immigration practitioners, and USCIS District Office staff have reported that valid petitions/applications are incorrectly rejected by the Chicago Lockbox. These errors cause confusion and delay for customers, as well as unnecessary duplicative efforts by USCIS when such cases are refiled or when customers visit a District Office to seek clarification.

The Ombudsman recognizes the financial and operational impact of a contractual termination for convenience under the Chicago Lockbox MOU. Accordingly, a logical solution is to allow the MOU to expire based on its contractual sunset date and to use the intervening time (approximately 10 months) to transfer the Lockbox functions to (an)other more responsive location(s).

### **III. BENEFITS**

#### **A. Customer Service:**

Elimination of the Chicago Lockbox and relocation of its functions to the NBC or back to the District Offices would enhance customer service by removing a time-consuming bureaucratic step in case receipting and processing and minimize incorrect rejections of valid cases.

#### **B. USCIS Efficiency:**

The current and planned use of the Chicago Lockbox does not clearly meet the Department of Treasury's statutory requirement of 3-day deposits for federal funds. While the prior practice of receipting cases and depositing customer funds by USCIS Service Centers and District Offices may not be considered efficient by USCIS management, it is not apparent that the Lockbox alternative is an improvement in meeting the statutory mandate.

At a minimum, if USCIS District Offices do not continue their customer-friendly historical practice of on-site receipting of cases, relocation of the Chicago Lockbox functions to the NBC would reduce USCIS processing costs due to the additional handling, packaging, shipping, and accounting currently involved in creation and transfer of files from around the country. Moreover, trained USCIS staff would be more readily available at the NBC or District Offices to promote quality assurance and handle peak loads.

#### **C. National Security:**

Efficient and timely processing of immigration benefit petitions/applications results in prompt identification of persons not qualified for these benefits and removable from the United States. Elimination of any inefficient processing steps, especially those which result in inherent delays and excess file handling, promote departmental goals for rapid identification of potential immigration violators and security risks.