

THE RISE OF THE MEXICAN DRUG CARTELS AND U.S. NATIONAL SECURITY

HEARING

BEFORE THE

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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THE RISE OF THE MEXICAN DRUG CARTELS AND U.S. NATIONAL SECURITY

THURSDAY, JULY 9, 2009

HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The committee met, pursuant to notice, at 10 a.m., in room 2154, Rayburn House Office Building, Hon. Edolphus Towns (chairman of the committee) presiding.

Present: Representatives Towns, Issa, Kucinich, Tierney, Clay, Watson, Lynch, Quigley, Norton, Cuellar, Souder, Bilbray, and Jordan.

Staff present: John Arlington, chief counsel—investigations; Kevin Barstow, investigative counsel; Craig Fischer, investigator; Jean Gosa, clerk; Carla Hultberg, chief clerk; Chris Knauer, senior investigator/professional staff member; Jesse McCollum, senior advisor; Ophelia Rivas, assistant clerk; Christopher Sanders, professional staff member; Calvin Webb, ICE detailee; Ronald Stroman, staff director; Lawrence Brady, minority staff director; John Cuaderes, minority deputy staff director; Jennifer Safavian, minority chief counsel for oversight and investigations; Dan Blankenburg, minority director of outreach and senior advisor; Adam Fromm, minority chief clerk and Member liaison; Kurt Bardella, minority press secretary; Tom Alexander, minority senior counsel; and Mitchell Kominsky, minority counsel.

Chairman TOWNS. The committee will come to order.

Good morning and thank you all for being here.

Mexico has long been an important ally and friend of the United States. It is this country's third largest trading partner, has one of the largest economies in the Americas, and remains the third largest source of foreign oil for the U.S. market.

Unfortunately, over the past few years, organized crime has made Mexico a major producing and transit state for illegal drugs trafficked into the United States. As much as 90 percent of all cocaine entering the United States comes through Mexico. Criminals in Mexico are now the largest foreign suppliers of marijuana and major suppliers of methamphetamine. Apparently, crime pays: this criminal enterprise is estimated to produce annual revenues ranging from \$25 to \$40 billion.

In December 2006, shortly after taking office, Mexican President Felipe Calderon began a major crackdown on the drug cartels operating in his country. Since then, almost 11,000 people in Mexico have been killed in drug-related violence. Almost daily, reports from Mexico depict killings, acts of torture, and kidnapping. And

it is getting worse. This past June was the deadliest month on record, with over 800 killed in drug-related violence.

In short, in Mexico, drugs and violence are a growth industry.

As a result, Mexico is facing one of the most critical security challenges in its history. Many who have had the courage to confront the drug cartels have been threatened or killed. This includes policemen, soldiers, judges, journalists, and even the clergy.

However, there is some basis for optimism. The courageous efforts of President Calderon have resulted in important changes. Law enforcement agencies and other Federal officials have reported positive developments in their working relationships with their Mexican counterparts. They say these changes are having a significant effect in addressing the drug threat posed to both countries.

At the same time, there is a front page article in today's Washington Post which reads "Mexico accused of torture in drug war: Army using brutality to fight trafficking." As the effort in Mexico to address the drug threat continues, we must be clear that abuses from the state are equally intolerable. I will seek to understand more about the facts relating to this article as the committee's investigation continues.

Nevertheless, I believe the drug cartels and their associated violence constitute a major threat to security and safety along the Southwest border, and have caused major disruptions to commercial activities, including international trade.

Because of my growing concerns about this problem, I sent a bipartisan team of committee investigators to the Southwest border to get a first-hand look at what is happening on the ground. Our investigators met with numerous Federal, State, and local officials, including law enforcement, military intelligence, and others, and observed field operations in both daylight and night.

This hearing was designed as a followup to the staff field investigation, to provide the committee with an overview of Federal efforts to disrupt and dismantle the Mexican drug trade, and to examine whether Federal agencies have sufficient tools and capabilities to do the job.

Over the past few years, there have been nagging questions about the effectiveness of Federal policy with regard to the Southwest Border. While it is clear that this administration takes the drug cartel threat very, very seriously, questions remain.

Just 1 month ago, the administration published a document entitled, "National Southwest Border Counternarcotics Strategy." This is a blueprint on how the administration will address the threats posed by Mexican drug smuggling.

But the key issue remains, who is in charge?

We know who is leading the fight in Iraq. We know who is leading the fight in Afghanistan. What we don't know is who is leading the fight on our own border. Is it the Border Czar? Is it the Drug Czar? Will it be the National Guard?

Perhaps we will obtain a better understanding of this question today.

One more thing before we begin. With us today are top representatives from key law enforcement agencies involved in the ongoing struggle to address Mexican drug trafficking. The work they do is critical both to United States national security and in helping

Mexico in its progress to turning the corner on the threats it now confronts. I commend their efforts and I look forward to working with them on this critical national security matter.

Thank you.

[The prepared statement of Chairman Edolphus Towns follows:]

**Opening Statement
of the Honorable Edolphus Towns
Chairman
Committee on Oversight and Government Reform**

**Hearing on The Rise of the Mexican Drug Cartels
and U.S. National Security**

July 9, 2009

Good morning and thank you for being here.

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In short, in Mexico, drugs and violence are a growth industry.

As a result, Mexico is facing one of the most critical security challenges in its history. Many who have had the courage to confront the drug cartels have been threatened or killed. This includes policeman, soldiers, judges, journalists, and even the clergy.

However, there is some basis for optimism. The courageous efforts of President Calderón have resulted in important changes. Law enforcement agencies and other Federal officials have reported positive developments in their working relationships with their Mexican counterparts. They say these changes are having a significant effect in addressing the drug threat posed to both countries.

At the same time, there is a front page article in today's Washington Post which reads, "Mexico accused of torture in drug war: Army using brutality to fight trafficking..." As the effort in Mexico to address the drug threat continues, we must be clear that abuses from the state are equally intolerable. I will seek to understand more about the facts relating to this article as the Committee's investigation continues.

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Just one month ago, the Administration published a document entitled, *National Southwest Border Counternarcotics Strategy*. This is a blueprint on how the Administration will address the threats posed by Mexican drug smuggling. But, the key issue remains, "Who is in charge?"

We know who is leading the fight in Iraq. We know who is leading the fight in Afghanistan. What we don't know is who is leading the fight on our own border. Is it the Border Czar? Is it the Drug Czar? Will it be the National Guard?

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One more thing before we begin. With us today are top representatives from key law enforcement agencies involved in the ongoing struggle to address Mexican drug trafficking. The work they do is critical both to U.S. national security and in helping Mexico in its progress to turning the corner on the threats it now confronts. I commend their efforts and I look forward to working with them on this critical national security matter.

Thank you.

Chairman TOWNS. Before I recognize my ranking member, Mr. Issa, for his opening statement, I would like to thank the minority for its assistance during this investigation. All of the work related to today's hearing was conducted on a bipartisan basis. I would like to thank the ranking member for his leadership and his staff for continuing to build on this important relationship. I look forward to continuing to work together on important matters such as today's topic.

I will now yield to the ranking member, Mr. Darrell Issa, for his opening statement. Congressman Issa.

Mr. ISSA. Thank you, Mr. Chairman. But I would have let you go on as long as you wanted on that track. [Laughter.]

As the chairman said, this is a bipartisan issue and it is one in which there is no distance between the chairman and myself. Our staffs did work closely on it and intend to continue. There is no surprise that we will reach different conclusions on some of the fixes and some of the things that should be done.

We certainly will reach some differences in the priorities of the administration, including its representatives before us today, and the two of us. But when it comes to finding the facts and to agreeing on the portions that can be agreed on so that we can then disagree on very little, I think this committee is setting a high standard and I intend to continue that.

Mr. Chairman, I ask unanimous consent that my entire opening statement be placed in the record.

Chairman TOWNS. Without objection, so ordered.

Mr. ISSA. Thank you.

With that indulgence, I will take a moment to recognize Alan Bersin. I don't know the rest of you as well, but our new Border Czar is not new to San Diego, and he is not new to dealing with border issues; his work as a U.S. attorney, his work in education, his work on the airport.

Alan, the list of work is too long to do as an introduction, but you have been a champion for so many causes in San Diego, and I couldn't be more delighted that the President has selected you as somebody that rises above politics, rises above either party to do what is right for our country. So I look forward to your testimony today, and I am particularly pleased that the border, as a separate issue is getting attention.

I must admit that the reduction of the Drug Czar from a full cabinet level position concerns me deeply. I think it sends the wrong message at a time in which your efforts and the efforts of the Mexican government are going to be critical. The fact that we pulled away, 2½ years ago, from Plan Colombia, we curtailed our support for Plan Colombia and then, on a very partisan basis, failed to support the Colombian free trade initiative, sends a chilling message to countries who bled so long with us in order to eradicate drugs that once literally controlled the government in Colombia.

Today, in Mexico, we have a very brave president who is fighting the same battle, and so far appears to be making progress. I say that because you are only one key assassination away from a dramatic change in Mexico, and we need to understand that. We need to understand that the depth of corruption in Mexico which has often been well understood, when it is in the hands of people with

guns and willingness to use them—11,000 or so murders this year alone—says a great deal.

We are going to hear today about the spillover or lack thereof, and I believe, as a San Diegan, that people in San Diego, at the border, the U.S. attorney and others, are doing a good job of doing everything they can to ensure that the activity north of the border is disconnected as much as possible from the activity south of the border.

But let's be clear. Whether you are in San Diego or St. Louis or Cleveland, you are directly affected by our failure to stop narcotics from coming into our country. Every city in America and many rural areas have organized crime directly linked to those assets being made available and sold.

Some in my party would say that it is another country's problem alone. I am not one of them. Today, with former Speaker Denny Hastert, we announced, with many members from this committee, a drug task force, one that had been somewhat dormant for several years because we felt that we needed to work hard to bring new emphasis to this growing problem, but also because we want to make sure that the facts are very clearly stated to the American people. First of all, we are the consumers and we are the suppliers of money. We all take a certain amount of blame for the fact that our money ultimately leads to these cartels' operations in other countries.

Additionally, we are going to hear today about guns going south while drugs go north. I have no doubt that drugs do go south. One of the questions is, is it through the tunnels that I have seen personally that move the drugs or is it somehow through the border. Would we in fact do any real good if we set up an exiting American checkpoint at the border, or would it simply be one more burden borne by our Border Patrol people at a cost much higher than either the Mexicans doing their job or, in fact, would we accomplish very little other than to find a small amount of drugs and a small amount of paraphernalia, when in fact anything serious in the way of guns or other activities are probably going through the very means that bring drugs north are also sending things south? And if we didn't find the drugs going north, we are just as unlikely to find the guns going south.

Having said that, I look to an awful lot of information we don't have every day in San Diego, and I again want to thank the chairman, because the only way we are going to really support the efforts of this administration and hold the administration accountable is on a bipartisan basis. We are off to an incredibly good start and I expect it to continue, and I yield back.

Thank you, Mr. Chairman.

Chairman TOWNS. Thank you very much, Congressman Issa.

I would now like to recognize Mr. Tierney to make an opening statement, if he would like.

Mr. TIERNEY. Thank you, Mr. Chairman. I want to thank you and I want to thank again our witnesses for being here this morning.

In March, the Subcommittee on National Security and Foreign Affairs had a hearing on the issue of money, guns, and drugs, and whether or not the United States inputs were fueling violence on

the United States-Mexican border. At that hearing, we heard testimony about what factors inside the United States are contributing to the strength and cruelty of Mexican drug cartels.

The key point that emerged from that hearing, a point that I hope will be explored in more depth here today, is that continuing to interdict drugs and smugglers on the border will be an endless task if we don't address the other related aspects of the drug trade. More progress needs to be made in three main areas: guns, cash, and the demand for drugs in the United States.

According to some estimates, as many as 90 percent of the high-caliber weapons that are being used by drug cartels to perpetrate the violence we have seen in the past several years originate in the United States. We can't hope to quell the violence that has gripped border towns and cities, violence that threatens the stability of the Mexican government and the safety of our own citizens on the southern border if we do not halt the flow of arms into Mexico.

This is a significant challenge for law enforcement and border patrol. In many cases, the manufacture and purchase of these weapons may not be illegal. That means we have to check the gun flow at the border as well as in the interior of this country.

A second major factor in the drug trade and the rise of powerful drug cartels is the cash-flow coming in from the United States. We heard testimony at the March hearing that as much as \$25 billion in bulk cash-flows into Mexico from drug sales in the United States each year. One of our witnesses testified that Federal law enforcement is hampered by its efforts to find and stop these cash-flows by what he called antiquated legislation. It also appeared that there may be a lack of coordination between the various agencies that have jurisdiction in this area. I hope our witnesses today can address those issues in more detail as well.

Finally, we must address the fact that it is the demand for drugs here in the United States that has allowed Mexican cartels to become profitable. According to some estimates, 90 percent of the cocaine, heroin, methamphetamine, and marijuana purchased and consumed in the United States enter our country through Mexico. Americans spend as much as \$65 billion annually in illegal drugs. There are no simple solutions to the problem, but we need to recognize that our internal drug policies and our success at curbing the use of these illegal substances in the United States can have a profound effect on the stability of our neighboring countries and our own national security.

Before closing, I also want to note that there is a global problem, not simply an issue on the United States-Mexican border. After the March hearing, we heard testimony that cocaine from Mexican cartels is now headed to Europe and to Russia. In addition, Mexican and Colombian drug cartels have made inroads in West Africa. Our shared border with Mexico makes the situation there of particular concern to us, but it is just one piece of a global puzzle. I hope that our discussion here today can inform our approach to the other regions as well.

So, again, I want to thank you, Mr. Chairman and thank our witnesses.

Chairman TOWNS. Thank you very much, Congressman Tierney. I now yield to Congressman Bilbray.

Mr. BILBRAY. Thank you, Mr. Chairman. Mr. Chairman, let me just say, as a lifelong resident of the front terra area, I want to thank you for this hearing. It seems that everybody was talking about wars that are overseas and far away, but we are ignoring our own backyard, where fatalities were skyrocketing, where the death rate among law enforcement just south of our border was far beyond anything we had seen anywhere else in the world. And we just sort of ignored it because it wasn't on the radar screen for the media.

I want to apologize to the other two gentlemen, because I have to make a mention of my friend, Mr. Bersin. I just have to say to the administration there are disagreements I have, but when it comes to the choice of our guy over in San Diego in the western sector, no one could have been a better choice than Alan, and I want to thank him for being willing to serve again, because, as everyone knows, it is not an easy job. You knew what you were stepping into. We don't have time for a learning curve here, and I want to thank the administration for bringing the man back online.

Mr. Chairman, the one thing that I have just got to say is that too often we hear the media talk about the drug cartel, drug cartel. We need to change the terminology to the smuggling cartels, because we are talking about not only drugs going north, but we are talking about guns and money coming south, and the same cartel is involved in the illegal alien smuggling. It is all a network and a profiteering.

In fact, I have grown up in an area where we got in the habit of seeing illegal's being used as the mule for the cartels and the abuses and the high risk involved with illegal immigrants because of its relationship to the gun, money laundering, and the drug cartels. So I just want to make sure that we understand that when we talk about this issue, they are all tied together. The cartels have control of the border and the illegal crossing for much too long, and I am glad to see us address this.

I am also glad to see this hearing because too many people on our side of the border think this is a problem that is across the border and it is not going to be a threat to the American communities. This is a major threat for all of us along the front terra area on both sides of the border and I hope I am able to get you photos that I don't think we will show in public, but just so the Members understand how bad this is.

When a hospital in my county has somebody walking in with two fingers and say, "is there any way to preserve these fingers so that, when we get the hostages back, we can sew them back on?" When you have law enforcement that finds two let me just say the remnants of decapitation, this is the kind of thing that we are having going on in our neighborhoods not just in Tijuana, but in the San Diego County region. It is crossing over and now is the time to win this battle, working with Mexico, working with Calderon.

And let me say one thing. President Calderon is the bravest elected official I have ever known, and I think that we have to give credit to him and we have to throw aside our disagreements with Mexico and work with him now, because we either fight this battle on Mexican soil and win it or we are going to be fighting it on American soil at a much higher cost.

I appreciate the chance to be able to be here today and yield back.

Chairman TOWNS. Thank you very much, Congressman Bilbray.

I would now like to introduce our first panel of witnesses testifying today.

Mr. R. Gil Kerlikowske, Director of the Office of National Drug Control Policy, the Executive Office of the President; Mr. Lanny A. Breuer, Assistant Attorney General, Criminal Division, U.S. Department of Justice; and Mr. Alan Bersin, who has been praised all morning here. I want you to know to have Congressman Bilbray and, of course, Congressman Issa say something nice about you, you must be great. [Laughter.]

Assistant Secretary for International Affairs and Special Representative for Border Affairs, Office of International Affairs, U.S. Department of Homeland Security.

Let me indicate we hear the bells, but we are going to go as far as we can, Members.

Let me just swear all of you in. Would you stand and raise your right hands?

[Witnesses sworn.]

Chairman TOWNS. Let the record reflect that all the witnesses answered in the affirmative.

Why don't we start with you, Mr. Kerlikowske. Am I pronouncing that correctly?

Mr. KERLIKOWSKE. Very good. You are excellent in that. Thank you.

Chairman TOWNS. I practiced all last night. [Laughter.]

STATEMENTS OF R. GIL KERLIKOWSKE, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY, EXECUTIVE OFFICE OF THE PRESIDENT; ALAN BERSIN, ASSISTANT SECRETARY, OFFICE OF INTERNATIONAL AFFAIRS AND SPECIAL REPRESENTATIVE FOR BORDER AFFAIRS, U.S. DEPARTMENT OF HOMELAND SECURITY; AND LANNY A. BREUER, ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, U.S. DEPARTMENT OF JUSTICE

STATEMENT OF R. GIL KERLIKOWSKE

Mr. KERLIKOWSKE. Thank you, Mr. Chairman. I am honored to be with you, and certainly Ranking Member Issa, all of the committee members that are here today.

Last month, Secretary Napolitano, Attorney General Holder, and I publicly released the strategy that was referenced by the chairman. This is a comprehensive interagency plan that was developed through the work of the Office of National Drug Control, our office, and it was done in a way that ensured all of the partners that you see here today being actively involved in it.

This is a plan that is not going to sit on a shelf and gather dust; it is being put into action even as we speak, and it is being done in partnership also with the courageous and dedicated work of Mexico's President Calderon, the investments that the U.S. Government has made, and the commitment of all of the Federal agencies and the State and local agencies that we have talked to.

To ensure that it is turned into action, the administration will soon be announcing a dedicated interagency working group, which I will lead, to push forward the full and effective implementation of strategy, and that framework is being developed. We will provide a public report on the implementation of the strategy as part of the administration's first national drug control strategy, which will be published early next year.

As part of my oversight responsibilities, my office recently identified overarching national drug control strategy goals to help guide all of the Federal agencies as they develop their policy initiatives, their programmatic efforts, and their budget proposals. Over the coming months, ONDCP will be working with the Departments of Homeland Security, Justice, State, Defense, and others to develop cross-agency performance goals and metrics for the Southwest Border Initiative.

In addition, as the agencies update their strategic plans, we will be working with OMB and the Departments and the agencies to integrate key Southwest Border priorities that are identified in the strategy. This is not only going to ensure accountability, but it will make it clear that combating the flow of drugs and money and weapons across the Southwest Border must be a core element of our Nation's approach to the entire drug problem. It is essential that we work together as one team to stop the flow of drugs into our country, as well as the southbound flow of bulk currency and weapons that fuel drug cartel violence.

To make headway on the full array of border challenges, the Congress and the administration are going to need to work very closely together. I am looking forward to working with this committee and I know that part of the focus that you have certainly identified is on accountability, and we are very prepared to answer that.

Before I close, I want to talk for just a moment about how vital it is that the Federal Government improves its cooperation with State and local partners. I asked the directors of the High Intensity Drug Trafficking Areas to meet with me along the Southwest Border last month. What the HIDTA directors told me and what I believe the members of this committee already know is that our front-line State and local law enforcement partners have been under enormous strain.

Bill Lansdowne in San Diego, Bill Colander, the retiring sheriff of 50-plus years of law enforcement, have been friends for many years, so I listened to this very closely. Although the strain is most acute on the border, as the ranking member mentioned, clearly this is a national problem, and it affected us in Seattle during the 9 years that I was police chief, as well as my colleagues in Minnesota and across the country.

The administration intends to continue to help those law enforcement agencies who need it and that are on the border and also within the interior, and we are going to keep an intense focus on this threat and make a difference.

The knowledge of local law enforcement, meaning the State, County, and city, is a great advantage to the work of the Federal Government. When it comes to the critical challenge of interdicting the southbound flow of weapons and bulk currency, partnership

with those agencies is essential, and I think I can be of great value in that.

State and local law enforcement personnel possess unmatched knowledge about the organizations that operate within their jurisdictions every day. Our law enforcement operations are most effective when this knowledge is combined with the skill, technology, and resources that the Federal agencies can bring. All of us in this administration are committed to pursuing a truly national approach to the critical problem.

Thank you, Chairman Towns. I look forward to answering questions.

[The prepared statement of Mr. Kerlikowske follows:]



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D. C. 20503

**Testimony
Of
R. Gil Kerlikowske
Director
National Drug Control Policy**

Committee on Oversight and Government Reform

"The Rise of the Mexican Drug Cartels

and

U.S. National Security"

**Thursday July 9, 2009
2154 Rayburn HOB
10:00 a.m.**

Statement of R. Gil Kerlikowske
Director, Office of National Drug Control Policy
Committee on Oversight and Government Reform
The Rise of the Mexican Drug Cartels and U.S. National Security

July 9, 2009

Thank you, Mr. Chairman. I am pleased to be with you, Ranking Member Issa, and all of the Committee Members today. Our Nation's response to the challenges on the border is a top priority of the Obama Administration, and all of us very much appreciate your focus on this issue and your longstanding support of these efforts.

Just over a month ago, DHS Secretary Napolitano, Attorney General Holder, and I publicly released the National Southwest Border Counternarcotics Strategy in New Mexico. Prior to the public event, I asked the High Intensity Drug Trafficking Area (HIDTA) Directors from the Southwest border to brief me on the border challenge and to stand with me when we presented the strategy. What the HIDTA Directors told me, and what I believe Members of this Committee already know, is that our frontline State, local, and tribal law enforcement partners are under enormous strain and are bearing a tremendous burden. Police and sheriff departments situated on or near the border, and their colleagues throughout their local criminal justice systems, face tremendous risk from the violent international drug trafficking organizations that move large quantities of drugs northbound and money and weapons southbound across the border. Although this strain is most acute on the border, clearly it is a national problem, with every state challenged with drug-related crime and violence and widespread availability of dangerous, addictive drugs.

The Administration intends to get help to those who need it on the border and to maintain our intense focus on this threat for as long as it takes. The investments from the Recovery Act are going to make a real impact as those new projects get going, and there will be more support to follow. DHS is making major investments at the border, including: \$40 million for non-intrusive inspection systems; \$60 million for tactical communications equipment and radios; \$100 million for SBInet and related border security technology; and \$420 million for planning, management, design, alteration, and construction of CBP Ports of Entry. In addition, much

needed Department of Justice law enforcement funds will provide: \$2 billion for Byrne Memorial Justice Assistance Grants; \$225 million for Byrne Competitive grants; \$125 million for Rural Law Enforcement; \$40 million for Project Gunrunner; and \$225 million for Tribal Law Enforcement Assistance. I am not going to tell you we can solve this problem with a new strategy or with budget initiatives in a single year. But I do want to tell you that I am confident that we have already begun to move in the right direction.

A key objective of mine, as well as of my colleagues at DHS and DOJ, is to strengthen the Federal Government's partnership with State, local, and tribal officials. In fact, when offered the position as ONDCP Director by President Obama, I immediately thought that one way I could make a unique contribution as Drug Czar was to utilize my 36 years of experience in law enforcement to ensure a more effective collaboration between State and local law enforcement and Federal agencies. My experience in St. Petersburg, Florida; Buffalo, New York; and Seattle, Washington has taught me, beyond a shadow of a doubt, that there is tremendous untapped knowledge resident in State and local law enforcement. This knowledge, if effectively integrated with our national efforts, would greatly advance our goal to rid this Nation of violent drug trafficking organizations.

In addition to the existing relationships across the country between Federal law enforcement agencies and State, local, and tribal authorities, partnerships are being built by task forces such as those created and supported by the HIDTA and Organized Crime Drug Enforcement Task Force (OCDETF) programs. The Byrne-Justice Assistance Grants, the Community Oriented Policing Services (COPS) initiative, and grants provided by the Federal Emergency Management Agency have empowered State, local, and tribal agencies to enhance the safety and security of their localities. These initiatives need continued support. There is much more that can be accomplished if we bring together all of our law enforcement capabilities into a combined enforcement effort against the leadership and organizational structure of international drug trafficking organizations.

There has been a lot of discussion, as there should be, about the drug and violence-related challenges faced by the Government of Mexico and the steps they need to take to defeat the drug

cartels. I have nothing but respect for the courageous efforts by President Calderon to take on the cartels; they are deserving of our sustained support. I have already had several meetings with Mexican officials and I look forward to traveling to Mexico City for additional discussions later this month. However, when it comes to law enforcement efforts on the U.S. side of the border, and the extent to which we are marshaling all the capabilities of our Nation in this effort, we should not be satisfied with the status quo. We need to do better, much better.

In my first few weeks in office, I have heard from many of my former colleagues in State and local law enforcement. We talked about the importance of working together as one U.S. team to stop the relentless flow of drugs into our country as well as the outbound flow of bulk currency and weapons. This is a large, complex, and important undertaking. Strengthening this national partnership will be essential to our efforts to stop the flow of bulk currency and weapons from the United States across the border to Mexico. I applaud Secretary Napolitano and Attorney General Holder for their emphasis on stopping the flow of outbound money and guns that empowers the violent Mexican drug cartels. Clearly the money and weapons are just as important to the cartels, if not more important, than the drugs. Of course the purpose of the whole enterprise for the cartels is to garner profits and power; drugs are just a means to those ends. But beefed-up border facilities across the entire Southwest border cannot by themselves solve this problem. The tentacles of international drug trafficking organizations are everywhere, in every community. They operate in our cities, suburbs, rural areas, in our national parks and our public lands, and in our prisons. Without the help of State, local, and tribal law enforcement throughout our country, we will never have the detailed knowledge of local drug trafficking cells and their drug, money, and weapons distribution networks that is necessary to dismantle the international drug trafficking organizations that threaten not only our Nation, but also our neighbors throughout the region.

The thousands of packages of bulk currency and shipments of weapons that slip across our border with Mexico every year do not appear out of thin air. Illegal organizations, operating throughout the continental United States, collect and move their contraband through our local communities. They have built a national network of stash houses, organizational cells specializing in drugs, guns, and money, and a virtual army of couriers with vehicles and

advanced communications and logistics. State and local law enforcement personnel possess unmatched knowledge about the organizations that operate every day within their jurisdictions. Our law enforcement operations are most effective when this knowledge is combined with the skill, technology, and resources that Federal agencies bring to bear.

I know the Federal government can do a better job. Within the scope of applicable laws, Federal agencies have a responsibility to foster an improved and more timely exchange of information with State, local, and tribal authorities – this means a *two-way exchange*. Local officials have a right and good reason to know what happens to investigative leads that they provide to Federal partners, as well as a need to see near real-time relevant reporting from national authorities that impacts the safety and security of their jurisdictions. Agencies headquartered in Washington must participate fully in fusion centers, and ensure that vital criminal databases include all relevant information, are up-to-date, and are easily accessible to appropriate local authorities. In my two months on the job, through conversations with my counterparts, I know they are determined to do this.

The violent international drug cartels operating on both sides of the border are criminals, but they collectively pose a national security threat to our Nation. Information about every part of their operations must be made available to our State, local, and tribal law enforcement officers. It is simply short-sighted and dangerous in this day and age for a local police officer, who may have pulled a suspect over in the middle of the night somewhere, not to have rapid access to comprehensive and up-to-date criminal databases. That officer may be making an extremely consequential decision in determining how to appropriately handle that suspect. We must give our State and local police the information they urgently need to make the right call.

A key part of the Obama Administration's efforts to turn this problem around is through the National Southwest Border Counternarcotics Strategy. Each chapter in the National Southwest Border Counternarcotics Strategy contains specific recommended actions, developed by teams of experts from throughout our government, to enhance our operations. ONDCP is committed to ensuring implementation of this comprehensive plan.

Let me briefly highlight some elements of the new strategy that will provide some concrete help toward that end. Specifically, the strategy directs agencies to:

- Upgrade and standardize communications on the Southwest border. Federal, State, local, and tribal officials need to be able to speak to each other, not only in the case of an emergency, but also to conduct their normal day-to-day field operations.
- Fully establish classified communication capabilities for State and local use. Networks, such as SIPRNET in the Southwest Border HIDTA Intelligence Support Centers and the DHS Homeland Secure Data Network, will leverage military, law enforcement, and intelligence resources to provide greater interagency coordination, collaboration, and cooperation and provide network members a secure means to disseminate up-to-date information and protect information flows.
- Ensure State and local investigators have appropriate security clearances. All law enforcement personnel involved in Southwest border investigations must have the necessary clearances to perform their duties. Too often clearances have not been provided to those who need them to do their work. We will work with our Federal partners to make this happen.
- Enhance interior enforcement. Law enforcement efforts in the interior of the country must be expanded to focus on drug trafficking, tracking and interdicting illegal trafficking of weapons, and seizing bulk currency. The HIDTA program Domestic Highway Enforcement Initiative should continue to target their efforts on interdicting illicit bulk currency transiting our highways and should enhance the initiative with investigations of the trafficking organizations. Simply seizing cash or weapons is not enough, we must use knowledge gained during interior enforcement operations to better understand and then take down major drug organizations.
- Interdict bulk currency and arms. When illegal weapons and bulk currency do make it to the border, we must improve our capacity to interdict these shipments before they get to Mexico and into the hands of drug trafficking organizations. We must improve our use of intelligence-driven interdiction operations while also enhancing southbound inspection capabilities and infrastructure at checkpoints and ports of entry.

- Improve and integrate border databases. All too often a law enforcement officer will stop a known criminal but not be able to detain the individual because the vital information needed to establish probable cause for arrests has not been updated, fully integrated with all relevant data sources, and made accessible to local officers. Further, given the established links between the smuggling of illegal aliens and the smuggling of narcotics, greater access to border databases becomes a tool to establish probable cause for arrests that may not be available otherwise.
- Increase capacities of U.S. Attorneys Offices to handle Southwest border drug investigations and prosecutions. State and county prosecutors on or near the Southwest border face an increasingly overwhelming case load. More resources at the Federal level will help to relieve some of the pressure they are under.
- Expand Federal bulk cash concealment detection training. DEA and ICE train State and local officers in concealment “trap” detection and methods of courier debriefing. IRS’s bulk cash initiative is a pilot program which seeks to provide State and local officers with uniform training in evidence exploitation. These programs empower State, local, and tribal officers to help with this vital mission.

I am also deeply concerned about the tunnel problem. Since 1990, approximately 108 crossborder tunnels have been discovered by law enforcement agencies on the Southwest border. There were 24 tunnels discovered in CY 2008 alone. In fact, a few weeks ago -- and just days after the release of the National Southwest Border Counternarcotics Strategy -- U.S. Border Patrol agents discovered a sophisticated 83-foot-long tunnel underneath the U.S.-Mexico border in Nogales. The uncompleted tunnel featured side walls framed with two-by-four wooden studs, ceiling construction, and a hose used for ventilation. It extended from an abandoned building in Mexico under the border fence to another building more than 40 feet from the border within the United States. These tunnels pose a unique and ongoing threat to the homeland. As detailed in the appendix to the National Southwest Border Counternarcotics Strategy, we will pursue a comprehensive response that makes use of intelligence, interagency coordination, and the most advanced technology at our disposal.

These are just a few highlights. There are many more initiatives, including an array of important ones specifically dedicated to addressing the trafficking of weapons from the United States to Mexico. Because of our commitment to transparency in the Obama Administration we have publicly released a great deal of detail about what we intend to do. To make headway on the full array of border challenges, the Congress and the Administration need to work closely together and I hope this is a subject that the Committee will continue to focus on.

There is much work to do. ONDCP is responsible for coordinating strategy implementation. We will be relying heavily on DHS and DOJ in monitoring progress and highlighting problem areas. These agencies and others will be important partners in providing resources, personnel, and technology to get the job done. In fact, to ensure that the strategy is turned promptly into action, we will soon be announcing a dedicated interagency working group, which I will lead, in conjunction with the Department of State's lead on the Merida Initiative, to push forward full and effective implementation of the strategy. We will provide a public report on implementation of this strategy as part of the first Obama Administration National Drug Control Strategy, to be released early next year.

As part of my oversight responsibilities, my office recently identified overarching National Drug Control Strategy goals to help guide agencies in the development of their policy initiatives, programmatic efforts, and budget proposals. Over the coming months ONDCP will be working with the Departments of Homeland Security, Justice, State, Defense, and others to develop cross-agency performance goals and metrics for Southwest border initiatives. In addition, as agencies update their strategic plans, we will be working with OMB and the departments and agencies to integrate key Southwest border priorities identified in the National Drug Control Strategy and the National Southwest Border Counternarcotics Strategy into each department's strategic plan.

This will not only ensure accountability, but will make it clear that combating the flow of drugs, money, and weapons across the Southwest border must be a core element of our Nation's approach to the entire drug problem. In 2011, ONDCP and our partners, per the requirements of our 2006 reauthorization, will produce an updated version of the National Southwest Border

Counternarcotics Strategy, which will allow us to adapt appropriately to the dynamic threat environment on the border.

Of course, we must acknowledge that it is the demand for illegal drugs in the United States that drives the threat along the border. As Secretary of State Clinton has rightly pointed out, the wide scale consumption of illegal drugs within the United States is the major cause for the power, wealth, and violence of the cartels. The National Southwest Border Counternarcotics Strategy is an integrated component of this Administration's broader national drug control policy, which includes a renewed commitment to reduce the demand for illegal drugs at home. The strengthening of our treatment efforts, including through drug courts and the sensible use of our criminal justice system, will be central to our efforts. You will be hearing much more from ONDCP on these vital subjects in the months ahead. I recognize that treatment and prevention is not the focus of today's hearing, but I wanted to emphasize how important this subject is to all of us in the Administration.

Thank you again, Chairman Towns, for the opportunity to appear before the Committee today. I would be pleased to answer any questions and I hope to continue a close partnership with your committee throughout my tenure.

Chairman TOWNS. Thank you very much.
Mr. Breuer.

STATEMENT OF LANNY A. BREUER

Mr. BREUER. Chairman Towns, Ranking Member Issa, and members of the committee, I appreciate the opportunity to appear before you today to discuss the Department of Justice's important role in the administration's overall strategy to address the threats posed by the rise of Mexican drug cartels, particularly along our Southwest Border.

The Justice Department's goal is to systematically dismantle these cartels which threaten the national security of our Mexican neighbors, pose an organized crime threat to the United States, and are responsible for much of the scourge of illicit drugs and the increase in violence in Mexico.

This issue commands priority at the highest level of the Department's leadership. As you know, on June 5th, Attorney General Holder, Department of Homeland Security Secretary Napolitano, and Office of National Drug Control Policy Director Kerlikowske released President Obama's National Southwest Border Counternarcotics Strategy. The strategy is designed to stem the flow of illegal drugs and their illicit proceeds across the Southwest Border and to reduce the associated crime and violence in the region.

I look forward to working with Director Kerlikowske and Assistant Secretary Bersin, and our many Federal, State, local, tribal, and Mexican partners to ensure success of the administration's strategy.

The Justice Department plays a central role in supporting the National Southwest Border Counternarcotics Strategy. The Department's approach to the Mexican drug cartels is to confront them as criminal organizations. To do so, we employ extensive and coordinated intelligence capabilities to target the largest and most dangerous Mexican drug cartels and focus law enforcement resources. Our intelligence-based, prosecutor-led, multi-agency task forces focus our efforts on the investigation, extradition, prosecution, and punishment of key cartel leaders.

As the Department has demonstrated in attacking other major criminal enterprises, destroying the leadership and seizing the financial infrastructure of the cartels is critical to dismantling them. Stemming the flow of guns and money from the United States to Mexico is an important aspect of the administration's comprehensive approach to the problem. In concerted efforts with the Department of Homeland Security and other law enforcement entities, we are committed to investigating and prosecuting illegal firearms trafficking and currency smuggling from the United States into Mexico.

Another key component to neutralizing the cartels is to work closely with the government of Mexico. The Department plays an important role in implementing the Merida Initiative, including serving as the lead implementer in programs and prosecutorial capacity building, asset forfeiture, extradition training, and forensics. We continue to work closely with Mexico to address the issue of cartel-related public corruption, including through investigative assistance. We also work together on extraditions of key cartel lead-

ers and other fugitives. The Calderon administration has taken bold steps to confront this threat, and we are committed to assisting our Mexican partners in this fight.

We believe that the Department has the right comprehensive and coordinated strategy to disrupt and dismantle the cartels and stem the southbound flow of firearms and cash. The strengths of the Department's approach are illustrated by, for example, the tremendous successes of Operation Accelerator and Project Reckoning, multi-agency, multi-national operations targeting the Sinaloa and Gulf Cartels.

Despite our recent successes, however, we recognize that there is much more work to do. Last month, I traveled to the Southwest Border, along with my friend, Assistant Secretary Bersin, and saw the acute challenges that our brave law enforcement personnel confront on a daily basis and how intertwined those challenges are.

The Department is committed to working together with our colleagues at ONDCP and DHS, with our State, local, and tribal partners, and with the government of Mexico to build on what we have done so far, and to develop and implement new ideas and to refresh our strategies. The recently signed MOUs between DEA and ICE and between ATF and ICE are emblematic of our collaborative, coordinated approach to the threats posed by the Mexican drug cartels. By continuing to work together, we can and will rise to the current challenge.

Again, thank you for your recognition of this important issue and the opportunity to testify today, and I will be happy to answer any questions you may have.

[The prepared statement of Mr. Breuer follows.]



Department of Justice

STATEMENT OF

LANNY A. BREUER
ASSISTANT ATTORNEY GENERAL
CRIMINAL DIVISION
UNITED STATES DEPARTMENT OF JUSTICE

WILLIAM HOOVER
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UNITED STATES DEPARTMENT OF JUSTICE

ANTHONY P. PLACIDO
ASSISTANT ADMINISTRATOR FOR INTELLIGENCE
DRUG ENFORCEMENT ADMINISTRATION
UNITED STATES DEPARTMENT OF JUSTICE

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HEARING ENTITLED

“THE RISE OF MEXICAN DRUG CARTELS
AND U.S. NATIONAL SECURITY”

PRESENTED

JULY 9, 2009

Chairman Towns, Ranking Member Issa, and Members of the Committee, I appreciate the opportunity to appear before you today to discuss the important role of the Department of Justice (the Department) in addressing the alarming rise of violence in Mexico perpetrated by warring Mexican drug trafficking organizations and the effects of that violence on the United States, particularly along our Southwest Border. The responsibility for this ongoing violence rests with a limited number of large, sophisticated and vicious criminal organizations – not individual drug traffickers acting in isolation. Their illicit drugs are destined for communities throughout the United States, Mexico and Europe. They generate billions of dollars of proceeds annually. These organizations use violence to protect trafficking routes, to retaliate against individuals thought to have betrayed them, and to intimidate both Mexican law enforcement and Mexico's citizens. Drug-related murders in Mexico doubled from 2006 to 2007, and more than doubled again in 2008 to approximately 6,200 murders. Almost 10 percent of the murders in 2008 involved victims who were law enforcement officers or military personnel. To date in 2009 there have been approximately 3,500 drug-related murders in Mexico. During the last decade the surrogates of Mexican drug cartels have expanded their presence across the United States and dominate the US drug trade. Project Reckoning and Operation Xcellerator, which were highly successful and captured 750 Gulf and Sinaloa cartel, nonetheless reflect the depth of their control within the United States.

I want to share with you the Department's strategy to systematically dismantle the Mexican drug cartels, which currently threaten the national security of our Mexican neighbors, pose an organized crime threat to the United States, and are responsible for the scourge of illicit drugs and accompanying violence in both countries. Let me begin by emphasizing the priority that this issue commands at the highest level of the Department's leadership, including the

Attorney General himself. Most recently, on June 5th, in Albuquerque, New Mexico, Attorney General Holder, Department of Homeland Security (DHS) Secretary Napolitano, and Office of National Drug Control Policy (ONDCP) Director Kerlikowske released President Obama's *National Southwest Border Counternarcotics Strategy* (Strategy), designed to stem the flow of illegal drugs and their illicit proceeds across the Southwest Border and to reduce associated crime and violence in the region.

This Strategy directs Federal agencies to increase coordination and information sharing with State and local law enforcement agencies, intensifies national efforts to interdict the southbound flow of weapons and bulk currency while stopping illicit contraband from being trafficked north, and calls for continued close collaboration with the Government of Mexico in efforts against the drug cartels. The Strategy is an important component of the Administration's national drug control policy and complements the Administration's comprehensive efforts to respond to threats along the border.

In his remarks on the Strategy, Attorney General Holder stated, "Drug trafficking cartels spread violence and lawlessness throughout our border region and reach into all of our communities, large and small." He further noted, "By focusing on increased cooperation between the U.S. and Mexican governments as well as enhanced communication within U.S. law enforcement agencies, the *National Southwest Border Counternarcotics Strategy* we introduce today provides an effective way forward that will crack down on cartels and make our country safer."

Another important component of the Department's efforts to neutralize the powerful Mexican drug cartels is the Mérida Initiative, a partnership between the Government of Mexico and the United States. The Mérida Initiative presents new opportunities for expert collaboration

on many fronts. With Mérida funded programs coordinated by the Department of State, the Department plans, among other things: (1) to place two experienced federal prosecutors in Mexico to work with their counterparts in prosecutorial capacity-building; (2) to assign a forensics expert in Mexico; (3) to assist Mexican law enforcement and our interagency partners in strengthening and developing vetted teams and task forces that can work with U.S. federal law enforcement agencies to attack the cartels across the range of their criminal conduct; (4) to advance fugitive apprehension with U.S. law enforcement agencies and extradition with our Criminal Division experts; (5) to assist Mexico in developing an asset management system to deal with the assets seized and forfeited in criminal cases; (6) to assist Mexican law enforcement and prosecutorial offices in strengthening their internal integrity; (7) to assist Mexican law enforcement officials and prosecutors in enhancing evidence collection, preservation and admissibility; and (8) to provide expert consultations on victim assistance and witness protection issues. At the same time, as an operational matter, the Department continues to work closely with Mexico as it addresses the issue of cartel-related public corruption, including through investigative assistance.

Overview of the Department of Justice's Mexico and Border Strategy

The Department's strategic approach – built on its proven track record in dismantling transnational organized criminal groups, such as the mafia in the 1980s and 1990s – confronts the Mexican cartels as criminal organizations, rather than simply responding to individual acts of criminal violence. Pursued vigorously, and in coordination with the efforts of other U.S. Government agencies and with the full cooperation of the Government of Mexico, this strategy can and will neutralize the organizations causing the violence.

The Department's strategy to identify, disrupt, and dismantle the Mexican drug cartels has five key elements and supports the *National Southwest Border Counternarcotics Strategy*. First, the strategy employs extensive and coordinated intelligence capabilities. The Department pools information generated by our law enforcement agencies and federal, state and local government partners, and then uses the product to promote operations in the United States and to assist the efforts of the Mexican authorities to attack the cartels and the corruption that facilitates their operations. Second, through intelligence-based, prosecutor-led, multi-agency task forces that leverage the strengths, resources, and expertise of the complete spectrum of federal, state, local, and international investigative and prosecutorial agencies, the Department focuses its efforts on investigation, extradition, prosecution, and punishment of key cartel leaders. As the Department has demonstrated in attacking other major criminal enterprises, destroying the leadership and seizing the financial infrastructure of the cartels undermines their very existence. Third, the Department of Justice, in concerted efforts with the Department of Homeland Security, pursues investigations and prosecutions related to the trafficking of guns and the smuggling of cash and contraband for drug-making facilities from the United States into Mexico. Much of the violence and corruption in Mexico is fueled by these resources that come from our side of the border. Fourth, the Department uses traditional law enforcement approaches to address the threats of cartel activity in the United States. These threats include the widespread distribution of drugs on our streets and in our neighborhoods, battles between members of rival cartels on American soil, and violence directed against U.S. citizens and government interests. This component of the Department's strategy will inevitably include investigations and prosecutions of U.S.-based gangs that forge working relationships with the Mexican drug trafficking organizations (DTOs). Fifth, the Department prosecutes criminals responsible for

federal crimes involving trafficking, smuggling, money laundering, kidnapping and violence. The ultimate goals of these operations are to neutralize the cartels and bring the criminals to justice.

The strengths of the Department's strategy are illustrated by the tremendous successes of Operation Xcellerator and Project Reckoning in the U.S. Government's battle against the Mexican cartels. DEA's Special Operations Division (SOD) focuses the entire USG counternarcotics community against those drug organizations and leaders that are determined to pose the greatest threat to the United States. A few months ago, Attorney General Holder announced the arrest of more than 750 individuals on narcotics-related charges under Operation Xcellerator, a multi-agency, multi-national effort coordinated by the SOD that began in May 2007 and targeted the Mexican DTO known as the Sinaloa Cartel. This cartel is responsible for bringing tons of cocaine into the United States through an extensive network of distribution cells in the United States and Canada. Through Operation Xcellerator, federal law enforcement agencies—along with law enforcement officials from the governments of Mexico and Canada and state and local authorities in the United States—delivered a significant blow to the Sinaloa Cartel's operations in the United States. For example, authorities seized over \$61 million in U.S. currency, more than 12,000 kilograms of cocaine, more than 1,200 pounds of methamphetamine, approximately 1.3 million Ecstasy pills, and other illegal drugs. Also significant was the seizure of 191 firearms, 4 aircraft, and 3 maritime vessels.

Similarly, the Department's Project Reckoning, announced in September 2008, was a 15-month operation, also coordinated by SOD, that severely damaged the Gulf Cartel. It was one of the largest and most successful joint law enforcement efforts between the United States and Mexico. Project Reckoning resulted in over 600 arrests in the U.S. and Mexico, plus the seizure

of nearly 20,000 kilos of cocaine, tens of thousands of pounds of marijuana, thousands of pounds of methamphetamine, hundreds of firearms, and \$76 million in currency. Perhaps most importantly, Project Reckoning led to the indictment of a triumvirate of Gulf Cartel leaders.

Operation Xcellerator and Project Reckoning applied the classic law enforcement tools that the Department has successfully wielded against other large, sophisticated criminal enterprises to target the largest threats from the cartels. Neither would have been possible without the development and effective sharing of tactical and strategic intelligence between and among federal agency partners and the Government of Mexico and its law enforcement and special military components. They reflected multi-agency, bi-national efforts, coordinated by SOD and led by prosecutors and investigators from the Organized Crime Drug Enforcement Task Forces (OCDETF), a program that coordinates and channels elements of the federal government – including the Drug Enforcement Administration (DEA), FBI, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the U.S. Marshals Service (USMS), U.S. Attorney’s Offices, and the Department’s Criminal Division, as well as Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP), and the Internal Revenue Service (IRS) Criminal Investigations Division. In all, more than 200 Federal, state, local, and foreign law enforcement agencies contributed to the success of Operation Xcellerator and Project Reckoning. These multi-year investigations will result in extraditions and federal prosecutions in numerous states by various U.S. Attorney’s Offices and the Criminal Division’s Narcotic and Dangerous Drug Section.

We believe the Administration has the right strategy for stopping the violence spawned by the cartels. But despite recent successes by the Administration, we also recognize that there is much more work to do. Indeed, I recently spent several days on the Southwest Border with my

counterpart at DHS, Assistant Secretary Alan Bersin. There I saw firsthand the acute challenges that our brave law enforcement personnel confront on a daily basis. Drug trafficking organizations remain powerful and continue to evolve and are determined to find new methods to bring illegal drugs and illicit goods into the United States, while also sending cash and guns back to Mexico. This smuggling pattern fuels the cycle of violence in Mexico and is a threat to the United States. As a result, the Department is working closely with our other federal partners, State, local, and tribal officials, and the Government of Mexico to address these issues and root out these criminal enterprises. Additionally, on a positive note, on June 18, 2009, ICE and DEA, entered into an Interagency Cooperation Agreement which will greatly enhance the government's ability to combat the flow of illegal drugs into the United States by strengthening the sharing of drug intelligence and the coordination and deconfliction of drug enforcement investigations. By utilizing ICE's expertise in investigating the unlawful import and export of contraband, and harnessing DEA's expertise in enforcing the controlled substances laws, the agencies can most effectively dismantle and disrupt trafficking organizations like those which are engaged in illegal drug and weapons trafficking, cash smuggling and violence along the Southwest border.

The Dimensions of the Current Threat

The Mexican drug cartels pose a national security threat to Mexico and an organized crime threat to the United States. Drug-related violence, including kidnappings and increasingly gruesome murders, has skyrocketed in recent years in Mexico, particularly along the border with the United States. Mexican drug traffickers and their enforcers are also engaging in other violent crimes, including kidnappings and home invasion robberies – primarily in Mexico but increasingly in U.S. communities as well. Although violence in Mexico has existed over the

years, the bloodshed has escalated in recent months to unprecedented levels as the cartels use violence as a tool to undermine public support for the Mexican Government's vigorous counter-drug efforts. Traffickers display the bodies of their tortured victims to intimidate government officials and the public alike.

A significant portion of this increase in violence actually reflects progress by the governments of Mexico and the United States in disrupting the activities of the drug cartels. After President Calderon and Attorney General Medina Mora took office in 2006, and with support from the United States, the Government of Mexico undertook a comprehensive program to break the power of the narco-traffickers, making record seizures of drugs, clandestine laboratories, and currency. Mexican law enforcement agencies have arrested many high-level drug cartel members who are being extradited in record numbers to face prosecution in the United States. This unprecedented pressure from the Government of Mexico has led to the retaliatory violence directed at Mexican law enforcement and the Mexican government as a whole. As the Department and our federal agency partners have worked with Mexican authorities to disrupt and dismantle successive iterations of the most powerful cartels, their successors have escalated the fighting among themselves for control of the lucrative smuggling corridors along the Southwest Border.

The violence in Mexico has direct and serious effects in the United States. According to the National Drug Intelligence Center's (NDIC) *2009 National Drug Threat Assessment* (NDTA), within the realm of DTOs, Mexican drug trafficking organizations represent the "greatest organized crime threat to the United States," with cocaine being the leading drug threat. Mexican and Colombian DTOs generate, remove and launder between \$18 billion and \$39 billion in wholesale drug proceeds in the United States annually, a large portion of which is

believed to be smuggled in bulk across the border back into Mexico; as noted above, this currency further fuels the drug trade and its attendant violence. Additionally, Mexican DTOs obtain firearms, including handguns and rifles from sources in the United States for use in DTO operations on both sides of the U.S.–Mexico border. These organizations and their violent paramilitary enforcement groups rely on such firearms and ammunition to control lucrative drug smuggling corridors along the border. We look forward to working in collaboration with Mexican authorities to build their capacity to assess all the weapons seized and provide better definition of arms trafficking across our shared border.

Intelligence-Based Targeting Is the Foundation for a Successful Response

For more than a quarter-century, the principal law enforcement agencies in the United States have recognized that the best way to fight the most sophisticated and powerful criminal organizations is through intelligence-based, prosecutor-led task forces that leverage the strength, resources, and expertise of the complete spectrum of federal, state, local, and international investigative and prosecutorial agencies. It was this approach, for example, that fueled the ground-breaking Mafia prosecutions in the United States and Italy in the late 1980s and 1990s. The Department is applying these same intelligence-driven tactics that broke the back of the Mob to fighting the Mexican drug cartels.

The Department works through several programs to develop a full range of strategic, operational, and tactical intelligence against the Mexican cartels.

First, since 2003, the Department has worked with the drug enforcement community to develop the Attorney General’s Consolidated Priority Organization Target (CPOT) list of international “Most Wanted” drug kingpins. Of the approximately 55 worldwide cartels currently on the list, 20 of them are Mexican enterprises. The CPOT list is produced through the

cooperative effort of the member agencies of the OCDETF Program, and is the product of their shared information. Indeed, over the last several years lawyers and agents assigned to SOD have been coordinating on a number of cases concerning Mexican CPOT targets. This list helps the Department and our federal agency partners focus critical resources on the greatest threats.

Second, the Department leads three multi-agency intelligence centers and an operational center that provide tactical, operational, and strategic support in targeting the largest and most dangerous Mexican cartels and focusing law enforcement resources. The El Paso Intelligence Center (EPIC) currently involves the participation of more than 20 agencies. EPIC provides critical, case-specific tactical intelligence to law enforcement consumers. For example, if a highway patrol officer stops a vehicle in the middle of the night, EPIC may have information about the vehicle, driver, or passengers that can be provided in real time. EPIC focuses specifically on the Southwest Border but also tracks broader tactical data. The ATF's "Gun Desk" at EPIC serves as a central repository for all intelligence related to firearms along the Southwest Border. In addition, the FBI, already a contributing member at EPIC, is in the process of increasing its participation there by creating its Southwest Intelligence Group (SWIG). The SWIG will be used to coordinate information and intelligence relating to the Southwest Border and to better disrupt and dismantle the ongoing violent criminal activity. The SWIG head will also serve as an Assistant Deputy Director of EPIC.

SOD, also led by DEA, is best described as an operations center, rather than an intelligence center, because its functions go beyond the gathering and processing of intelligence. It provides operational targeting, support, and coordination for long-term, multi-agency investigations. It passes leads that have been developed from intelligence sources to field investigators and coordinates the resulting investigations. SOD targets the command and control

communications of major drug trafficking and narco-terrorism organizations. Special emphasis is placed on those major drug trafficking and narco-terrorism organizations that operate across jurisdictional boundaries on a regional, national, and international level, and the operations coordinated by SOD include OCDETF investigations. Operation Xcellerator and Project Reckoning were OCDETF investigations that were both initiated and coordinated through SOD. The transnational nature of narcotics trafficking requires a combined Federal, State and local agency response directed at stopping the flow of narcotics into our communities, often brought together through the OCDETF Program and coordinated through SOD. SOD also plays a critical role in deconflicting these operations.

The OCDETF Fusion Center (OFC) is a comprehensive data center containing drug and related financial data from DEA, ATF, FBI, IRS, the USMS, the U.S. Coast Guard, CBP, NDIC, EPIC, the Financial Crimes Enforcement Network (FinCEN), the Department of State's Bureau of Consular Affairs, and other key players in the international drug enforcement world. The OFC provides critical law enforcement intelligence support for long-term and large-scale investigations, complementing the mission of SOD by providing non-communications intelligence at an operations level. The OFC conducts cross-agency and cross-jurisdictional integration and analysis of drug related data to create comprehensive pictures of targeted organizations through its fused database, Compass. Using the protocols established by SOD, the OFC passes actionable leads to field investigative units.

The third Department-led intelligence center is NDIC, which provides policy makers and resource providers with strategic drug intelligence. In addition to producing the *NDTA*, NDIC produces regional and subject-specific threat assessments. These include OCDETF Regional Assessments, including the Southwest Region. NDIC provides Document and Media

Exploitation (DOMEX) support to field agents and prosecutors to facilitate the analysis of seized evidence. NDIC also provides DOMEX training and software to foreign law enforcement partners, including Mexico.

The work being done at these intelligence and operations centers is remarkable, and their activities form a key component of our multi-layered approach to dismantling this criminal threat. Again, it is worth noting that the recently executed Interagency Cooperation Agreement between ICE and DEA formalizes the partnership and cooperation between these agencies at EPIC, SOD, and the OCDETF Fusion Center. The Agreement recognizes the importance of DHS and DOJ working together to maximize coordination and deconfliction of drug enforcement investigations to enhance the government's ability to effectively dismantle and disrupt trafficking organizations like those which are engaged in illegal drug and weapons trafficking, cash smuggling and violence along the Southwest border.

Focused Law Enforcement Initiatives

The Department's efforts are focused on three underlying aspects of the Southwest Border threat: drugs, guns, and illegal drug proceeds. These efforts include an integrated and coordinated operational response from Department law enforcement components in coordination with one another and federal agency counterparts.

1. Movement of Drugs

DEA has the largest U.S. law enforcement presence in Mexico with 11 offices in that country. DEA Mexico primarily focuses its resources on the command and control infrastructure of the Mexican cartel leaders with the goal of removing the top layers of cartel leadership, who are essential to the operation of these criminal enterprises. To achieve this goal, DEA Mexico works closely with Mexican law enforcement to help fight this criminal threat. Project

Reckoning and Operation Xcellerator are recent examples of this successful partnership. DEA also sponsors the Sensitive Investigative Units, elite vetted units of Mexican law enforcement and military which undergo robust background investigations and polygraph examinations.

DEA also targets the cartels through its “Drug Flow Attack Strategy” (DFAS), an innovative, multi-agency strategy, designed to significantly disrupt the flow of drugs, money, and chemicals between the source zones and the United States by attacking vulnerabilities in the supply chains, transportation systems, and financial infrastructure of major DTOs. DFAS calls for aggressive, well-planned and coordinated enforcement operations in cooperation with host-nation counterparts in global source and transit zones around the world.

Department law enforcement components cooperate with other federal agencies on EPIC’s “Gatekeeper Initiative.” A “Gatekeeper” is a person or group whose role is “to facilitate the taxation and protection of contraband loads (including illegal aliens) and to enforce the will of the cartel through bribery, intimidation, extortion, beatings, and murder.” These Gatekeepers control territory along the border and are key to cartel smuggling operations in both directions. The Gatekeeper Initiative combines the statutory expertise and authorities of its multi-agency members – DEA, FBI, the USMS, IRS, ICE, ATF, and CBP – to: (1) establish multi-district investigations of the Gatekeepers and their organizations operating along the Southwest Border, including the identification and investigation of corrupt law enforcement officials on both sides of the border; (2) identify additional activities of the Gatekeepers in other regions and pass investigative leads to those jurisdictions; (3) disrupt drug trafficking patterns along the Southwest Border by attacking the smuggling of major cartels; and (4) target the illegal purchase and distribution of firearms by Gatekeepers.

Within the United States, DEA has worked with DHS to implement its “License Plate Reader Initiative” in the Southwest Border region to gather intelligence, particularly on movements of weapons and cash into Mexico. The system uses optical character recognition technology to read license plates on vehicles in the United States traveling southbound towards the border. The system also takes photographs of drivers and records statistical information such as the date, time, and traffic lane of the record. While still in the developmental stages, this information can be compared with DEA and DHS databases to help identify and interdict vehicles that are carrying large quantities of cash, weapons, and other illegal contraband toward Mexico. DEA and other law enforcement agencies will soon be able to submit queries to the database, obtain near real-time responses, and place alerts on suspect license plates.

2. Trafficking of Guns

ATF, in collaboration with other law enforcement entities, such as ICE and CBP, seeks to identify, investigate, interdict, and eliminate the sources of illegally trafficked firearms and the networks for transporting them.

Since 2006, Project Gunrunner has been ATF’s comprehensive strategy to combat firearms-related violence by the cartels along the Southwest Border. It includes special agents dedicated to investigating firearms trafficking on a full-time basis and industry operations investigators (IOIs) responsible for conducting regulatory inspections of Federal Firearms Licensees (FFLs) along the Southwest Border. For instance, from Fiscal Year 2004 through February 17th of this year, Project Gunrunner has referred for prosecution 795 cases involving 1,658 defendants; those cases include 382 firearms trafficking cases involving 1,035 defendants and an estimated 12, 835 guns.

Congress has recently allocated an additional \$25 million in support of Project Gunrunner. These funds will allow ATF to open five new field offices staffed with special agents and IOIs. With these additional resources, ATF can identify and prioritize for inspection those FFLs with a history of noncompliance who represent a risk to public safety, as well as focus on primary retailers and pawnbrokers who sell the firearms of choice for drug cartels. In addition, the funds will be used to send additional special agents to consulates in Mexico.

The tracing of firearms seized in Mexico and the United States is an essential component of the strategy to curtail firearms trafficking along the Southwest Border. When a firearm is traced, specific identifying information – including the make, model, and serial number – is entered into the ATF Firearms Tracing System (e-Trace), which is the only federal firearms tracing system. Using this information, ATF can establish the identity of the first retail purchaser of the firearm and then investigate how the gun came to be used in a crime or how it came to be located in Mexico. Furthermore, analyses of aggregate trace data can reveal trafficking trends and networks, showing where the guns are being purchased, who is purchasing them, and how they flow across the border. As a complement to the Mérida Initiative efforts, ATF received \$4.5 million in asset forfeiture funds from Treasury's Asset Forfeiture fund to initiate a Spanish version of ATF's e-Trace to Mexico. ATF is working with Mexican officials to increase their current usage of the e-Trace system, which will further improve with deployment of Spanish e-Trace in December of this year.

As part of President Obama's commitment to President Calderon on his recent trip to Mexico, ATF will also work to bridge the Integrated Ballistic Identification Systems that stores digital photos and arms-related information related to criminal investigations. This will allow the sharing of digital images, ballistic markings, and other arms-related information to help

identify leads in violent crimes both in Mexico and in the United States. Our efforts will be further enhanced by the President's commitment to urge the Senate to provide its advice and consent in order to ratify the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials.

Last week I spoke at the Violent Crime and Arms Trafficking Summit hosted by ATF in Albuquerque, New Mexico. The conference brought together leaders from around the U.S. government to refine enforcement strategies, analyze operational and prosecutorial challenges, and advance our national policy to disrupt the illegal flow of firearms to Mexico. This is an issue that we can and must address, and I look forward to continuing to work hand-in-hand with my counterparts and colleagues in our government, as well as State, local, and tribal officials, and our important partners in the Mexican government.

3. Bulk Currency Shipments and Money Laundering

The spike in violence in Mexico among the cartels stems from fights over market share and profits as the Mexican and U.S. governments have, by working together, succeeded in applying greater pressure against them. In addition to removing the leadership ranks of the cartels, the Department is waging a war to seize and forfeit their assets as well. Again, as with any other criminal enterprise, the Department places a high priority on attacking and dismantling the financial infrastructure of the Mexican DTOs. Every OCDETF-approved investigation must include a financial component designed to identify and ultimately forfeit the illegal assets of the targeted organization.

Additionally, the Department has established a "Bulk Currency Money Laundering Initiative," an OCDETF Southwest Region Strategic Initiative that investigates bulk currency movement along transportation routes in the Southwest. Although we do not know the exact

amount of bulk cash flowing back across the U.S. border to the Mexican DTOs, NDIC estimates that Mexican and Colombian DTOs generate, remove, and launder approximately \$18-\$39 billion annually in gross wholesale proceeds from their distribution of illicit drugs in the United States, a large portion of which is believed to be smuggled in bulk across the border back into Mexico. State and local agencies, which encounter the vast majority of currency seizures on the highways, often lack the resources necessary to conduct follow-up investigations that will lead to the identification and prosecution of the major drug organizations that own the smuggled currency. Again, we have worked in partnership with other federal agencies with primary responsibility for securing the U.S. border. This Strategic Initiative is designed to enhance all the federal, state, and local agencies' efforts through coordination and cooperative investigation. Federal agencies currently participating in this initiative include ATF, DEA, FBI, ICE, CBP, IRS, the USMS, and the U.S. Attorney's Offices.

Between 2007 and 2008, \$2.9 billion was forfeited under the Department's Asset Forfeiture Program. Under the National Asset Forfeiture Strategic Plan, asset forfeiture is integrated into every appropriate investigation and prosecution, recognizing that asset forfeiture is a powerful law enforcement tool that strips criminals of their illicit wealth.

Finally, under the Mérida Initiative, discussed above, the Department is sharing its expertise with Mexican investigators and prosecutors to strengthen Mexico's own asset forfeiture laws and authority.

Federal Prosecution Along The Border

The United States Attorneys have over 540 prosecutors in the five Southwest Border districts, handling national and district-level priorities including narcotics trafficking, firearms trafficking, violent crimes, and immigration offenses. Although the Assistant U.S. Attorneys

(AUSAs) in these 5 border district offices comprise only 11 percent of the nation's AUSAs, in FY 2008, they were responsible for 35 percent of all felony cases, 68 percent of all felony immigration cases, and 35 percent of all non-OCDETF narcotics cases filed in U.S. District Courts nation-wide. Each of the Southwest Border United States Attorney's Offices works closely with federal, state, and local investigative agencies on the initiatives described above. The United States Attorney's Offices are on the front lines of the national effort to prosecute both large-scale criminal enterprise cases involving significant trafficking organizations as well as other criminal offenses arising at the border with Mexico. The United States Attorneys also coordinate with Mexican prosecutors to share evidence in appropriate cases to ensure that justice is achieved either in U.S. or Mexican courts.

During the past three years, U.S. Attorney's Offices and the Department's Criminal Division have seen a significant increase in the number of international fugitives returned to face justice in the United States through international extradition. Colombia and Mexico have extradited fugitives to the United States during this time in unprecedented numbers. Some of those extradited were significant cartel leaders, including major figures of the Tijuana and Gulf Cartels. For example, Osiel Cardenas Guillen, leader of the Gulf Cartel, was extradited from Mexico in January 2007. In December 2008, Mexico extradited Juan Diego Espinosa Ramirez, "El Tigre," a Colombian associate of the Sinaloa Cartel. In February of 2009, Mexico extradited Miguel Caro-Quintero to the United States to face federal narcotics trafficking and racketeering charges brought by the Department; Caro-Quintero is the former head of the now-defunct Sonora Cartel and was responsible for trafficking thousands of metric tons of cocaine and marijuana to the U.S. in the 1980s and 1990s. In March of this year, the Mexican government announced the arrest of Vicente Zambada-Niebla, a top Sinaloa cartel figure, who has been indicted on federal

narcotics charges in the U.S. In April, the Mexican army arrested Vicente Carrillo-Leyva, second in command of the Juarez Cartel and the son of the late Amado Carrillo-Fuentes, the original Juarez Cartel head.

To build upon these successes, and to handle the growing number of cases involving international extraditions and foreign evidence more effectively, the Department is in the process of establishing an OCDETF International Unit within the Criminal Division's Office of International Affairs, which will focus on OCDETF cases involving the highest-level Mexico-based targets. The Unit will expand the current level of cooperation with our foreign counterparts in the arrest, extradition, and successful prosecution of cartel leaders and their subordinates.

In addition, through its regional fugitive task forces and district-based violent offender task forces, the USMS works with state and local police agencies on both sides of the border to locate and arrest offenders who have committed drug crimes or drug-related crimes of violence in the United States and subsequently fled abroad, as well as those who have been charged in the United States but remain resident in other countries. These USMS-led task forces place a high priority on apprehending cartel-related fugitives both domestically and internationally. In FY 2008, USMS arrested 269 violent cross-border felony fugitives, and it currently has 200 cross-border violent felony fugitive arrests for FY 2009.

The USMS also leads the Mexico Investigative Liaison (MIL) Program, which focuses a coordinated effort on international fugitive matters along the Southwest Border. The purpose of this district-based violent crime initiative is to enhance the effectiveness of the USMS's apprehension of violent cross-border fugitives wanted in Mexico or the United States. The 42 Deputy U.S. Marshals currently assigned to the MIL program work under the auspices of the

USMS Foreign Field Office in Mexico City. This program enhances international fugitive efforts by establishing and maintaining contact with USMS Mexican counterparts and sharing real-time law enforcement intelligence information.

Responding to the Threat with Additional Resources

Although the elements of the Department's proven prosecutor-led, intelligence-based strategy are in place, in order to be more effective in combating the Mexican cartels, the Department has taken the following steps to buttress our law enforcement resources along the Southwest Border and in Mexico.

- **Increased DEA presence on the border.** DEA is forming four additional Mobile Enforcement Teams to specifically target Mexican methamphetamine trafficking operations and associated violence, and anticipates placing 16 new positions in its Southwest Border field divisions. Twenty-nine percent (1,171) of the DEA's domestic agent positions are now allocated to the DEA's Southwest Border field divisions.
- **Re-allocation of 100 ATF personnel to Southwest Border.** Based on ATF intelligence, analysis of firearms trace data, and firearms trafficking patterns, ATF is deploying 105 employees, including 68 agents, to work on a temporary detail called Gunrunner Impact Teams. The personnel will be located primarily in Houston and South Texas. The FY 2009 Budget and Recovery Act include additional new funding for Project Gunrunner as well. In particular, \$10 million in American Recovery and Reinvestment Act funding is being used to hire 37 ATF employees to open, staff, equip, and operate new Project Gunrunner criminal enforcement teams (in McAllen, Texas; El Centro, California; and Las Cruces, New Mexico), and to assign two special agents to each of the U.S. consulates in Juarez and Tijuana to provide direct support to Mexican officials on firearms-

trafficking-related issues. ATF will also open new Gunrunner field offices in Phoenix, Arizona, and Houston under the FY 2009 Budget and will add 30 additional ATF personnel in those areas.

- **USMS Fugitive Apprehension and Violent Crime Response.** Over the last nine months, the USMS has deployed an additional 94 Deputy U.S. Marshals to district offices and sent two additional deputies, with another two to arrive by the end of the year, to assist the Mexico City Foreign Field Office in order to step-up efforts along the Southwest Border. In addition, new Criminal Investigators have been placed in the asset forfeiture field units along the Southwest Border. These new positions will support U.S. Attorneys' Offices and investigative agencies in the investigation of cartels and other large-scale investigations. To assist in securing the Mexican side of the border, USMS is providing training courses to our Mexican law enforcement counterparts, resulting in increased intelligence and operational reciprocity as it relates to fugitive investigations and violent crime initiatives. USMS has trained and equipped approximately 250 Mexican law enforcement officers since 2001, resulting in a 240 percent increase in the number of violent felony fugitives arrested.
- **OCDETF augmentation of its Strike Force capacity along the Southwest Border.** In order to foster the enhanced intelligence sharing and coordination necessary to achieve the optimum intelligence-driven, strategic enforcement approach against the most enduring and elusive targets, OCDETF has established Co-Located Strike Forces in key cities across the country, including San Diego and Houston. These Strike Forces operate as true task forces, whose multi-agency members are housed in a common office separate and distinct from any of their parent agencies. Through constant, daily interaction with

each other, while still enjoying the resources and support of their parent agencies, the members of the OCDETF Co-Located Strike Forces have achieved great success against the major Colombian and Mexican cartels. OCDETF is expanding the staffing of its San Diego and Houston Strike Forces. Within the last year, OCDETF has also established two new Strike Forces, one in Phoenix and one in El Paso. In addition, OCDETF is adding one full-time financial analyst contractor for each of the Strike Forces and has plans to place an NDIC DOMEX team with each Strike Force.

- **Increased FBI focus.** The FBI is enhancing its efforts to disrupt drug activity and to dismantle gangs that may have connections to the violent Mexican drug cartels by participating on OCDETF task forces. In addition, to address the surge in kidnappings, the FBI is working closely with Mexican police officials on a Bilateral Kidnapping Task Force. This task force investigates cases along the border towns of Laredo, Texas, and Nuevo Laredo, Mexico. Aside from operational task forces, each of the FBI's border offices has Border Liaison Officers who travel to Mexico on a weekly basis to liaison and coordinate with law enforcement partners. These tools provide local law enforcement on both sides of the border with a rapid response force to immediately pursue, locate and apprehend violent crime fugitives who commit their crimes and flee across the international border to elude capture.
- **Increased funding to combat criminal narcotics activity stemming from the Southern border.** The American Recovery and Reinvestment Act includes \$40 million, to be administered by the Department's Office of Justice Programs, to assist with state and local law enforcement to combat narcotics activity along the Southern border and in

High Intensity Drug Trafficking Areas, including the \$10 million that is required by statute to be allocated to Project Gunrunner.

- **Public relations campaign.** ATF is doing a public education campaign in Houston and San Antonio, Texas, this summer on illegal straw purchasing of firearms. This will include press conferences, radio, TV, billboards, and seminars with people who have federal licenses to sell firearms.

Conclusion

Thank you for your interest in the Department's efforts to combat the alarming rise of violence in Mexico along the Southwest Border and our views about the most effective ways to address the current threat. In order to attack the full spectrum of the drug cartels' operations – drug trafficking, kidnapping, bribery, extortion, money laundering and smuggling of profits, and trafficking and use of dangerous firearms – we must employ the full spectrum of our law enforcement agencies' resources, expertise, and statutory authorities. By continuing to work together, building on what we have done well so far, and developing new ideas to refresh our strategies, we can rise to the current challenge. Again, thank you for your recognition of this important issue and the opportunity to testify here today. I will be happy to answer any questions you may have.

Chairman TOWNS. Thank you very much. Let me say that we have votes on the floor and that we will adjourn for 1 hour and be able to come back 10 minutes after the last vote, just in case we run into some problems over on the floor. But I think we should be back in an hour. So at that time we will continue with you, Mr. Bersin. We have to vote around here.

[Recess.]

Chairman TOWNS. The committee will reconvene.

Again, we apologize for the delay, but votes are something that we have to do.

Mr. Bersin.

STATEMENT OF ALAN BERSIN

Mr. BERSIN. Mr. Chairman, Ranking Member Issa, members of the committee, thank you for this opportunity.

The rise of the Mexican drug cartels and U.S. national security poses the critical issue clearly and directly. This is a subject critical to our Nation and one with which I am familiar, having served as the Southwest Border representative for the Department of Justice from 1995 to 1998.

Since my appointment to DHS in mid-April, I have traveled to the border and to Mexico five times to meet with U.S. officials at the Federal, State, local, and tribal level, as well as counterparts in the administration of President Felipe Calderon. I have also met, on behalf of the Department, with immigrant advocacy groups and civic and business groups along the border in Brownsville, Laredo, Del Rio, El Paso, Albuquerque, Tucson, Nogales, Phoenix, and San Diego.

My experience living and working on the border has given me an appreciation for the strategic importance of our political and law enforcement relationship with Mexico, as well as for the gravity of the crisis that we face presently, given the rise of the drug cartels on the United States-Mexican border and within Mexico itself. It is indeed a crisis, though in using that word I note that the Chinese word for crisis is written in Mandarin by combining two characters, the character for danger and opportunity. Our current crisis certainly presents both.

The danger comes from the fact that the Mexican cartels, through violent and corrupt means, have created a national security threat to the government of Mexico and, therefore, derivatively, to the United States. The power of the cartels is alarming. They have polluted the political system of Mexico; they have corrupted the legal system. The second element of danger is the competition among the cartels, along with the Mexican government's attempts to combat them, have led to unprecedented violence in the northern states of Mexico, from Tamaulipas to Baja, CA, resulting reportedly in more than 11,000 deaths in the last 3½ years.

Our opportunity arises from the historic and courageous efforts, indeed, heroic efforts of the Calderon administration, first, to fully acknowledge the power of the cartels and, second, to willingly confront the stark reality of systematic corruption that exists in Mexican law enforcement.

The U.S. Government has been bold as well. Starting with the unqualified acceptance, the consumption of drugs on the U.S. side

of the border is a major contributing factor to the power and influence of Mexican cartels. For the first time, we view drugs coming north and guns and bulk cash going south as two ends of a single problem. It is not the occasion for finger pointing between Mexico and the United States.

The acknowledgment of a shared problem has paved the way for cooperation between DHS, along with DOJ, and the government of Mexico that would have been unthinkable 10 years ago, and even unsayable 3 years ago. DHS is working in full partnership with the government of Mexico to respond to the dangers and the opportunities that the current crisis has presented. This is a relationship of trust with verification, and one that is accepted by both countries on that basis.

On March 24th, Secretary Napolitano and Deputy Attorney General David Ogden announced the President's major Southwest Border Initiative, a reallocation of agents, technology, equipment, and attention—importantly, attention—to the border. Those deployments are now complete.

DHS has also taken steps to deepen our relationship with partner agencies in the government of Mexico. On June 15th, for example, Secretary Napolitano signed a Letter of Intent with Mexican Finance Secretary Augustine Carstens to guide the cooperative efforts of CBP, ICE, and Mexican Customs. DHS components also have worked to broaden the bilateral relationship in information and intelligence sharing, as well as in other areas that are law enforcement sensitive.

Many have asked me what has changed between my first appointment as so-called Border Czar and my current job. The security threat on the border has certainly intensified with regard to the activities of the drug and other smuggling cartels that dot the border. However, I note two positive changes within our Government that make me optimistic that we will succeed in our efforts to reduce significantly the power of the smuggling cartels.

First, DHS provides a significantly better resource capability to confront security issues at the border than was the case previously. It also has a unified chain of command overseeing our investigation and inspection responsibilities. Second, and genuinely, I have been impressed by the extent of cooperation that I have witnessed among our Federal agencies, exemplified and embodied in the relationship that Director Kerlikowske, Assistant Attorney General Breuer, and I have forged in short order. This is particularly true on the Merida Initiative, the long-term vehicle for expanded cooperation between United States-Mexican law enforcement agencies.

Mr. Chairman, Ranking Member Issa, it has been said that the challenge of our time is that the future is not what it used to be. When it comes to United States-Mexican relationships and the prospect for building on that cooperation to deal with Mexican criminal organizations, that is a good thing, a very good thing indeed. I look forward to exploring this matter further with you and my colleagues in the question and answer, Mr. Chairman. Thank you.

[The prepared statement of Mr. Bersin follows:]

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STATEMENT

OF

**ALAN BERSIN
ASSISTANT SECRETARY
OFFICE OF INTERNATIONAL AFFAIRS
AND
SPECIAL REPRESENTATIVE FOR BORDER AFFAIRS
DEPARTMENT OF HOMELAND SECURITY**

BEFORE

**THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**

July 9, 2009

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Chairman Towns, Ranking Member Issa, and distinguished Members of the Committee: I thank you for the opportunity to join today's panel and give testimony on the current state of the southwest border (SWB), and the strategic efforts of the Department of Homeland Security (DHS) to secure the border region, while fostering legitimate travel and trade between the United States and Mexico.

This is a subject critical to our nation, and one with which I have significant personal experience. I served in a similar capacity as Southwest Border Representative for the Department of Justice (DOJ) from 1995-1998, and as the United States Attorney in San Diego from 1993-1998. Perhaps more importantly, I have been a resident on or near the border for 35 years, and have a keen appreciation for the strategic importance and the political intricacies of our relationship with Mexico. Our shared border faces many challenges, centering on eliminating crime that crosses the border.

On April 15, Secretary Napolitano appointed me to serve as Assistant Secretary for International Affairs and the DHS Special Representative for Border Affairs. In this role, the Secretary has asked me to perform several functions that support her strategic vision for a secure border. While this responsibility broadly encompasses all our nation's borders, today I will be addressing issues relevant to the SWB and our work with the Government of Mexico (GOM), and our partner agencies the United States.

As Special Representative, I am responsible for: coordinating implementation of DHS efforts on the SWB; developing new proposals for enforcement; serving, in coordination with the DHS components, as the lead on SWB and Mexico law enforcement issues; representing DHS on the Southwest Border-Merida Interagency Policy Committee (IPC); working closely with the Department of State (DOS) and DOJ to facilitate our agencies' joint missions; and serving as the principal liaison to DOJ for cooperation on SWB law enforcement initiatives.

Since my appointment I have traveled to the SWB and Mexico five times to meet with U.S. officials at the federal, State, local and tribal level, as well as our counterparts in the administration of Mexican President Felipe Calderón. I have also met, on behalf of the Department, with immigrant advocacy groups in El Paso and Tucson; and with civic and business groups in Brownsville, Del Rio, El Paso, Tucson, and San Diego. I have had the chance to meet many of the Senators and Representatives that represent border districts and states, and I look forward to working with those Members who I have not yet had the opportunity to meet. I appreciate the historic significance of our current efforts on the SWB—both in the intensity of the organized crime-generated violence that we are now seeing in Northern Mexico, and in the level of cooperation between our governments in addressing the problem.

Shortly before my appointment as Special Representative for the Border, the Obama Administration announced a major deployment of resources, personnel, and technology to the SWB in what is referred to as the SWB Initiative. Through this initiative, DHS, DOJ and DOS are supporting President Calderón's historic effort to crack down on drug cartels operating in Mexico while preventing violence in Mexico

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from spilling over across the border. In my testimony today, I would like to elaborate on these themes, by explaining the specific initiatives that have occurred since this announcement, our continued cooperation with the Government of Mexico, and the Department's comprehensive approach to securing the U.S.-Mexican border.

SOUTHWEST BORDER COUNTERNARCOTICS STRATEGY

On June 5, Secretary Napolitano—along with Attorney General Eric Holder and the Office of National Drug Control Policy (ONDCP) Director Kerlikowske—announced the *2009 National Southwest Border Counternarcotics Strategy*. This Strategy lays out the Administration's comprehensive, interagency approach for combating the drug trafficking organizations that operate along our border with Mexico. In doing so, the Strategy serves as the top-level framework guiding the Department's efforts to stop guns and bulk cash from flowing south and illicit contraband from being trafficked north.

The Strategy, including its general parameters, was developed pursuant to ONDCP's Reauthorization Act of 2006 (P.L. 109-469). The Act asked the Administration to set forth the U.S. Government's strategy for preventing the illegal trafficking of drugs across the U.S.-Mexico border, and to lay out the roles and responsibilities of the relevant National Drug Control Program agencies. The Strategy identifies the key elements needed to effectively combat the drug cartels. It provides recommendations—or “supporting actions”—for each agency to pursue toward common objectives, addressing nine primary focus areas in separate chapters that include Intelligence and Information sharing, Investigations and Prosecutions, Money, Weapons, and Technology, to name only a few.

The recommendations in the Strategy were developed by a representative interagency team, taking into account input received from State, local, and tribal partners. The strategy also reflects our consultations and ongoing work with the GOM. Per ONDCP's request, the DHS Office of Counternarcotics Enforcement (CNE) and the DOJ Office of the Deputy Attorney General (ODAG) led and coordinated the interagency process. The development of the chapters was chaired or co-chaired by subject matter experts from DHS' Office of Intelligence and Analysis (I&A), DOJ's Drug Enforcement Administration (DEA), Customs and Border Protection (CBP), DOJ's Criminal Division, Narcotic and Dangerous Drug Section, the Department of the Treasury's Internal Revenue Service (IRS), U.S. Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), ONDCP Counterdrug Technology Assessment Center (CTAC), the Department of State's Bureau of International Narcotics and Law Enforcement, and CNE. Each team was required to have interagency input, review and consensus.

A few highlights of the Strategy:

- The Strategy sets a course for the Department to improve information and intelligence sharing by better integrating our various collection capabilities, promoting intelligence-driven operations, and ensuring that information is made available for

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direct enforcement activities. The supporting actions recommended by the Strategy aim to establish one common intelligence picture of the southwest border to support more effective law enforcement operations.

- The Strategy includes enhanced interdiction efforts at the ports of entry (POEs), between the POEs, and in response to air and marine threats. Supporting actions in this area include increases or enhancements to personnel, inspection equipment, biometrics, mobile and standardized communications equipment and canine detection capabilities. It calls for establishing a common operating picture to detect suspect aircraft involved in smuggling drugs and other contraband, and to gain better awareness of the land and sea domains. Our interdiction efforts require an interagency approach, and therefore the Strategy also underscores the importance of multiagency task forces and fusion centers, such as the Border Enforcement Security Task Forces (BESTs), the Organized Crime and Drug Enforcement Task Force (OCDETF) and the various Federal, State, and Local agencies working together at the CBP Air and Marine Operation Center.
- Enhanced interdiction efforts are supported by enhanced investigative and prosecutorial capacity. The Strategy provides a number of recommended actions to support our agencies' efforts related to investigations and prosecutions, countering financial crime, and combating weapons smuggling and arms trafficking that fuels the power and violence of drug trafficking organizations and criminal gangs.
- As part of our strategic planning efforts, the Strategy outlines technology development that will support our ongoing enforcement and investigative efforts. An appendix on tunnels maps out the collective, interagency efforts to address the serious challenge of combating the use of tunnels to smuggle contraband across the U.S.-Mexico border.
- Finally, the Strategy features a chapter on our cooperation with Mexico, identifying common priorities across the interagency with regard to the GOM, and explaining how USG efforts to secure the SWB can be complemented by the Mérida Initiative. Our current cooperative efforts with Mexico and the recognition of that partnership are a vital component of any strategy that seeks to confront cross-border organized crime.

The 2009 Southwest Border Counternarcotics Strategy provides a five-year framework for DHS—in concert with its federal, State, local, and tribal partners—to develop and pursue law enforcement aimed at weakening the drug trafficking organizations and criminal groups that operate along the border. My colleagues at DHS and I look forward to working towards full implementation of the SWB Counternarcotics Strategy under the leadership of ONDCP Director Kerlikowske.

IMPLEMENTATION OF THE SWB INITIATIVES

The public announcement of the Administration's major SWB Initiative on March 24th—and the details outlined by the Secretary on April 15 called for strategic redeployments of DHS personnel totaling more than 360 additional officers and agents at

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the border and in Mexico, including: doubling assignments to ICE BESTs; tripling the number of intelligence analysts working at the border; and quadrupling the number of agents designated as Border Liaison Officers who work cooperatively with Mexican law enforcement authorities. DHS also deployed technology and resources to the border, including biometric identification equipment, Z-Backscatter mobile X-ray units—used to help identify anomalies in passenger vehicles, and canine detection teams.

All of these resources have been deployed, and my colleagues on this panel will share some specific results of those deployments. I am now working in close coordination with the DHS operational components to see that our resources are directed in a coordinated manner to achieve the objectives outlined in the SWB Counternarcotics Strategy.

In addition to the SWB initiative, the Department is undertaking a number of steps to achieve the Secretary's objective of confronting organized crime along the U.S.-Mexico border. Under my direction, DHS has established a Border Enforcement Coordination Cell (BECC) at the El Paso Intelligence Center (EPIC) in Texas. Our objective in creating the BECC is to increase the effectiveness of interdiction operations by providing actionable intelligence to our law enforcement partners and agents. The keystone of the BECC's mission is timely and effective information sharing. EPIC provides infrastructure and resources to make this mission possible through the Homeland Intelligence Support Team (HIST). The HIST provides EPIC and other entities on the SWB with timely, tactical intelligence and information collection and requirements management, reporting, analysis, and production. The HIST pushes intelligence to SWB operators, provides daily coverage of noteworthy border threat activity, and serves as a key mechanism to share information with state, local, and tribal law enforcement entities along the SWB.

The BECC is overseen by a coordination board at Headquarters, consisting of the heads of major components within DHS—Acting Commissioner Jay Ahern from CBP, Assistant Secretary John Morton of ICE, as well as the heads of the Office of Operations Coordination and Planning, Intelligence and Analysis, Office of Policy, Intergovernmental Affairs, and the Office of State & Local Law Enforcement.

This coordination board has also undertaken a review of the Southwest Border Contingency plan developed under former Secretary Chertoff. Secretary Napolitano understands that any plan that outlines how DHS will respond to significant incidents along the border must be comprehensive and guided by clearly defined policies and protocols. CBP is currently reviewing the contingency plan to see how it corresponds to existing internal plans. DHS I&A is working to establish a set of "triggers" that would escalate or de-escalate the contingencies contained in the plan.

On June 4, 2009, the Secretary announced the creation of the Homeland Security Advisory Council (HSAC) SWB Task Force, a diverse group of border and national security experts charged with examining the Department's efforts at the U.S.-Mexico border and providing recommendations to the Secretary. The Task Force is chaired by

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former CIA and FBI Director Judge William Webster, and includes former border political and law enforcement leaders, including Sheriff Guadalupe Trevino of Hidalgo County, TX; James Jones, former U.S. Ambassador to Mexico; and Ray Borane, former Mayor of Douglas, AZ.

Border violence generated by the organized smuggling of drugs and aliens remains a serious issue that calls for substantial attention and response. In responding to this issue, it is important to differentiate among categories of violence in order to properly assess threat and design appropriate counter-measures. I attended the inaugural meeting of the taskforce at Sandia National Laboratories in Albuquerque, N.M., where the group stressed that despite the violence occurring in Mexico—among and between drug trafficking organizations and the GOM—U.S. cities along the SWB like El Paso and San Diego remain among the safest cities in America. The task force will present its initial recommendations to the Secretary regarding this topic as well as other matters at the next meeting of the SWB Task Force in August.

COOPERATION WITH THE GOVERNMENT OF MEXICO

On April 1, Secretary Napolitano traveled to Cuernavaca, Mexico with Attorney General Holder to attend a joint U.S.-Mexican conference on arms trafficking. At the conference, the Secretary and Attorney General discussed future joint efforts to prevent firearms from being smuggled from the United States into Mexico. Interagency collaboration and partnerships with Mexican agencies are part of a broader theme of co-responsibility that Attorney General Holder and Secretary Napolitano agree is central to our strategic effort to secure the SWB. Stopping the flow of firearms and bulk cash into Mexico is an important component of the larger strategy to secure our borders from the criminal organizations that use those resources to traffic contraband and perpetrate violence.

To that end, ICE and CBP have stepped up their efforts to interdict southbound smuggling, under DHS authority to enforce export provisions of the Arms Export Control Act (AECA) as specifically designated within 22 CFR 127.4 of the International Traffic in Arms Regulations (ITAR). ICE has intensively deployed resources for Operation Armas Cruzadas—a comprehensive and collaborative effort with the Government of Mexico to identify, disrupt, and dismantle the criminal networks whose livelihood relies on illicitly transporting arms across the border. Under Armas Cruzadas, ICE has implemented numerous activities that promote an intelligence-driven, systematic approach to arms trafficking investigations.

Operation Armas Cruzadas, combined with increased outbound seizures by CBP at the SWB since March, has resulted in 391 criminal arrests, 65 administrative arrests, and the seizure of approximately \$21 million in U.S. currency, 1,628 firearms and 189,446 rounds of ammunition.

Since the SWB announcement on March 24, ICE has established two BESTs in Las Cruces and Deming, New Mexico. More than a DHS program, BEST is a law

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enforcement model which recognizes that confronting the multifaceted threat of border violence requires sharing resources, information, and expertise. BESTs serve as a platform from which interagency—and international—partners can work together to address cross-border crime. The BESTs that exist on our land borders and in major maritime port cities incorporate personnel from ICE, CBP, DEA, ATF, the Federal Bureau of Investigation (FBI), USCG, and the U.S. Attorney's Office along with other key federal, state, local and foreign law enforcement agencies. The Mexican Secretaria de Seguridad Publica (SSP) currently participates in BESTs, and the GOM has agreed to provide representatives to every BEST team on the southwest border.

To further institutionalize the shared responsibility for border management between DHS and the GOM, on June 15th the Secretary signed a Letter of Intent with the Mexican Finance Secretary Agustin Carstens, committing to revise and improve the Declaration of Principles (DOP) and the Bilateral Strategic Plan (BSP). The DOP was originally signed by former Secretary Michael Chertoff and Secretary Carstens on June 8, 2007. This declaration directed DHS and the GOM to implement a Bilateral Strategic Plan between CBP, ICE, and Mexico Customs.

After the signing, the Secretary stated, “the U.S. is a full partner with Mexico and the Calderón administration as we satisfy our twin goals of a secure border and a resilient border that allows legitimate trade and commerce to pass but that keeps out drugs, that keeps out weapons, keeps out the cash that fuels these cartels and... makes certain that the border is safe and secure for those who live there.” A revised DOP and BSP provide the operational framework to make this full partnership possible via cooperation and capacity-building between DHS and Mexico’s border control agencies. CBP, ICE, and Mexico Customs are now working to revise the BSP in a way that invigorates security, enforcement at and between POEs, and emergency response.

The partnership between our border agencies and Mexico Customs is evidence of a historic shift occurring in the Mexican model of border management; a shift away from the traditional focuses of facilitation and revenue-generation towards one of enforcement at and between POEs. In February, Mexico Customs at the Matamoros border crossing introduced Aforos, an advanced Customs Control system that scans southbound passenger vehicles by profile, weight and license plate identification, storing vehicle data for future comparison. The system will give Mexico Customs targeting capabilities to effectively prevent the smuggling of firearms, drugs and bulk cash. When fully deployed to all Mexican land POEs, the system will require all southbound passenger vehicles at the U.S.-Mexico border—and northbound passenger vehicles at its southern border—to undergo an automated vehicle identification process. The system improves the effectiveness of inbound screening in three ways: it reduces the discretionary power of Mexican Customs Officers to waive inspections; allows better coordination with Mexican federal law enforcement agencies; and generates actionable intelligence. The GOM plans to have the Aforos system fully deployed to 20 locations by October 2009, and DHS will work with the GOM to discuss the possibility of sharing intelligence gleaned from the screening process.

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DHS believes that Mexico's increased emphasis on enforcement could very likely lead to violence at POEs, similar to the port running we have long encountered at our own ports. For this reason, DHS proposed the creation of Bi-national Port Security Committees within the framework of the BSP. These port committees, made up of CBP and Mexico Customs officials, will work jointly to respond to violent incidents that occur at POEs.

MÉRIDA INITIATIVE

The Mérida Initiative is the centerpiece of the U.S. Government's security cooperation with Mexico, representing a shared responsibility to eliminate the threat of organized crime that persists not just at the southwest border but throughout the region. The Mérida Initiative is a multiyear program providing assistance to Mexico and Central America in the form of equipment, training, and support for long-term reform that better equips Mexican law enforcement agencies to complete their missions. It is also the long-term vehicle for the capacity building required to expand cooperation between U.S. and Mexican law enforcement agencies.

While a significant amount of the Administration's energy has been focused on the initial work of establishing the bilateral and interagency infrastructure needed to transparently and efficiently implement this initiative, on the ground implementation of Merida programs has begun and is accelerating significantly. To date, \$347 million, or about 74 percent, of the total \$465 million in FY08 Merida funds have been obligated; and required Congressional notifications will soon be submitted in order to obligate FY09 funds.

I recently met with the Narcotics Affairs Section (NAS) at the U.S. Embassy in Mexico, where interagency working groups with representation from State, DOJ, DHS, and myriad others work with their GOM counterparts to determine how to best expend Mérida resources in accordance with our foreign policy and homeland security policy objectives. I came away impressed with these processes and, more importantly, with the high level of interagency cooperation at the Embassy level. I am confident that the right structures are in place to oversee the implementation of Merida programs.

It is important to ensure that DOJ, State, and DHS work cohesively to oversee Mérida at the federal level. I have met with my colleagues at DOS and DOJ—Assistant Secretary for Western Hemisphere Affairs (WHA) Tom Shannon, Deputy Assistant Secretary Roberta Jacobson, and Assistant Attorney General for DOJ's Criminal Division Lanny Breuer—to discuss the future of Mérida and how it relates to ongoing DHS initiatives. Additionally, the Secretary has asked me to be her representative on the Southwest Border-Mérida IPC, which provides a joint decisionmaking body for DOJ, DHS, and DOS leadership. The support provided by the Mérida Initiative will only become more important as we forge a deepening security partnership with Mexico, and it is our responsibility to oversee a program that works efficiently, transparently, and in support of our strategic goals in the region.

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FOR OFFICIAL USE ONLY**CONCLUSION**

The programs I have discussed today portray the extensive cooperation currently underway between DHS and our counterparts in State and local governments, the federal government, and the Government of Mexico. These initiatives are indicative of a deeper, institutional cooperation that is developing across the Department's broad mission set.

Secretary Napolitano has met with her Mexican counterparts, including Secretary of Gobernación (SEGOB) Fernando Gomez Mont, Ambassador Arturo Sarukhan, Attorney General (PGR) Eduardo Medina-Mora, Secretary of Public Safety (SSP) Genaro Garcia Luna, Director of CISEN Guillermo Valdés,, and Alfredo Gutierrez Ortiz-Mena of the Mexican Tax Administration. As a former Governor of Arizona, the Secretary is committed to ensuring that DHS does all it can to cooperate with Mexico in a lawful and appropriate manner against all common threats.

Taken together, all of these initiatives represent a remarkable step in cooperation with the Government of Mexico that was unthinkable ten years ago. DHS is proud to be part of this strategic partnership with our neighbor to the south. We share a responsibility and a commitment to assist Mexico in defeating the criminal elements that have undermined the rule of law, and to ensure that American citizens on our side of the border remain secure from violence generated by them.

Chairman Towns, Congressman Issa, and members of the Committee: Thank you again for this opportunity to testify. I am happy to answer any questions you may have.

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Chairman TOWNS. Thank you very much, Mr. Bersin, for your testimony.

We now will move to the question and answer period.

I have a broad question, I guess, for you, Mr. Breuer and Mr. Bersin. Are we winning the war against the Mexican drug cartels?

Mr. BREUER. Mr. Chairman, we are. That is not to say that we don't have much to do, but if you look at the work that has occurred with the cartels, Mr. Chairman, with respect to operations that we have, whether it is Operation Accelerator, Project Reckoning, where we have systematically gone, investigated, and prosecuted the cartels, we have extracted enormous blows against the Sinaloa Cartel, against the Gulf Cartel, we have higher levels of extraditions of drug kingpins than ever before. So we are making every effective strategy with respect to intelligence-based investigations and prosecutions.

That is not to suggest for a moment that we don't have more to do, but the battles among the cartels themselves are showing that the pressure that we are putting on them in unison and in alliance with President Calderon and his administration I think do demonstrate that we are being very effective.

Chairman TOWNS. Mr. Bersin.

Mr. BERSIN. Generally, Mr. Chairman, I agree with Mr. Breuer that this is a long-term struggle about reducing the power of the cartels on the government of Mexico and, therefore, turning it from what is currently a national security threat into a more conventional law enforcement or criminal justice problem. And measured by that standard, I think we have a ways to go, but I am in accord with Mr. Breuer, for the reasons he stated, that we are making progress and that it is measurable progress, and that we can in fact intensify what we are doing and that we can continue to see a weakening of the cartel power, which now is alarmingly high, as I said in my statement.

Chairman TOWNS. It has been indicated that the President is planning to send National Guard troops to the border. Of course, if we send National Guard troops to the border, who will be in charge of them?

Mr. BERSIN. Mr. Chairman, the decision whether or not to send National Guard in support of law enforcement at the United States-Mexican border, indeed, at any border, is a decision reserved exclusively for the President. Secretary Gates and Secretary Napolitano have been conferring and will be developing a recommendation that will be submitted to the President, but at end, Mr. Chairman, the mission of the decision is a function of Presidential decision, and I am confident that in due course that decision will be made one way or the other.

Chairman TOWNS. What are the implications for U.S. national security should the Calderon administration fail in its efforts to take on the Mexican drug cartels? What are the stakes for both Mexico and the United States? Mr. Breuer, you want to take it?

Mr. BREUER. Mr. Chairman, they are very, very significant. Certainly for Mexico, as Assistant Secretary Bersin said, they are confronting a national security tremendous challenge right now in their battle against the cartels. With respect to us right now, it is the equivalent of a major organized crime challenge. We cannot

permit President Calderon to fail. This may be a once in a generation opportunity, his courage and his willingness to take on the cartels. So the consequences are very extraordinary, and we need to deploy the appropriate resources and skill and collaboration to ensure that we do everything we can to support the President.

Chairman TOWNS. Mr. Bersin, I would like to hear from you on that as well.

Mr. BERSIN. I am in agreement with Secretary Napolitano, having heard her refer to this window of opportunity. To the extent that we are not able to weaken the influence of the cartels on the Mexican political system, we will continue to see a Mexico that is systematically corrupt in which decisions are not being made on the merits, but are rather being made because they are bought and paid for.

That kind of a narco-influenced political system south of the border presents a whole series of long-term security threats to Mexico, which is why it is so important that we use this window of opportunity with the Calderon administration to weaken the power of these criminal organizations, these smuggling organizations that do enormous damage to our society, but even more damage to Mexican society.

Chairman TOWNS. What would victory really look like? Let's go right down the line. What would it really look like, victory for us?

Mr. KERLIKOWSKA. One of the things that victory in Mexico would look like is certainly that President Calderon has, as we have in this country, a local law enforcement that is professional, highly trained, skilled, possesses the integrity to be responsive to the needs of protecting the people rather than the heavy use of the military in that country.

The other thing that I would look at in victory, too, is that, as has been remarked to me by representatives from the government of Mexico, and that is the increasing addiction population or size of the population involved in drug use. As all of the members, I believe, of the committee know, the traffickers often pay their couriers in product rather than in currency. Well, then you are building up a new clientele base. We in the United States have to be willing, and have already looked at providing resources that work toward the prevention end of drug use in that country, but also the treatment end, and those are other parts that we hope to play.

Chairman TOWNS. I yield to the gentleman from California, Congressman Issa.

Mr. ISSA. Thank you, Mr. Chairman.

Mr. Bersin, during your tenure as U.S. attorney, you were quite well known for going after the coyotes, literally stopping those who traffic in human beings; and along the way you did an awful lot of drug charges that they were involved in and the mules they carried. Can you give us your opinion of current law, particularly 1326, 1324, some of the penalties that you have—let me rephrase that, that the U.S. attorney at the border areas have as tools today, and are they sufficient?

Mr. BERSIN. Mr. Issa, you raise an important point, particularly in this era in which the sharp division that used to exist between alien smuggling organizations and drug smuggling organizations has been blurred, in part by the efforts Mr. Breuer described, the

pressure being brought on the cartels by U.S. enforcement, but, importantly, by Mexican enforcement, but also by the recessionary economy.

So we begin to see a blurring of those lines, and I believe, certainly speaking from the perspective of 10 years ago, the series of statutes available to prosecutors—and I will defer immediately to Mr. Breuer, since I wear proudly a former hat as a prosecutor—but as an enforcement official, I would say that 1326 and 1325, which, of course, is a misdemeanor, work well. 1324, which is the penalties for alien smugglers, is something that, 10 years, was believed to require review, and I submit, regardless of how we come out on it, it could stand a further review at this point.

Mr. ISSA. Mr. Breuer, basically what I am trying to get to is we have had a challenge at the border that I have observed, which is that the first several times that you catch a trafficker, he gets treated almost as an amateur, like he just happened to be stumbling over the border by mistake; it is 60 days and out, time served. The second time isn't much more. And we have had cases of dozens and dozens of times in which we cannot get, sometimes because of statute, we can't get the kind of enforcement.

All three of you, do you believe that the Congress should be looking into giving you, as prosecutors, and the courts, in their determination, at least a greater ability to have the lower limits raised and/or give them the ability to have tougher sentences even on the first or second time that you catch a trafficker, regardless of whether you can actually catch him with the drugs?

Mr. BREUER. Thank you, Congressman. I definitely think it is an issue that needs to be explored. I think what we need to do is we need to give the tools particularly to our U.S. attorneys such as what Secretary Bersin was when he was the remarkably effective U.S. attorney in San Diego. I think we need to give our U.S. attorneys, particularly in the southwest border States, the discretion and the tools so that they can effectively and comprehensively deal with the issue.

But I don't think, candidly, that there is one size fits all, and I think we have to give our U.S. attorneys in those areas the discretion to prioritize, because, if we are going to charge under one aspect of the law such as this, we have to then ensure that we have appropriate facilities, whether it is prison facilities and other facilities—

Mr. ISSA. Well, let me go back through that.

Mr. BREUER. Sure.

Mr. ISSA. California has tens of thousands of people who are petty criminals and illegal aliens. Are you saying that if we wanted to incarcerate every coyote, every person who is trafficking either in drugs or in human beings, that you don't have the capacity today to incarcerate every single one of those people for a significant period of time?

Mr. BREUER. I think that there would be terrific challenges, Congressman. I think that to have the appropriate facilities and infrastructure to do that would require a lot. And more to the point, as we look at this comprehensive approach, what we really want to do is give our U.S. attorneys the tools so that we can most effectively dismantle the very cartels that you are talking about.

Mr. ISSA. Well, the only tool a prosecutor really has is the ability to incarcerate. Any tool short of that is an alternate. In other words, if you turn on the rest of your cartel, we will not lock you up for 10 years. That is a powerful tool. If you turn on your cartel or you are going to spend 60 days in the hoosegow, somehow I don't think that is a powerful tool.

So the reason I am asking for this is threefold. First of all, should we have it? I think Mr. Bersin was more tending to say he wouldn't mind having the stronger tools at his disposal and at the judges' disposal to use that as a tool in order to get cooperation and, in many cases, incarceration. But the bigger question for us up here is are we clogging the system with not having comprehensive immigration reform, with not having relations with Mexico that allows us to return more of their citizens sooner with a full faith belief that they will incarcerate them?

So although my time has expired and I have to be sensitive to the limited time, I would like it if you would look at it from that standpoint, because we are the Committee on Oversight and Government Reform, and we are the first stop in are there tools you don't have, either north or south of the border, that we could begin shedding light on.

Mr. BREUER. Congressman, I think you have identified exactly, in a very eloquent way, the issue. We absolutely, as a component of this, ought to have comprehensive immigration reform. There is just absolutely no question. Second, in our building of our relationships with the Mexican government and President Calderon, a very effective tool, of course, is that we, in certain circumstances, do want to be able to return people to Mexico and know and have confidence that the Mexican government is going to treat them appropriately. So absolutely those are parts of the puzzle.

Chairman TOWNS. Thank you very much.

I now yield to the gentleman from Massachusetts, Mr. Tierney.

Mr. TIERNEY. Thank you, Mr. Chairman.

Gentlemen, do we fully appreciate the amount of corruption and the depth of the corruption that is involved? With the large amount of money that is indicated that is involved with this that is going into Mexico and the reports that we see about corruption in the police departments, corruption in the military, corruption in the judicial system, what can we do about that? What are we doing about it? And what confidence do you have that we are going to get a grip on that? Because without taking the profit out of this thing and deal with that money, we are just spinning our wheels, right?

Mr. BREUER. Congressman, it is an enormous challenge, you are absolutely right. One of the effective tools that we do have and that we hope to do more of is our ability through Merida and other initiatives to work with and train law enforcement in Mexico. We are making great strides with respect to training vetted units, units that we have a lot of confidence in are in fact not subject to bribery, whether it is because, to be vetted, they are subject to polygraphs and a kind of background review—

Mr. TIERNEY. Do you mind if I interrupt you for a second? You are talking about the military as opposed to police there?

Mr. BREUER. No, I am talking about the police as well. I am talking about the police.

Mr. TIERNEY. You would agree there is a significant amount of fear amongst police officers right there now? No matter how much you train them and how much you give them the pay, sometimes either going away or taking the money is a lot better alternative than having your family violated or be killed yourself.

Mr. BREUER. And that is why it is such an enormous challenge. But there are many courageous law enforcement units in Mexico and these vetted units are a good representation of them.

Mr. TIERNEY. Doubtless there are a lot of courageous people there, but don't we have to do something about the money, about the cash? I mean, if we stop the profit, we stop the cash, we are a long way along, I would think. So tell me what are your thoughts about the importance of disrupting the cartels' drug activity by seizing their money and what are we going to do to do that?

Mr. BREUER. Well, you are right, and I will defer to my colleagues here as well, but, of course, what we are doing is, from the law enforcement point of view and, of course, at the Justice Department we have unparalleled levels of forfeiture and seizure of the profits and the money and the possessions of the cartel members. Frankly, one of our training programs is to teach and incorporate, even in Mexico, the same concept of forfeiture and seizure of their assets.

Mr. TIERNEY. But don't we have to do that further back the line?

Mr. Bersin, don't you agree?

Mr. BERSIN. Absolutely. Congressman, one of the changes that has taken place recently is the frank acknowledgment on our end of the bargain that the consumption of drugs in this country that generates through trafficking organizations the kinds of sums of money that have corrupted Mexican politics and its legal system is something that will continue until we get a better handle on reducing the demand.

Mr. TIERNEY. So how are we going to get that money further up the chain while it is in the United States, before it goes south?

Mr. BERSIN. With regard to the drug demand reduction, the Southwest Border Strategy that was unveiled by the AG, by Director Kerlikowske and the Secretary, place a heavy emphasis on that and it does so on the border.

Mr. TIERNEY. I see that, but there is still, at least in the interim, until we all manage to have a heavy effort on that, is going to be that cash.

Mr. BERSIN. The cash going south is again another departure that has been made by Secretary Napolitano, having CBP and the Border Patrol, as well as field office, pay attention to that, so that, for the first time, while we had them in the past, we have systematic checks going southbound. And this is a project that is very much geared to cooperating with Mexico as it builds up its enforcement capacity, again, for the first time—

Mr. TIERNEY. I guess part of my concern is that a couple months ago you had sporadic checks going southbound—I think much too sporadic to be very effective—and we may not have the infrastructure there to really be effective on that. So, again, what are you going to do about the infrastructure there to make sure that we have a southbound steady impact on that and then further back the line? Because by the time it gets to the border, with the tun-

nels—that I hope to get to in a moment—things of that nature, it may be too late.

Mr. BERSIN. Congressman, you are right that it wasn't until mid-April, when the Secretary changed the policy, that we went from very sporadic checks to systematic checks from Brownsville to San Diego. We need to continue to assess the effectiveness of that and particularly to see this as a bridge to Mexican capacity to conduct its inspections, which it is now building up, again, from Matamoros on the east to Tijuana on the west.

We need to assess that. Whether or not we should be making a major investment in infrastructure to have two southbound checks, one United States and one Mexican, is one that certainly is on the table, but I think we need to learn a lot more about the response to this action.

Mr. TIERNEY. Is there anything in the plan about coming further back to the chain before things get to the Southwest Border?

Mr. BERSIN. No question.

Mr. TIERNEY. What aggressively are we going to do with that?

Mr. KERLIKOWSKA. There is a lot of progress. There are a couple of things that are being done besides those increased searches at the border. They are using local law enforcement to help with that, so in Seattle we sent officers trained with canines, along with the Sheriff's Department and others, at the request of the Federal Government. All of these local law enforcement agencies across the country are more than willing to do their part to help. That is only one part.

The other, the High Intensity Drug Trafficking Areas, they are in 28 places around the United States. Their mission is to disrupt and dismantle those drug trafficking organizations. Often, they have the routes in Mexico. They not only seize the drugs, make the arrests, work with Federal prosecutors or local prosecutors, but they also go after the funds and the money. So you are not just stopping the bulk cash at border, you are stopping the bulk cash in Seattle and California and other places. And there is progress; there is more training being done on that.

In Treasury, FinCEN is working very hard under the new credit card act to develop ways of looking at the use of just a card that is going to carry thousands of dollars of cash. There is a lot more to be done, but there is a lot of progress on that front. Choking off the money is the key.

Mr. TIERNEY. Thank you, Mr. Chairman.

Chairman TOWNS. Gentleman from Illinois, Mr. Quigley.

Mr. QUIGLEY. Thank you, Mr. Chairman.

Gentlemen, I know the issue of the National Guard was raised broadly earlier. Is it accurate there are about 500 National Guardsmen on the Southwest Border as we speak?

Mr. BERSIN. There are a complement of National Guard that have been engaged in an ongoing project that has been in existence for more than two decades in support of law enforcement activities, and I believe that number is one that I need to confirm. I do know that most of the Guardsmen are actually away from the border, engaged in intelligence, analytical activities, and the like. But I need to confirm whether it is 400 or some smaller number that are actually physically on the border today.

Mr. QUIGLEY. Well, two followups. The first would be the activities that they are completing as you talk about, do they relate to these drug cartel activities?

Mr. BERSIN. The counterdrug program that has been in existence for two decades, and that I am very familiar with from my time as a prosecutor in the 1990's, is definitely counterdrug in nature. That is the basis that Congress has authorized the activity and these are activities that involve supporting law enforcement in a variety of ways that are consistent with the division between law enforcement and the military that served this country well over the years.

Mr. QUIGLEY. You have probably read about the press accounts that discussed the possibility of the administration increasing this number of National Guardsmen, perhaps to another 1500. Is that your understanding or is that still in the planning stages?

Mr. BERSIN. This is all in the discussion stage, as I indicated, Congressman, between Secretary Napolitano, Secretary Gates. Together, they intend to make a joint recommendation to the President, who retains and will make the final decision.

Mr. QUIGLEY. OK. And excuse me if this has been discussed, because we are between votes in two committees here, but we have had in previous hearings such as this discussions about the conflicts between DEA and ICE, and I understand there has been an agreement that was signed on this. What exactly was the problem and how does this solve it, and do you sense that it is solving that issue?

Mr. BREUER. Well, what it shows, Congressman, is the issue with ICE and DEA, they just entered into a Memorandum of Understanding. I think it is fair to say that there is a remarkable commitment to work together and that they in fact have been working well together, but now what happens is that ICE and DEA can work together.

ICE agents can be designated to pursue drug-related crimes that are border related, but they can do that throughout the country; and, very importantly, the information that ICE gathers in its investigations can be shared in one of our remarkable data fusion centers so that all of the information from ICE and DEA and other law enforcement is shared together, so it comprehensively and effectively can be used to go after the cartels.

Mr. QUIGLEY. And there is perhaps an information loop that will follow back to make sure that continues to be the case?

Mr. BREUER. There is, and there is a very great commitment by DEA and ICE, Homeland Security, and the Department of Justice to ensure that will happen, and I am quite confident it will.

Mr. BERSIN. Congressman, on the second panel you will have a working agent from Immigration Customs Information from DHS who I think will speak very directly to your inquiry.

Mr. BREUER. And Assistant Director Placido from the DEA can as well, Congressman.

Mr. QUIGLEY. Time permitting, I guess, the third point being we often hear this figure that 90 percent of the guns confiscated in this conflict come from the United States. Given that we are not necessarily tracing all those guns, perhaps a fraction of them, how are we determining that figure?

Mr. BREUER. Well, I think, Congressman, the precise number may be a little bit hard to identify. Of course, you are absolutely right, of those guns recovered for which one can trace them, I think that number that you have identified is the number that has been said, and I think that is right. I think the larger issue is that it is inescapable that a very large percentage of the guns that are in Mexico today do in fact come from the United States, and as we together are joining with our friends in Mexico to combat the battle, that is one of the issues that we all have to confront here ourselves.

Mr. QUIGLEY. Why aren't more guns traced? Is it just because some of them are untraceable or just the volume makes it difficult for ATF to trace?

Mr. BREUER. Well, Congressman, what may work is in the second panel, Billy Hoover of ATF is here. He can, in a much more cogent manner than I, explain some of the intricacies there. But, of course, when possible, a good number of them have been traced. But I think he will be in a better position than I to tell you some of the challenges that ATF has found.

Mr. QUIGLEY. And I appreciate that. We will have a second panel.

Mr. Chairman, just in closing, I suppose it would be easier to control that if we continue what the Clinton administration did, which was a ban on semiautomatic weapons. It is a lot easier to control them if they are not being sold.

Chairman TOWNS. The gentleman's time has expired.

The gentlewoman from Washington, DC.

Ms. NORTON. Well, I would like to pick up where the gentleman left off. I was, frankly, embarrassed by the performance of our country when the terrible episodes of armed conflict some thought might even bring down the Government. It may have been somewhat exaggerated.

Here was the President trying to fight the gun cartels, and guess who was supplying the guns? And turns out not only are we not configured to find these guns, even with the most elementary inspection capacity, but keystone cop fashion, when we did some sporadic outbound inspections, they just looked at where you were doing them and got their guns out anyway.

The notion that this country would have been so central to the supply of guns, which were in such plentiful supply that it was like an army that the Government itself was up against, not just a bunch of thugs. They had so much weaponry. So we know we are not doing much once you get guns. We know it doesn't take much to get them to Mexico.

I am far more interested in how these thugs so easily pick up guns in this country and these guns are being sold. Assistant Secretary Breuer, how you could pick up a large cache of guns, equip yourself as if you were an army with such force that the Government, for a while there, was essentially fighting an internal army supplied in no small part by the United States of America.

Now, where do these guns come from? How are they able to pick them up in such large numbers? How are they able to get out what amounts to enough guns to arm a virtual small army, many of them from the United States? And regardless of the figures and the

notion that, well, a lot of them came from X, Y, or Z, you know exactly where they came from, Mr. Breuer.

And while you may not be able to trace them, you have law enforcement jurisdiction in the United States of America, and why are you not keeping these guns from being either bought or otherwise in such large numbers so that they now arm a small army in another country? It is extremely embarrassing. Mexico has been, I think, very kind to us.

I would have been very, very angry at the big kahuna in the north that was essentially shipping down arms to kill my people while they won't do anything about its own assault weapon ban, while nobody in your administration even spoke out about illegal guns and the proliferation of guns in our country, except the Attorney General did say something about it. So it looks like all you have to do is get some guns and you will get them across the border very easily, and nobody in the United States is doing very much to keep thugs from acquiring those guns in the first place.

I am interested in this country, what you are doing here, before you get to the border.

Mr. BREUER. Well, Congresswoman, I share your concern. I want to begin by saying that there are people who are working very hard. Our ATF agents are doing an extraordinary job with their resources, Congresswoman.

Ms. NORTON. What are they doing? Who is selling the guns? Who is selling the guns, sir? Where are the guns coming from?

Mr. BREUER. Well, I think they are coming from a lot of places, Congresswoman. I think they are coming from licensed firearm dealers, where you have straw purchasers. The power of these cartels is extraordinary and, as you know, their reach is great. So we have to dismantle those cartels. But some are coming from licensed firearm dealers some on the Southwest Border—

Ms. NORTON. Is there nothing you can do about those coming from licensed—

Mr. BREUER. Well, our ATF agents are doing a lot, but they have limited resources, Congresswoman.

Ms. NORTON. What are they doing?

Mr. BREUER. What are they doing? They are going to these licensees; they are doing inspections.

Ms. NORTON. Are they doing any undercover work?

Mr. BREUER. Yes, they are, Congresswoman, they are doing a lot, and they are sharing it with lots of agencies. So it is not fair to be critical of our agents. With the resources that they have, they are doing extraordinary jobs and every day they are serving the American people well.

Ms. NORTON. I am critical of your leadership, sir. I don't know about your agents. I love the ATF.

Mr. BREUER. Well, Congresswoman—

Ms. NORTON. I am talking about what it takes to dismantle the gun cartel in this country that is not only enabling, but making possible—

Chairman TOWNS. The gentlewoman's time has expired.

Let me first thank you for your testimony and again apologize for the delay. We will hold the record open. If you can get some information for us. The arrest rate seems to be very aggressive in terms

of what is happening in Mexico, but could you get us some information on the convictions? It is one thing to make a lot of arrests, but I want to know if we can get some information in terms of the percentage in terms of convictions, we would appreciate it. We will hold the record open for it.

Mr. BREUER. Absolutely.

Chairman TOWNS. That is a good point, too. Lengths of sentences as well. Yes, that is a good point.

So we will hold the record open for that information. Thank you very, very much.

Mr. BREUER. Thank you very much.

Chairman TOWNS. Now we will bring up our second panel: Mr. Anthony P. Placido, Mr. Kumar Kibble, Mr. Todd Owen, Mr. William Hoover, and Mr. Robert McBrien.

[Pause.]

Chairman TOWNS. Would you please rise so I can swear you in?

[Witnesses sworn.]

Chairman TOWNS. Let the record reflect that they all answered in the affirmative.

Let me introduce our second panel of witnesses.

Anthony P. Placido is the Assistant Administrator for Intelligence Drug Enforcement Administration, U.S. Department of Justice, welcome; Mr. Kumar Kibble, Deputy Director of the Office of Investigations, U.S. Immigration and Customs Enforcement, U.S. Department of Homeland Security, welcome; Mr. Todd Owen, Acting Deputy Assistant Commissioner, Office of Field Operations, U.S. Customs and Border Protection, U.S. Department of Homeland Security; Mr. William Hoover, Assistant Director of Field Operations, Bureau of Alcohol, Tobacco, Firearms and Explosives, U.S. Department of Justice; and Mr. J. Robert McBrien, Associate Director of Investigations and Enforcement, Office of Foreign Assets Control, Department of the Treasury.

Gentlemen, it is our committee policy, of course, that 5 minutes for your presentation and then you allow us an opportunity to raise questions with you. So why don't we just go right down the line. I guess, Mr. Owen, you first, and then just go right down the line that way, make it a lot easier.

STATEMENTS OF TODD OWEN, ACTING DEPUTY ASSISTANT COMMISSIONER, OFFICE OF FIELD OPERATIONS, U.S. CUSTOMS AND BORDER PROTECTION, U.S. DEPARTMENT OF HOMELAND SECURITY; KUMAR KIBBLE, DEPUTY DIRECTOR, OFFICE OF INVESTIGATIONS, U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY; ANTHONY P. PLACIDO, ASSISTANT ADMINISTRATOR FOR INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION; WILLIAM HOOVER, ASSISTANT DIRECTOR FOR FIELD OPERATIONS, BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES, U.S. DEPARTMENT OF JUSTICE; AND J. ROBERT McBRIEN, ASSOCIATE DIRECTOR FOR INVESTIGATIONS AND ENFORCEMENT, OFFICE OF FOREIGN ASSETS CONTROL, U.S. DEPARTMENT OF TREASURY

STATEMENT OF TODD OWEN

Mr. OWEN. Good afternoon, Chairman Towns, Ranking Member Issa, distinguished members of the committee. Good afternoon. Thank you for the opportunity to be here today to discuss the efforts that U.S. Customs and Border Protection is undertaking to secure our Nation. I am pleased to be here with my colleagues from ICE, DEA, ATF, and OFAC.

I would also like to express my gratitude to the Congress for its continued support of the mission and people of CBP. Among the numerous priorities that were recognized in the American Recovery and Reinvestment Act of 2009, Congress provided CBP with \$680 million for greatly needed improvements to our aging infrastructure at our ports of entry, to enhance our tactical communications equipment, and upgrade our non-intrusive inspection technologies. This funding will allow CBP to more efficiently meet our twin goals of border security and facilitation.

CBP has taken significant steps to protect Americans from the many threats that face our Nation. This afternoon, I would like to focus my remarks on the violence along the Southwest Border, particularly in regards to the outbound enforcement activities occurring at the ports of entry.

The campaign of violence being waged by drug cartels in Mexico remains a major concern. Illegal drugs, money, and weapons flow both ways across our border and link the United States and Mexico in this battle. In response to this threat, the Department of Homeland Security has implemented a Southwest Border Security Strategy and CBP's Office of Field Operations is responsible for implementing this strategy at our ports of entry.

We in CBP Field Operations have taken significant action on the Southwest Border, having enhanced our outbound enforcement efforts through the deployment of additional manpower, equipment, and technology. On a regular and recurring basis, teams of CBP officers, CBP border patrol agents, special agents from ICE and other Federal agencies, along with our State and local law enforcement partners, are now conducting outbound inspections at our ports of entry with a focus on interdicting firearms and currency heading into Mexico.

CBP's mobile response teams are also quickly utilized to shift personnel between the ports of entry to further disrupt outbound

smuggling efforts. These personnel are supported by non-intrusive inspection equipment which allows us to quickly scan a conveyance for the presence of anomalies, anomalies which may indicate contraband of some sort.

CBP Field Operations currently deploys 227 large-scale inspection systems to our ports of entry, 91 of which are along the Southwest Border. Many of these systems are mobile, which can and are being used in our outbound interdiction efforts as well. And CBP is again grateful for the \$100 million in stimulus funding which will allow us to upgrade our NII systems.

We are also deploying dual detection canines, which are trained to detect both currency and firearms. We are adding additional canine assets to the Southwest Border throughout the summer as these teams come out from the academy in Front Royal, VA, and these detection tools will again allow our officers to quickly scan the southbound traffic looking for bulk cash, currency, and firearms.

We are seeing the success of these increased outbound interdiction efforts. Since CBP began these initiatives with our partners on March 12th, we have seized more than \$15.8 million in illicit currency destined for Mexico. We are also pursuing activities which increase support and collaboration with our Mexican counterpart. At United States and Mexican border crossings, joint operations with Mexican Customs have begun and more are planned in an effort to better coordinate the inspection of travelers and cargo leaving the United States heading into Mexico.

Chairman Towns, Ranking Member Issa, members of the committee, thank you for your support that CBP has had in meeting many of our border security responsibilities. I thank you for the opportunity to be here this afternoon and would be happy to address any of your questions.

[The prepared statement of Mr. Owen follows:]

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TESTIMONY OF

**TODD OWEN
ACTING DEPUTY ASSISTANT COMMISSIONER
OFFICE OF FIELD OPERATIONS**

**U.S. CUSTOMS AND BORDER PROTECTION
DEPARTMENT OF HOMELAND SECURITY**

BEFORE

HOUSE OVERSIGHT AND GOVERNMENT REFORM COMMITTEE

**July 9, 2009
Washington, DC**

Chairman Towns, Congressman Issa, esteemed Members of the Committee, it is a privilege and an honor to appear before you today to discuss the work of U.S. Customs and Border Protection (CBP), particularly the tremendous dedication of our men and women in the field both at and between our ports of entry.

I want to begin by expressing my continuing gratitude to Congress for its enduring support for the mission and people of CBP. It is clear that the Congress is committed to providing us the resources we need in order to increase and maintain the security of our borders. We appreciate your efforts and assistance.

I would also like to thank you for your support for provisions in the American Recovery and Reinvestment Act of 2009, which provided \$680 million to CBP for greatly needed improvements to our aging infrastructure, and for the addition of new technology at our nation's borders. These funds will support planning, management, design, alteration, and construction of CBP-owned land ports of entry; procurement and deployment of non-intrusive inspection system; expedited development and deployment of border security technology on the southwest border; and for the procurement and deployment of tactical communications equipment. In addition, the bill included \$300 million for the construction and repair of land ports of entry owned by the General Services Administration (GSA). Secretary Napolitano has made clear that we are to move swiftly and with great transparency as we put these investments to use.

CBP is the largest uniformed, Federal law enforcement agency in the country. We station over 20,000 CBP officers at access points around the Nation, including at air, land, and sea ports. As of mid-June, we have deployed over 19,300 Border Patrol agents between the ports of entry. These forces are supplemented with 1,058 Air and Marine agents, 2,318 agricultural specialists, and other professionals. These personnel are key players to the implementation of Secretary Napolitano's Southwest Border Security Initiative.

I am pleased to report that CBP continues to perform all of our missions successfully, which include stemming the flow of illegal drugs and contraband, protecting our agricultural and economic interests from harmful pests and diseases, protecting American businesses from theft of their intellectual property, enforcing textile agreements, tracking import safety violations, regulating and facilitating international trade, collecting import duties, facilitating legitimate travel, and enforcing United States trade laws. CBP facilitates lawful immigration, welcoming visitors and new immigrants while making certain those entering this country are indeed admissible, and taking appropriate action when an individual fears being persecuted or tortured if returned to their home country. At the same time, our employees maintain a vigilant watch for terrorist threats. In FY 2008, CBP processed more than 396 million pedestrians and passengers, 122 million conveyances, 29 million trade entries, examined 5.6 million sea, rail, and truck containers, performed over 25 million agriculture inspections, apprehended over 720 thousand illegal aliens between our ports of entry, encountered over 220 thousand inadmissible aliens at the ports of entry, and seized more than 2.8 million pounds of illegal drugs.

We must perform our important security and trade enforcement work without stifling the flow of legitimate trade and travel that is so important to our Nation's economy. These are our twin goals: border security and facilitation of legitimate trade and travel.

Border Security Between the Ports of Entry

The primary goal of our strategy between the ports of entry is to gain effective control of our Nation's borders. Effective control is achieved when a Chief Patrol Agent determines that agents deployed in a given area consistently: detect illegal entries into the United States, assess and classify any threats associated with the illegal entries, respond to the area, and bring the situation to a successful law enforcement resolution.

During Secretary Napolitano's congressional hearing a few weeks ago, she explained the importance of having a border security strategy that incorporates the elements of effective control. CBP establishes effective control through a balanced combination of technology, personnel, and tactical infrastructure allowing Border Patrol agents to confront the criminal element. Secretary Napolitano often refers to this strategy as the "three-legged stool." One of these legs cannot provide effective control by itself. The mix of these three elements will vary depending on the challenges of the focus area. Technology allows us to detect the entries and to assess and classify the threat. Personnel provide the response to confront the criminal element. Tactical infrastructure supports the response by either providing access or extending the time needed for the response by deterring or slowing the criminal element's ability to easily cross the border and escape.

As of May 31, 2009, we have determined that 894 miles of border are under effective control. This includes 697 miles along the southwest border, 32 along the northern border and 165 in the coastal regions. Across the southwest border, we have made significant strides in increasing our situational awareness and tactical advantage over those seeking to violate our laws. With increased situational awareness, we can better understand where we have the highest threats and vulnerabilities, and assess where we need to apply our resources. Situational awareness also enables our agents to perform their jobs more safely and more effectively. This is especially critical during times such as these where we are experiencing higher levels of violence at our Nation's borders.

Between the ports of entry, the Border Patrol Sector Chiefs are the field commanders, and CBP personnel involved in border security include Border Patrol Agents and Air and Marine Interdiction Agents. Personnel in adequate numbers are highly effective resources. They can observe and therefore provide for the type of situational awareness that is necessary for effective control. Unique among the elements of the three-legged stool, personnel also have the capacity to respond. Personnel are highly effective and flexible, but the number of personnel required to perform the entire border security mission would be prohibitive if they were not properly augmented by tactical infrastructure and technology.

Tactical infrastructure includes – among other things – pedestrian fence, vehicle fence, roads, and lighting. Tactical infrastructure supports CBP's ability to respond in several ways. Fence, for example, is a fixed resource that provides a constant and continuous effect. I wish to be very clear—fence alone does not and cannot provide effective control of the border. It does, however, deter and delay illicit cross-border incursions. This continuous and constant ability to deter or delay is what we refer to as "persistent impedance." There are areas of the border where

we have concluded that we must have persistent impedance in order to achieve effective control, because we must at least delay attempted illicit incursions. These delays buy time for our agents to respond. This is critical in areas near cities, for example, where illicit border crossers can easily blend into the population before we interdict them. It is also critical in areas where vehicles reach nearby roads faster than we could respond without persistent impedance.

Technology is an important leg of the stool. Although some refer to technology as a “virtual fence,” technology does not have the persistent impedance capability of a real fence. It does, however, provide timely and accurate information that physical infrastructure could not. Between the ports of entry, technology includes sensors, command and control systems, and communications. Technology is a powerful force multiplier because it has tremendous capability to provide the situational awareness that is a precursor to effective control. Sensors can “watch” the border continuously, guided by appropriate command and control systems. These command and control systems can also help sort the data coming from the sensors so that our agents have very quick access to the most critical information. Technology also supports response capability. With accurate information to identify and classify illicit incursions, agents have many more options about how and when they will respond to the incursion. Improved communications capability also supports response by ensuring our agents will be properly directed and coordinated.

Over the past year, we have made significant strides in strengthening all three legs of our stool. As of mid-May, we had 19,065 Border Patrol Agents on-board. Of the 661 miles of southwest border identified by CBP as requiring persistent impedance, fencing has been constructed along 627 miles (as of May 22nd). Most of the remaining mileage is under construction and will be complete this summer. With respect to technology, we have purchased 40 mobile surveillance systems (MSSs) and deployed them to the northern and southwestern borders. These MSSs provide a flexible solution to give our operators radar and camera coverage in high priority areas, and serve as a gap-filler while we develop and deploy more permanent technology solutions. Later in the testimony, I will provide additional detail about our vision for those more permanent solutions.

The northern border of the United States continues to be important to our national security. In fact, one of the first directives that Secretary Napolitano issued shortly after being confirmed was to review our strategies, plans and operational capabilities along the northern border. As we have designed programs to afford greater protection against the entry of dangerous goods and people at all our borders, we have also focused increased attention on specific needs along the Canadian border.

For instance, the Integrated Border Enforcement Team (IBET) program, encompassing 15 regions along the northern border, is a multi-faceted law enforcement initiative comprised of both Canadian and American partners. The IBET core agencies include CBP, the U.S. Coast Guard (USCG), Immigration and Customs Enforcement (ICE), the Canada Border Services Agency (CBSA), and the Royal Canadian Mounted Police (RCMP). This longstanding, bi-national partnership has enabled the participating law enforcement partners to share information and work together daily with other local, State, and provincial enforcement agencies on issues

related to smuggling, organized crime, the vulnerabilities associated with unguarded roads, and other criminal activities along the U.S.-Canada border at and between the ports of entry.

In addition, DHS developed the Border Enforcement Security Task force (BEST) concept to coordinate the efforts of ICE, CBP, and DHS intelligence personnel working cooperatively with foreign, Federal, State, and local law enforcement agencies to take a comprehensive approach to disrupt and dismantle criminal organizations. In early 2008, the first northern border BESTs initiated operations in Blaine, Washington and Buffalo, New York. The BESTs complement and increase the effectiveness of the IBETs by augmenting their investigative capability.

We have also increased the number of Border Patrol agents deployed to the northern border. Our plans call for 1,845 agents by the end of this year, and 2,212 by the end of next year. Our Air and Marine organization has deployed significant resources to the northern border, including the recent deployment of an Unmanned Aerial System (UAS) based in Grand Forks. The DHS Science and Technology Directorate has a number of research projects designed to evaluate technology opportunities tailored to the northern border environment that will advise our plans in the future. Our Secure Border Initiative (SBI) program began implementing a measured deployment of fixed and mobile sensors in our Buffalo, Detroit, and Swanton sectors starting this spring.

Travel Facilitation at the Ports of Entry

CBP welcomes nearly 400 million travelers into the United States annually. While security will always be a primary mission — we also continue to strive to make the process of entering the U.S. more streamlined, user-friendly and understandable.

In past hearings, we have highlighted our initiatives to streamline the processing of travelers through our land ports of entry and to extend security beyond our physical borders. Those efforts continue and will continue for the future. CBP implemented the Western Hemisphere Travel Initiative (WHTI) secure document requirements at land and seaports on June 1, 2009, on time and on budget. All the project pieces were carefully planned and executed in advance – Radio Frequency Identification (RFID) enabled documents, new software technology for the vehicle primary lanes, and the RFID physical infrastructure at our high volume land ports. CBP continues to remain practical and flexible in our implementation approach of the WHTI documentary requirements.

Efficient and effective land border primary operations require a well-integrated strategy and as well as synchronized and coordinated technologies, processes, and infrastructure. Building upon the initial success of the WHTI deployment, CBP has identified other critical process areas to integrate, facilitate, and enhance border security such as our commercial-passenger dual use lanes, pedestrian processing, and traffic management strategies.

We are continuing to enhance and expand our trusted traveler programs, which expedite the processing of known, low-risk travelers so that we can better focus our attention on higher-risk, unknown travelers. Global Entry is another program to expedite processing of low-risk

travelers—in this case, United States citizens and Lawful Permanent Residents. This program is a pilot that we are testing in select airports. It provides automated kiosks to validate identification by matching travel documents with biometrics.

The Importer Security Filing interim final rule, also known as “10+2”, went into effect earlier this year and has already yielded some promising results. This program will provide CBP timely information about cargo shipments that will enhance our ability to detect and interdict high risk shipments. Comments on aspects of this rule were accepted until June 1, 2009, and implementation using informed compliance will continue until January of next year. This initiative will augment CBP’s efforts to review 100 percent of all cargo before it arrives in the United States using advanced cargo data, automated targeting and risk assessment systems, intelligence, and cutting edge inspection technologies such as large scale X-ray, gamma ray machines, and radiation detection devices. Shipments determined by CBP to be high risk are examined either overseas as part of our Container Security Initiative or upon arrival at a U.S. port. Additionally, over 98% of all arriving maritime containerized cargo is presently scanned for radiation through radiation portal monitors.

The infrastructure and facilities supporting many of our ports of entry are outdated and aging. As mentioned earlier, the commitment within the American Recovery and Reinvestment Act by President Obama, Secretary Napolitano, and Congress to enhance and improve the ports of entry is an important step to overhauling CBP’s infrastructure. We believe these funds will allow us to accelerate our upgrades, which will in turn increase our quality of service, throughput, and overall performance at the ports.

Technology is also a key enabler for our operations at the ports of entry. A key focus is on the area of Non-Intrusive Inspection. The ability to non-intrusively screen and examine cargo and conveyances will allow us to interdict weapons of mass effect and other contraband more effectively while facilitating the flow of legitimate trade and travel.

Southwest Border Security Initiatives

DHS continues to address drug trafficker violence through targeted initiatives and adept coordination with U.S. Federal, state, local, tribal, and Mexican authorities. In an effort to further facilitate these partnerships, Secretary Napolitano announced the appointment of Alan Bersin as DHS Assistant Secretary for International Affairs and Special Representative for Border Affairs. The recently announced Southwest Border Security Initiative, the Merida Initiative, and the 2009 National Southwest Border Counternarcotics Strategy, as well as interagency planning, all rely on this coordination. Through these initiatives, the Department will increase personnel at the border, position technology at strategic locations, and provide assistance for Mexican security needs through resources and partnerships. In the future, DHS will work closely to help Mexico build capacity for its long term border security needs. Taken as a whole, these initiatives aim to crack down on the illegal activities that fuel the drug war in Mexico.

In March, DHS announced new plans, which involves the deployment of hundreds of new personnel and enhanced intelligence technology to maximize capabilities and strengthen

coordination with other federal law enforcement entities such as DOJ, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the DEA, the US Marshals Service, and the FBI, as well as State, local, tribal, and Mexican law enforcement authorities. With regard to CBP, the President's initiative:

Initiates 100 percent southbound rail scanning – CBP previously did not screen any of the cargo traveling by rail from the United States into Mexico; it is now scanning all rail cargo for weapons, ammunition, and currency. Existing non-intrusive inspection equipment is being used to detect contraband in cargo on each of the eight rail crossings on the southwest border.

Adds Border Patrol Agents at POEs – CBP is placing up to 100 Border Patrol agents at southwestern ports of entry to assist the Office of Field Operations (OFO) and to bolster outbound inspections from the U.S. into Mexico in order to detect arms and bulk-cash smuggling.

Adds Mobile Response Teams – Three Mobile Response Teams of 25 CBP officers each are periodically deploying to the southwest border to participate in focused operations developed to combat arms and bulk cash smuggling.

Augments Search Technologies – An additional two low-energy mobile x-ray units have been moved to the southwest border, in addition to the seven already present, to help CBP identify anomalies in passenger vehicles.

Engages Canine Teams – A total of twelve teams of “cross-trained” canines – trained to identify both firearms and currency – have been deployed to the southwest border.

Adds License Plate Readers – Outbound lanes currently equipped with license plate readers will receive upgraded license plate reader technology to improve CBP's ability to identify the vehicles of known or suspected smugglers of cash, weapons, drugs, or persons. This information is shared with other law enforcement agencies through EPIC and the OCDETF Fusion Center.

Enhances Operation Stonegarden Grant Funding on the Border – Grant guidance for the remaining balances in Operation Stonegarden from FY 2006 to FY 2008 will be modified to enhance current State, local, and tribal law enforcement operations on the southwest border. The new guidelines will expand the scope of what the funds can be used for, freeing up to \$59 million for State, local, and tribal law enforcement on the border to pay for additional law enforcement personnel, operational overtime expenses, and travel or lodging for deployment to the southwest border.

Actively Engages State, Local, and Tribal Law Enforcement – DHS is aggressively reaching out to law enforcement in border communities, recently conducting a firsthand tour of State and local law enforcement operations along the southwest border and leading bi-monthly conference calls with chiefs of police and sheriffs in a classified setting.

We have already begun to feel the impact of this initiative. Between March 12 and June 1, CBP seized over \$13.2 million in outbound currency. On May 10, CBP seized \$200,000 in

U.S. currency during outbound inspections in Progreso, Texas, when officers detected anomalies while performing a routine X-ray scan on a pickup truck. Following a canine inspection, the officers discovered 18 heat-sealed packages of U.S. currency hidden in a roaster oven inside the vehicle. In addition, on May 2, CBP officers and ICE agents in Laredo, Texas, seized more than \$302,000 in American currency hidden in boxes of detergent during a joint outbound operation.

The funding for these efforts will be from budget realignments and reprogramming from lower priority activities. The President's FY 2010 budget continues to support these efforts by providing funding to combat southbound firearms and currency smuggling.

Support of U.S./Mexican Counter-Drug Initiatives

A key and growing area of emphasis involves DHS's role in interdicting the illegal flow of weapons and currency into Mexico. The recent surge in violence in the interior and border cities of Mexico poses a significant threat in Mexico and is a serious concern of the United States. Secretary Napolitano has tasked all DHS components, including CBP, to examine how we can reasonably increase our enforcement activities in an effort to identify and interrupt efforts to smuggle weapons and bulk cash shipments into Mexico.

A large portion of illegal drugs consumed in the United States pass through Mexican territory and territorial seas. Illicit trafficking profits flow back to Mexican drug trafficking organizations across our common border. The Mexican Government's ability to confront drug trafficking and its willingness to cooperate with U.S. efforts directly affect the impact of any southwest border activities.

CBP works with its partners in the Drug Enforcement Administration and the High Intensity Drug Trafficking Area centers to expand the National License Plate Reader (LPR) initiative to exploit intelligence on drug traffickers and drug trafficking organizations. The LPR initiative will utilize established locations to gather information regarding travel patterns and border nexus on drug traffickers to enable intelligence driven operations and interdictions. While the LPRs are currently deployed along the southwest border, the program will be expanded to encompass the northern border and other areas throughout the country in the near future. Its capabilities can be utilized to assist other law enforcement entities in their investigations of their high value targets, by combining existing DEA and other law enforcement database capabilities with new technology to identify and interdict conveyances being utilized to transport bulk cash, drugs, weapons, and other illegal contraband.

In a spirit of cooperation, CBP has established positions at the El Paso Intelligence Center (EPIC), the Organized Crime Drug Enforcement Task Force (OCDETF) Fusion Center, and the DEA Special Operations Division. These initiatives enhance interaction with the Intelligence Community (IC) and law enforcement agencies to more effectively facilitate the collection, analysis, and dissemination of actionable drug-related intelligence. CBP has also established two full-time positions at the National Gang Intelligence Center (NGIC) and has partnered with the National Gang Targeting, Enforcement and Coordination Center (GangTECC).

Additionally, CBP's Office Intelligence and Operations Coordination established a National Post Seizure Analysis Team (PSAT) at the National Targeting Center-Cargo, and is in the process of establishing Intelligence Operations Coordination Centers (IOCC) with the first one under construction in Tucson, Arizona. The IOCCs will make CBP a more fully integrated, intelligence driven organization by linking intelligence efforts and products to operations and interdictions.

CBP views the border as a continuum of activities with the physical border being the last line of defense, not the first. As such, effectively securing the border requires attention to processes that begin far outside U.S. borders, occur at the border, and continue to all interior regions of the United States. Consequently, CBP's strategies address the threats and challenges along the entire continuum. For this reason, CBP takes part in various initiatives, including Operation Panama Express, which relies on strategic partnerships.

Operation Panama Express is an OCEDEF initiative, executed through OCEDEF Co-located Strike Forces, in which CBP participates with the Drug Enforcement Administration (DEA), Federal Bureau of Investigation (FBI), U.S. Immigration and Customs Enforcement, Internal Revenue Service-Criminal Investigations Division, the U.S. Coast Guard, and multiple State and local law enforcement agencies in a multi-agency international drug flow investigation that combines detection and monitoring, investigative, and intelligence resources to provide actionable intelligence to Joint Interagency Task Force-South (JIATF-S) operations to interdict the flow of cocaine from northern South America to the United States. JIATF-S interdiction operations in the transit zone, supported by CBP P-3 Airborne Early Warning, CBP P-3 Tracker aircraft, and Coast Guard HC-130, along with U.S. Coast Guard surface vessels, interdict large, sometimes multi-ton, shipments before they can be split into smaller loads for movement across the southwest border over multiple routes and distributed to U.S. cities, towns, and small communities. Interdicting these large loads in the Transit Zone supports the Southwest Border and Merida Initiatives by preventing illicit drugs from entering the distribution networks through Central America and Mexico. This deprives the violent Drug Trafficking Organizations of the product and subsequent cash flow that supports their operations.

CBP is also responsible for detecting and preventing unauthorized incursions into the United States. Toward this end, CBP continues to work with the Mexican Government in the development of increased law enforcement surveillance and interdiction capabilities. Detection of U.S./Mexican border air intrusions is essential to effective interdiction operations along our borders with Mexico. The primary means of detection is a large radar network, monitored at the Air and Marine Operations Center (AMOC) in Riverside, California. Information is fed to the AMOC through a network of airborne early warning, acrostat, Federal Aviation Administration (FAA), and ground based radar systems. Both CBP and Mexican law enforcement personnel stationed at the AMOC detect aircraft "short landings" and border penetrations and coordinate CBP and Mexican interdiction assets to intercept, track, and apprehend smugglers as they transverse the U.S./Mexico border.

The Government of Mexico maintains a strong commitment to interdiction. CBP will continue to assist the Government of Mexico in its counter-drug effort, including Command, Control, Communications, and Information support.

Intelligence and Operational Coordination

CBP continues to evolve into a more integrated, intelligence driven organization and partner in the DHS Intelligence Enterprise. We are in the process of establishing a more robust field organization by means of several programs. For example, the CBP Office Intelligence and Operations Coordination is in the process of developing capabilities which will integrate CBP intelligence and operational elements for more effective command and control, mission deployment, and allocation of resources.

Intelligence gathering and predictive analysis require new collection and processing capabilities. CBP is developing the Analytical Framework for Intelligence (AFI), a set of data processing tools that will improve the effectiveness of CBP and other DHS analysts in detecting, locating, and analyzing terrorist networks, drug trafficking networks, and similar threats. CBP has instituted training for Border Patrol Agents and CBP Officers to better recognize indications of human trafficking, hosted a Human Trafficking Symposium in 2008, and has developed a Human Trafficking Public Awareness Campaign which includes the use of informational posters located in public areas of U.S. ports-of-entry and Human Trafficking Information Cards that are designed to raise the awareness of the both the traveling public and potential victims to the crime of human trafficking. These intelligence and operational coordination initiatives complement the Secure Border Initiative's (SBI) technology programs and will be shared with other agencies, including – but not limited to – the Drug Enforcement Administration.

Secure Border Initiative (SBI)

The Secure Border Initiative (SBI), as currently configured, contributes to two of the three legs of our border security stool.

As I previously mentioned, the Border Patrol identified 661 miles along the southwest border where persistent impedence was a necessary condition for effective control. In those areas, the only cost-effective options to provide persistent impedence are physical infrastructure or personnel. Within the miles identified by the Border Patrol, our analysis shows that technology is not an adequate substitute. Technology might well allow us to watch illicit border crossers blend into the population or travel to a route of egress—but it does not delay or impede the crossers long enough to enable an effective response.

Going forward, the BSFIT appropriation, which is managed by the SBI office, will continue to dedicate funding to additional tactical infrastructure programs. Much of the focus, however, will be on high priority infrastructure projects other than fence—for example, roads and lighting. With the fence projects largely complete, we will be increasing our emphasis on technology within the SBI program - *SBI_{net}*.

Our recent activity has been focused on development of the SBI_{net} Block 1 system, which we are deploying this year to two locations in Arizona known as Tucson-1 and Ajo 1, totaling about 53 miles of border. After completing System Qualification Test (SQT) last December, while CBP had confidence in the overall system design, there were some open issues

that needed to be resolved prior to giving the go ahead to move forward with these initial operational deployments. The SBInet team worked with Boeing to resolve the issues from SQT and complete the appropriate analysis in order to provide adequate confidence in the system design. This analysis suggested that, to a reasonable level of engineering confidence, the system meets its design requirements. Further confirmation will require actual deployment and checkout of the system in the real operational environment – an opportunity that will be provided with the deployment of the system to Tucson-1, which began on May 4. The deployments of Tucson-1 and Ajo-1 will lead to a more formal operational test and assessment by the Border Patrol to determine how well the system meets the agents' needs. The results of the engineering tests and the Border Patrol's operational testing will then advise future changes and enhancements to the system, as well as a decision to deploy the system to additional locations.

Conclusion

Mr. Chairman and members of the Subcommittee, your continued support of CBP has led to many positive outcomes in border security and improvements in travel and trade facilitation. The results of your recent investments to improve CBP's aging infrastructure will soon be evident. The resources we put at our border, whether it is people, technology, or tactical infrastructure, enhance our ability to address hazards and threats at our Nation's borders.

Thank you for the opportunity to describe our border security operations and to highlight some of our progress to date. I am confident that we will continue to make tremendous strides in increasing control of our borders.

I look forward to your questions.

Chairman TOWNS. Thank you very much for your testimony, Mr. Owen.
Mr. Kibble.

STATEMENT OF KUMAR KIBBLE

Mr. KIBBLE. Chairman Towns, Ranking Member Issa, and distinguished members of the committee, on behalf of Secretary Napolitano and Assistant Secretary Morton, I would like to thank you for the opportunity to discuss ICE's role in securing the border through the investigation and enforcement of the Nation's immigration and customs laws.

As the primary investigative agency within DHS, ICE targets transnational criminal networks and terrorist organizations that might exploit potential vulnerabilities at our borders. Our partnerships are essential to this effort. ICE recently strengthened two of these crucial partnerships by renegotiating agreements with the DEA and the ATF. These agreements will improve and enhance information sharing and promote effective coordination.

The violence along our Southwest Border requires a comprehensive and collaborative effort. On March 24th, the Departments of Homeland Security, Justice, and State announced the Southwest Border Initiative designed to crack down on Mexican drug cartels. This initiative was augmented by the recently released 2009 National Southwest Border Counternarcotics Strategy.

Since the March announcement, we have seen significant increases in seizures of drugs and currency compared to the same time period in 2008. During the period between the March announcement and June 23rd of this year, ICE and CBP together have increased narcotics and U.S. currency seizures by over 40 percent.

ICE continues to work with its Federal partners to collaborate in various ways. For example, in 2005, DHS created the Border Enforcement Security Task Force. The 15 BESTs are a series of ICE-led multi-agency task forces that identify, disrupt, and dismantle criminal organizations posing significant threats to border security. Since 2005, the BESTs have reported over 4,000 criminal arrests and seized over 200,000 pounds of narcotics, over 2500 weapons, and over 370,000 rounds of ammunition, including \$26 million in U.S. currency and monetary instruments.

One recent success story was exemplified through a joint BEST investigation between ICE, ATF, and the El Paso Police Department, which led to the indictment of four individuals attempting to purchase and illegally export weapons and ammunition out of the United States. The weapons they attempted to purchase and smuggle included 300 AR-15 rifles, 300 short-barrel .223 caliber rifles, 10 Barrett .50 caliber sniper rifles, two 40 millimeter grenade machine guns, and 20 handguns with silencers, as well as a large amount of ammunition. The firearms would have had a total street value of over half a million dollars.

Given the success of the BEST model, ICE has shifted investigators to these task forces and doubled the number of agents working on BESTs along the Southwest Border from 95 to 190. This greatly expands our ability to work with State and local law enforcement on cartel-related crime occurring on the U.S. side of the border.

A large number of weapons recovered in Mexico's drug wars are smuggled illegally into Mexico from the United States. Clearly, stopping this flow must be an urgent priority, and ICE is uniquely positioned to address this challenge. In June 2008, ICE, along with CBP and other Federal, State, and local partners, launched Operation Armas Cruzadas. Since its inception, Armas Cruzadas has resulted in the seizure of 1,600 weapons, more than \$6.4 million, and over 180,000 rounds of ammunition, and the arrest of 386 individuals.

In addition to addressing weapons smuggling, ICE has partnered with CBP through Operation Firewall to combat the illegal movement of cash across the Southwest Border. Since its inception, Firewall has resulted in the seizure of over \$210 million, including over \$65 million seized overseas and 475 arrests.

ICE also recently established the Trade Transparency Unit with Mexico to identify cross-border trade anomalies, which are often indicative of trade-based money laundering schemes. Under this initiative, ICE and its partners in cooperating countries exchange import and export data and financial information. These efforts have led to more than \$50 million in cash seized during the last fiscal year.

We proactively attack groups engaged in human smuggling and trafficking by initiating investigations beyond the borders. ICE is a major participant in and supporter of the Interagency Human Smuggling and Trafficking Center, which targets human smugglers, traffickers, and terrorist travel facilitators. We have identified various methods and routes used by criminal networks to smuggle people into the United States.

To target these methods and routes, ICE, in partnership with DOJ, formed the Extraterritorial Criminal Travel Strike Force in June 2006, combining our investigative, prosecutorial, and intelligence resources to target, disrupt, and dismantle foreign-based criminal travel networks. Complementary to the ECT program is the pivotal role ICE continues to play as a co-chair of the targeting project of the Interagency Working Group on Alien Smuggling.

In conclusion, ICE is committed to working with this committee and Congress to address the significant challenges we face to secure the border through the enforcement of our Nation's immigration and customs laws. I thank the committee for its support of ICE and our law enforcement mission, and I would be pleased to answer any questions you may have.

[The prepared statement of Mr. Kibble follows:]



U.S. Immigration and Customs Enforcement

STATEMENT

OF

**KUMAR C. KIBBLE
DEPUTY DIRECTOR, OFFICE OF INVESTIGATIONS**

**U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT
DEPARTMENT OF HOMELAND SECURITY**

REGARDING A HEARING ON

"SOUTHWEST BORDER; WHERE ARE WE NOW?"

BEFORE THE

**U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**

Thursday, July 9, 2009 - 10:00 a.m.

INTRODUCTION

Chairman Towns, Ranking Member Issa, and distinguished Members of the Committee:

On behalf of Secretary Napolitano and Assistant Secretary Morton, I would like to thank you for the opportunity to discuss the role of U.S. Immigration and Customs Enforcement (ICE) in securing the border through the investigation and enforcement of the nation's immigration and customs laws.

As the primary investigative agency in the Department of Homeland Security (DHS), ICE protects national security and upholds public safety by targeting transnational criminal networks and terrorist organizations that might exploit potential vulnerabilities at our borders. Partnerships are essential to this effort, and ICE works closely with its domestic and foreign partners at the federal, state, local, territorial, and tribal level to create a united front to secure the border and dismantle transnational criminal organizations.

ICE targets organizations that exploit legitimate trade, travel and financial systems, using all of our enforcement authorities to ensure that cross-border crime is attacked from every possible angle. Indeed, the recent escalation of violence by drug cartels and other criminal organizations just over our border with Mexico demonstrates the importance of this mission. As Secretary Napolitano recently testified, the violence in Mexico is not solely an international threat; it is a homeland security issue in which all Americans have a stake.

The cartels that Mexican authorities are battling are the same criminal organizations that put drugs on our streets, fueling violence and crime. Illegal drugs,

money and weapons flow both ways across our border and inextricably link U.S. and Mexico efforts to combat the drug cartels. Our two countries share a nearly 2,000 mile-long border, billions of dollars in trade, a commitment to democracy, and the need to prevail against transnational organized crime.

The violence along our Southwest border requires a comprehensive, multifaceted, and collaborative effort. On March 24, DHS announced new plans designed to crack down on Mexican drug cartels through enhanced border enforcement. Additional personnel, increased intelligence capability, and better coordination with federal, state, local, and Mexican law enforcement authorities to target illegal guns, drugs, and cash have already resulted from this initiative.

Since the March announcement we have seen significant increases in seizures of drugs and currency compared to the same time period in 2008. For example, during the period between the March 24th announcement and June 23, 2009, ICE and CBP together have seized 8,247 pounds of cocaine (up 8 percent from the same time period in 2008), 1.2 million pounds of marijuana (up 39 percent), 2,008 pounds of methamphetamine (up 68 percent), 412 pounds of heroin (up 48 percent), and \$31 million in U.S. currency (up 40 percent). During this time frame ICE has increased its case initiations by approximately 28 percent as compared to the same time last year and has made 1,169 arrests (803 criminal arrests and 366 civil immigration arrests), including arrests of 274 recidivist criminal immigration violators; and was responsible for investigating cases resulting in 278 convictions for a broad range of border crimes including drug, weapons, and human smuggling. Finally, through agents stationed in Mexico, ICE assisted

Mexican authorities in making arrests of three significant Gulf Cartel members and a high ranking Los Zetas Cartel member during this period.

On June 5, Secretary Napolitano, Attorney General Holder and the Office of National Drug Control Policy (ONDCP) Director Kerlikowski, released the 2009 National Southwest Border Counternarcotics Strategy, which detailed the Administration's collective approach to stem the flow of illegal drugs and their illicit proceeds across the Southwest border and reduce associated crime and violence in the region.

PARTNERING WITH FEDERAL, STATE, LOCAL, TERRITORIAL AND TRIBAL LAW ENFORCEMENT

The partnership between federal, state, local, territorial, and tribal law enforcement in the border region is essential to securing our nation against the threat of cartel violence. Law enforcement agencies at all levels of government have significant roles to play both in addressing the current border violence and in preparing for scenarios where violence in Mexico could further impact the United States. Law enforcement agencies at the state, local, territorial, and tribal level have long fought border violence and have deep operational knowledge of the border region. Confronting a multifaceted threat like border violence means that federal agencies must constantly collaborate and coordinate with our state, local, territorial, and tribal partners by sharing resources and information.

With this in mind, ICE continues to work with its federal partners to collaborate with state and local governments in various ways. For example, in 2006, DHS created the Border Enforcement Security Task Force (BEST) initiative, which is a series of ICE-

led multi-agency task forces developed to leverage federal, state, local, tribal, and foreign law enforcement and intelligence resources in the effort to identify, disrupt and dismantle criminal organizations posing significant threats to border security. The task forces are designed to increase information sharing and collaboration among the agencies combating this threat on both sides of the border. The 15 BESTs, including two recently stationed in Las Cruces and Deming, New Mexico, include the participation of ICE; Customs and Border Protection (CBP); the U.S. Coast Guard; the DHS Office of Intelligence and Analysis; the Drug Enforcement Administration (DEA); the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF); the Federal Bureau of Investigation (FBI); applicable U.S. Attorney's offices; and state and local law enforcement agencies. Mexican law enforcement agencies also participate in BEST, and the government of Mexico has agreed to provide representatives to every BEST team on the Southwest border.

The BEST model has been successful. ICE, with the help of our partners, has cracked down on arms trafficking, human smuggling, bulk cash smuggling, and drug smuggling organizations. These efforts have disrupted cartel operations in both the United States and Mexico. Moreover, ICE's results clearly demonstrate the effectiveness of the BEST operational platform. Since July 2005, matters involving BEST teams, working in conjunction with DOJ and other law enforcement agencies, resulted in 4,240 criminal arrests, 3,531 administrative arrests, 1,901 indictments, and 1,292 convictions. In addition, these efforts have resulted in the seizure of approximately 10,348 pounds of cocaine, 187,843 pounds of marijuana, 829 pounds of methamphetamine, 103 pounds of crystal methamphetamine, 1,257 pounds of ecstasy, 255 pounds of heroin, 97 pounds of

hashish, 22 pounds of opium, 2,580 weapons, 870 vehicles, seven properties, and \$26.3 million in U.S. currency and monetary instruments.

One recent success story is exemplified through a joint investigation between ICE, ATF, and the El Paso Police Department, which led to the indictment of four individuals attempting to purchase and illegally export weapons and ammunition out of the United States. The weapons they attempted to purchase and smuggle included 300 AR-15/AR-16 rifles, 300 short-barrel .223 rifles, 10 Barrett .50 caliber rifles, two 40 millimeter grenade machine guns, 10 .45 caliber handguns with silencers, 10 .40 caliber handguns with silencers, and a large amount of ammunition of various calibers. The firearms would have had a total street value of over \$500,000.

Given the success of the BEST model, ICE has shifted investigators to these task forces and doubled the number of agents working on BESTs from 95 to 190. This greatly expands our ability to work with state and local law enforcement on cartel-related crime occurring on the U.S. side of the border.

ICE AND ATF JUNE 30, 2009, MEMORANDUM OF UNDERSTANDING

ICE and ATF appreciate and respect each other's complementary authorities. When ICE and ATF join forces through joint investigations, or in the BESTs, both agencies bring balanced authorities to any investigation.

The June 30, 2009, Memorandum of Understanding between ICE and ATF establishes the clear roles that both agencies have over domestic and international trafficking of firearms, ammunition, explosives, weapons, and munitions. The agreement

recognizes that both law enforcement agencies are actively engaged in the fight against persons and criminal organizations involved in violent crime and gun trafficking.

STRENGTHENING PARTNERSHIPS TO FIGHT DRUG TRAFFICKING

On June 18, 2009, ICE and DEA entered into a new interagency agreement to increase the number of agents targeting international drug traffickers, improve and enhance information and intelligence sharing, and promote effective coordination between the agencies.

This agreement will enable ICE Assistant Secretary Morton to select an unlimited number of ICE agents available for DEA cross-designation to investigate violations of the Controlled Substances Act, 21 U.S.C. § 801, et seq., (“Title 21”) with a clear nexus to the United States border in coordination with DEA. The agreement makes clear, however, that, overseas, DEA remains the focal point with foreign law enforcement officials on drug law enforcement operational and intelligence matters. However, ICE’s coordination with DEA on operational foreign drug investigative activities does not connote DEA’s supervision of those investigative activities. Instead, DEA’s review of the planned foreign drug investigative activities ensures the compliance with the Interagency Cooperation Agreement and prevents conflict with other ongoing investigative matters. In this context, DEA’s serving as “the single point of contact” for those aspects of a drug investigation conducted in a foreign country is not synonymous with DEA assuming oversight responsibilities with respect to the overall objectives and strategies of that drug investigation. Accordingly, the agreement recognizes the importance of the U.S. Government providing a unified voice and presenting a completely integrated drug

enforcement policy to all foreign agencies. ICE and DEA will fully share information electronically through the Organized Crime Drug Enforcement Task Force (OCDETF) Fusion Center, which will allow ICE, DEA, the FBI, and other participating agencies to access each other's case information as appropriate and more effectively target criminals.

WORKING WITH MEXICAN AUTHORITIES

Assisting Mexico in its battle against drug violence requires strong coordination with the Mexican government and law enforcement to ensure that Mexico and the U.S. are cooperating effectively to combat this transnational threat. ICE continues to engage Mexican authorities on a number of levels in our joint efforts to combat border violence.

ICE's Border Liaison Officer (BLO) program, for instance, allows ICE to more effectively identify and combat cross-border criminal organizations by providing a streamlined information- and intelligence-sharing mechanism. The BLO program creates an open and cooperative working relationship between the U.S. and Mexican law enforcement entities. ICE has recently quadrupled the number of officers in the BLO program by redeploying agents to the Southwest border.

ICE currently partners with the Government of Mexico on Operation Armas Cruzadas, which cracks down on cross-border arms smuggling. The ICE Attaché Office in Mexico City coordinates with vetted Special Investigative Units of Mexican law enforcement officers. Both ICE and ATF will work closely with these vetted units to assist them investigate and prosecute border crimes such as smuggling and firearms trafficking.

We have also strengthened our coordination with the Government of Mexico by increasing ICE Attaché personnel in Mexico by 50 percent, and sending additional special agents to Mexico. Through our Attaché in Mexico City and associated sub-offices, ICE assists in efforts against transnational drug trafficking, weapons smuggling, human smuggling, and money laundering syndicates in Mexico. ICE Attaché personnel work on a daily basis with Mexican authorities to combat these transnational threats, and these efforts have been enhanced by additional officers.

ILLEGAL WEAPONS AND BULK CASH SMUGGLING INTO MEXICO

A large number of weapons recovered in Mexico's drug war are smuggled illegally into Mexico from the United States. Clearly, stopping this flow must be an urgent priority.

President Calderón of Mexico has identified the illegal flow of weapons from the United States as one of the biggest security threats to his country. Stopping weapons smuggling is a particular challenge, both because of the nature of the southwest border and because much of the smuggling occurs in small shipments of a few weapons at a time. ICE is uniquely positioned to address this challenge.

In June 2008, ICE, along with CBP and other federal, state and local partners, launched Operation Armas Cruzadas. Under Armas Cruzadas, ICE has taken an intelligence-driven, systematic approach to arms trafficking investigations. As part of this effort, ICE initiated a Weapons Virtual Task Force to create virtual communities where law enforcement can rapidly share intelligence and communicate in a secure

unclassified environment through the Homeland Security Information Network (HSIN). ICE plans on working with a vetted Arms Trafficking Group of Mexican officers.

Since its inception, Operation Armas Cruzadas has resulted in the seizure of 1,595 weapons, more than \$6.4 million, and 180,663 rounds of ammunition and the arrest of 386 individuals on criminal charges resulting in 117 criminal indictments and 64 convictions. In addition to addressing weapons smuggling, ICE has partnered with CBP to combat the illegal movement of cash across the Southwest border. One reason drug cartels pose such a dangerous threat is their extensive monetary resources. The U.S. must interrupt that illegal flow of money. Operation Firewall, led by ICE, addresses bulk cash smuggling. ICE targets those individuals and organizations that exploit vulnerabilities in financial systems to launder illicit proceeds.

Following its inception, Operation Firewall produced immediate results. On the first day of operations in 2005 at the Benito Juárez International Airport in Mexico City, Mexican authorities seized \$7.8 million en route to Cali, Colombia concealed inside deep fryers, rotisseries, and voltage regulators. Other notable seizures include \$7.3 million seized inside rolls of fabric and plastic and \$4.7 million concealed inside air conditioning equipment and metal piping destined for Colombia. Since its inception, Operation Firewall has resulted in the seizure of over \$210 million, including over \$65 million seized overseas and 475 arrests. As a result of a broad, multi-agency response to attack the flow of money, ICE achieved a 220 percent increase in outbound currency seizures.

On June 26, 2008, Rafael Ravelo, a member of a Mexican-based drug trafficking organization, was sentenced to 126 months of incarceration and ordered to forfeit nearly \$1.15 million. This sentence was the result of the ICE-led Operation Doughboy, an

Organized Crime Drug Enforcement Task Force (OCDETF) investigation that was initiated prior to Operation Firewall, based on a bulk cash smuggling interdiction. This joint U.S./Mexico investigation involved the monitoring of 18 phone lines of the heads of a Mexican drug trafficking organization and began when ICE agents in 2003 successfully linked a \$149,000 bulk cash seizure by the Texas Department of Public Safety to the drug trafficking organization.

ICE also recently established a Trade Transparency Unit with Mexico to identify cross-border trade anomalies, which are often indicative of trade-based money laundering. Under this initiative, ICE and law enforcement agencies in cooperating countries exchange import and export data and financial information. ICE's efforts led to more than \$50 million in cash seizures in Fiscal Year 2008.

HUMAN SMUGGLING AND TRAFFICKING

Criminal smuggling and trafficking organizations are not constrained by international borders, operating in countries of origin, transit countries, and destination countries such as the United States. ICE proactively attacks groups engaged in human smuggling and trafficking by initiating investigations beyond the U.S. borders. Organizations can charge thousands of dollars to smuggle aliens into the U.S., including those individuals who could pose a threat to the country. Accordingly, ICE works aggressively with non-governmental organizations to identify trafficking victims, bring smugglers and traffickers to justice, and increase public awareness of modern-day slavery.

ICE recognizes that success in combating alien smuggling, trafficking in persons, and criminal support to clandestine terrorist travel requires working with other agencies in order to turn intelligence into action. ICE is a major participant in, and supporter of, the interagency Human Smuggling and Trafficking Center (HSTC), which targets human smugglers, human traffickers, and terrorist travel facilitators. Indeed, the Director of the HSTC is an ICE Supervisory Special Agent.

ICE has identified various methods and routes used by criminal networks to smuggle people into the United States. To target these smuggling methods and routes, ICE and DOJ formed the Extraterritorial Criminal Travel (ECT) Strike Force in June 2006 and combined our investigative, prosecutorial, and intelligence resources to target and aggressively pursue, disrupt, and dismantle foreign-based criminal travel networks. Complementary to the ECT program is the pivotal role ICE continues to play as a co-chair of the targeting project of the Interagency Working Group on Alien Smuggling. By working with our partners in the intelligence community, we identify and target the most dangerous international human smuggling organizations for investigation and prosecution, especially those that pose a threat to our national security. Much of the work is classified, but the effort has led to a number of significant prosecutions since 2001.

In August 2006, the ECT Strike Force initiated an alien smuggling investigation of Mohammed Kamel Ibrahim and Sampson Boateng for smuggling aliens from Ethiopia, Eritrea, and Somalia. These men were responsible for recruiting aliens, establishing travel routes, and facilitating the aliens' transportation into the United States. Additionally, these men obtained both fraudulent and genuine travel documents for the

smuggled aliens from a corrupt foreign government official. As a result of our investigation, Ibrahim and Boateng pleaded guilty to alien smuggling violations and were sentenced to prison in early 2009.

CONCLUSION

ICE is committed to working with this Committee and Congress to address the significant challenges we face to secure the border through the enforcement of our nation's immigration and customs laws. I thank the Committee for its support of ICE and our law enforcement mission.

I would be pleased to answer any questions you have at this time.

Chairman TOWNS. Thank you very much, Mr. Kibble.
Mr. Placido.

STATEMENT OF ANTHONY P. PLACIDO

Mr. PLACIDO. Thank you, Mr. Chairman. Chairman, Ranking Member Issa, I appreciate the opportunity to represent the views of the Drug Enforcement Administration on this important issue regarding the rise of criminality in Mexican cartels and their implications for U.S. national security.

As the lead agency for enforcing the drug laws of the United States, DEA is keenly aware of the critical requirement to break the power and impunity of transnational crime groups such as the Mexican cartels. These groups not only supply enormous quantities of illicit drugs to our country, with adverse consequences in terms of addiction, lost productivity, and related social costs, but, left unchecked, threaten regional stability because they undermine respect for the rule of law, diminish public confidence in government institutions, and promote lawlessness through corruption, intimidation, and violence.

The good news is that, together with our highly committed and increasingly capable Mexican partners and the generous support of Congress through the Merida Initiative, we are bringing unprecedented pressure against these cartels in helping fortify Mexico's criminal justice system to assure that these gains can be sustained over time.

The drug trade in Mexico has been rife with violence for decades. However, intentionally gruesome drug-related violence, kidnapping, torture, and murder have remained at elevated levels since President Calderon initiated his bold, comprehensive program to break the power of the cartels. And I believe they have distributed some of the photos that demonstrate the extent of that brutality.

Mr. ISSA. Mr. Chairman, I would ask unanimous consent that they be placed in the record but not shown, because they are literally too gruesome, I think, for open showing. I think the gentleman would agree.

Chairman TOWNS. Without objection, so ordered.

Mr. PLACIDO. Mexican cities along our Southwest Border, such as Juarez and Tijuana, have witnessed spectacular violence despite the fact that El Paso and San Diego are among some of the safest cities in America. Drug-related killings in Mexico have escalated from approximately 1,200 in 2006 to more than 6,200 in 2008, and during the first 6 months of this year there have been approximately 3,600, putting it on par to exceed last year's numbers.

In the past, the violence was largely confined to persons engaged in the drug trade. But there has been a disturbing new trend wherein Mexican military and law enforcement officials are being intentionally targeted by the cartels. Moreover, in an effort intended to break the will of the government of Mexico to confront these vicious criminals, the mutilated the decapitated bodies of the victims are frequently left with signs warning of even greater violence.

Even if this carnage can be confined to Mexican territory, it has adverse consequences to U.S. national security. There is justifiable

concern that the violence plaguing Mexico will spill across our border and have an even more pronounced effect on Americans.

The U.S. interagency has attempted to distinguish between the criminal-on-criminal violence that has always been associated with the drug trade and the new phenomenon of retaliatory violence against Mexican officials and institutions. Accordingly, we have defined spillover violence to entail deliberate attacks by the cartel on U.S. Government personnel, whether in the United States or Mexico, innocent civilians in the United States, or U.S. Government facilities, including our embassies and consulates. Based on this definition, we have not yet seen a significant level of spillover violence; however, as you have heard, we must, and are, building contingency plans for the worst case scenario.

Moreover, I would reemphasize that even if confined to Mexico, the drug-related violence seriously undermines respect for the rule of law and degrades confidence in Mexican institutions. By extension, instability in Mexico has serious national security implications here at home, as well as adverse consequences in Central America and beyond. DEA continues to work in cooperation with its Federal, State, local, and foreign counterparts to address these threats.

DEA's organizational attack strategy is an attempt to systematically disrupt and dismantle the command and control elements of these criminal syndicates. Key to this strategy is sharing information in coordination with our counterparts through the Special Operations Division, the OCDETF Fusion Center, and the El Paso Intelligence Center.

In Mexico, DEA has the largest U.S. law enforcement presence, and its partnership with the Calderon administration is mounting sustained attacks against these cartels. The disruption and dismantle of these organizations, the denial of proceeds, and the seizure of their assets significantly impact the ability of these cartels to exercise influence and further destabilize the region. Projects Reckoning and Operation Accelerator are recent examples of this collaboration. While these collaborative operations are intended to break the power of the cartels, in the short-term they also exacerbate the violence in Mexico.

Briefly, I would also like to address an issue of concern that was recently highlighted by the GAO pertaining to collaboration and cooperation between ICE and DEA. As someone who began my career with then U.S. Customs Service, now ICE, I want to underscore the importance of cooperation in law enforcement and DEA's unwavering support for the recently signed Interagency Cooperation Agreement between DEA and ICE.

Both Secretary Napolitano and Attorney General Holder have made clear that this agreement is the most efficient and effective way to promote interagency coordination and cooperation. The agreement addresses the concerns of both agencies, without the need for legislative action, by allowing the cross-designation of an unlimited number of ICE agents to employ Title 21 investigative authority and also strengthens information sharing and coordination protocols.

Chairman Towns, Ranking Member Issa, members of the committee, I thank you for the opportunity to testify and stand ready to answer questions.

Chairman TOWNS. Thank you very much for your testimony.
Mr. Hoover.

STATEMENT OF WILLIAM HOOVER

Mr. HOOVER. Thank you, sir.

Chairman Towns, Congressman Bilbray, and other distinguished members of the committee, I am William Hoover, Acting Deputy Director of the Bureau of Alcohol, Tobacco, Firearms and Explosives. On behalf of Acting Director Ken Melson, I am honored to appear before you today to discuss ATF's ongoing role of disrupting firearms from being illegally trafficked from the United States into Mexico and working to reduce the associated violence along the border.

For over 30 years, ATF has been protecting our citizens and communities from violent criminals and criminal organizations by safeguarding them from the illegal use of both firearms and explosives. We are responsible for both regulating the firearms and explosive industries and enforcing the criminal laws relating to those commodities.

ATF has the experience, expertise, and commitment to investigate and disrupt groups and individuals who obtain guns in the United States and illegally traffic them into Mexico in facilitation of the drug trade. The combination of ATF's crime-fighting expertise, specific statutory and regulatory authority, analytical capability, and strategic partnerships is used to combat firearms trafficking both along the U.S. borders and throughout our nation.

We know we do not fight this battle alone. Last week, ATF hosted a violent crime and arms trafficking summit in Albuquerque, NM. This conference was monumental in establishing a formal partnership between ATF and ICE. At this conference, a Memorandum of Understanding was signed by the leaders of both agencies, establishing how we will work together on investigations regarding firearms trafficking. This agreement also establishes a notification process that each agency will follow while conducting these investigations.

ATF's strategy for disrupting the flow of firearms to Mexico through Project Gunrunner has referred over 882 cases for prosecution, involving 1,838 defendants. Those cases include 415 for firearms trafficking, which involved 1,135 defendants and an estimated 13,382 firearms. ATF has said that 90 percent of the firearms seized in Mexico and traced come from the United States. The GAO report that was published in June 2009 concurred with our findings.

We have established that the greatest proportion of firearms trafficked to Mexico originate out of the States along the Southwest Border. Additionally, trace data shows that traffickers are also acquiring firearms from other States as far east as Florida and as far north and west as Washington State. Additionally, Mexican officials have seen an increase in the number of explosive devices used in these violent attacks. ATF agents and explosives experts work

with the Mexican military and law enforcement to identify and determine where these devices and components originate.

Along the Southwest Border, ATF's Project Gunrunner includes approximately 148 special agents dedicated to investigating firearms trafficking on a full-time basis and 59 industry operations investigators responsible for conducting regulatory inspections of federally licensed gun dealers, known as FFLs. We recently sent over 100 additional personnel to the Houston Field Division to support our effort against the trafficking of firearms to Mexico. In addition, ATF has received a total of \$25 million in new funding in fiscal year 2009 and in fiscal year 2010 for Project Gunrunner.

As the sole agency that regulates FFLs, roughly 7,000 of which are along the Southwest Border, ATF has the statutory authority to inspect and examine the records and inventory of licensees, looking for firearms trafficking trends and patterns, and revoking the license of those who are complicit in firearms trafficking. For instance, ATF used its regulatory authority to review the records of an FFL that received close to 2,000 firearms, removed their serial numbers, and trafficked them to Mexico with the aid of a co-conspirator located in Mexico.

A key component of ATF's strategy to curtail firearms trafficking to Mexico is the tracing of firearms seized in both countries. Our analysis of this aggregate trace data can reveal trafficking trends and networks showing where the guns are being purchased and who is purchasing them.

Let me share an example of how trace data can identify a firearms trafficker.

ATF's analysis of a trace data linked a man living in a U.S. city along the border to three crime guns recovered at three different crime scenes in Mexico. Further investigation uncovered that he was the purchaser of a fourth firearm recovered at yet another crime scene in Mexico, and that he had purchased over 100 AR-15 type receivers and 7 additional firearms within a short time span using nine different FFL wholesale distributors as sources for his guns.

In April 2008, ATF seized 80 firearms from the suspect and learned that he was manufacturing guns in his home. He sold over 100 guns alone to an individual who is suspected of being linked to a cartel. Investigative leads are being pursued and charges are pending.

Last, I would like to mention ATF's operational presence at the El Paso Intelligence Center, located in El Paso, TX. EPIC is certainly one of the most valuable tools for intelligence sharing and coordination in multi-agency efforts to curb violence and firearms trafficking activities along the Southwest Border. At EPIC, we operate what is known as the ATF Gun Desk. The mission of the Gun Desk is to identify and analyze all firearms and explosives-related data acquired and collected from law enforcement and open source. This would include Mexican military and law enforcement, and also U.S. law enforcement assets operating on both sides of the border.

We at ATF will continue with our efforts along the Southwest Border and will harvest our partnerships with not only our law enforcement partners within the United States, but will continue to work with the Mexican officials in Mexico to obtain more informa-

tion to better understand the flow of firearms from our country into theirs.

Chairman Towns, Congressman Bilbray, and other distinguished members of the committee, on behalf of the men and women of ATF, I thank you and your staff for your continued support of our crucial work. With the backing of this committee, ATF can continue to fight violent crime in the Nation's cities and on the border, making our Nation even more secure. I look forward to your questions.

Chairman TOWNS. Thank you very much, Mr. Hoover, for your testimony.

Mr. McBrien.

STATEMENT OF J. ROBERT McBRIEN

Mr. McBRIEN. Mr. Chairman, Mr. Bilbray, other members of the committee, I am pleased to be here today on behalf of the Office of Foreign Assets Control of the Treasury Department. I will try to compress the statement as we go through it for the interest of time and so that we can get into the questions and answers.

The Office of Foreign Assets Control's mission is to enforce economic sanctions in support of U.S. foreign policy and national security. In the particular instance of Mexico, we are talking about using the tool of the Foreign Narcotics Kingpin Designation Act, which Congress passed in 1999. The Kingpin Act has been used in responding to the threat in Mexico since the year 2000, when the first kingpins were named by, at that time, President Bush, and we have continued to use it since that time. So OFAC's involvement in the fight against the drug trafficking organizations in Mexico is not something new, it is something we have been doing, even with the small resources that we have.

The authorities delegated to OFAC are national security and foreign policy tools that provide power and leverage against a foreign country, regime, or non-state actors such as foreign narcotics traffickers and terrorists. One of our most powerful instruments, Specially Designated Nationals List [SDN], is used to identify, expose, isolate, and disrupt or incapacitate a foreign adversary with the intended result of denying them access to the U.S. financial and commercial system, and immobilizing their resources. OFAC's authorities are administrative in nature, but for persons subject to U.S. jurisdiction, violating OFAC sanctions carries both civil and criminal penalties.

Every year since the Kingpin Act was passed, the presence of the United States has added more kingpins to the list. These kingpins are across the world; it is not only Mexico, although Mexico is roughly 50 percent of those that have been named. This year, President Obama moved from the usual June 1st date in which the statute asked that there be a report made, and acted early and, on April 15th, named three of the Mexican cartels that are currently at the center of much of the violence that is going on. We named the Los Zetas, the Sinaloa Cartel, and La Familia Michoacana. Then again in June we named more kingpins, except those were not involving Mexico.

These are referred to by OFAC as Tier 1 traffickers. While the President identifies the Tier 1 traffickers, OFAC has been delegated the authority to designate for sanctions those working for or

on behalf of, or owned or controlled by, or materially assisting the Tier 1 traffickers. Now, this is the real meat of the counternarcotics sanctions. These Tier 2s, which we also call derivative designations, include the money laundered, the family members complicit in narcotics trafficking activities, the criminal members of the organization, the transportation cells, the logistics, procurement, and communication cells that make up the financial and support networks of drug trafficking organizations.

Since 1999, the President has identified 82 Tier 1 traffickers, 37 of which are Mexican. In that same time, OFAC has identified 251 Tier 2 designations in Mexico. In addition to that, under the program on which the Kingpin Act was conceptually based, which is our sanctions against Colombian traffickers under another authority, the International Emergency Economic Powers Act, we have also, under the Colombian program, in recent times, named 30 Mexican entities or individuals who are also involved in the Colombia-to-Mexico part of the drug trade. So the total over these last several years is 288 persons, entities and individuals, that have been named by OFAC for the blocking of their assets and the prohibition on their activities.

I am going to skip through parts of this and just get down to some of the nitty gritty here. I said at the outset that our objective is to identify and expose and isolate and delegitimize, immobilize, disrupt, dismantle—however we can do it—the drug trafficking organizations; and we do this by going after the heads of the organizations, key players of the organizations, and perhaps, most important—and this again goes back to the meat of it—the networks, the key nodes, the choke points, the whole support structure that makes up a cartel; not just the people who are moving the drugs, but all the businesses, the infiltrations of the legitimate business world, the front companies that give them their backbone. Our objective is to go after that backbone and try to break it.

Ultimately, we hope to be able to expose, halt, and even reverse the penetration of the legitimate economy through our actions. At the same time that we are doing this, we are working collaboratively with all of our colleagues. All of the agencies that are at this table are working with OFAC on these projects. We have relied on and are heavily integrated with DEA, and have been from the very beginning. I cannot say enough for the work that they have done to enable us to carry out our part of the program against the drug trafficking organizations in Mexico.

At the same time that we are doing this with our colleagues, we have, since the Calderon administration came into power, been working very closely with the Mexicans on an ever-escalating basis, and we are continuing to do that.

I would like to just conclude, if I may, with noting that the Kingpin Act provides a powerful mechanism for acting against the threat to the United States posed by foreign narcotics cartels, whether in Mexico or elsewhere. In the case of our southern neighbor, OFAC's employment of the Kingpin Act authorities provides a growing opportunity for partnership in combating the scourge of the drug trafficking organizations. It is a force multiplier; it presents opportunities not only supportive efforts by DEA and other U.S. criminal enforcement agencies—

Chairman TOWNS. Mr. McBrien, I am going to have to ask you summarize.

Mr. MCBRIEN. Yes, sir. That is actually what I am doing right now, sir.

But we are also supporting Mexican authorities. It is an important element in achieving a unity of effort among U.S. Federal, State, and—

Chairman TOWNS. What I am really saying is your 5 minutes are up.

Mr. MCBRIEN [continuing]. Local agencies.

Mr. Chairman, I very much appreciate that hint and I thank you for the opportunity to be here today, and we would be glad to hear any questions you may have and try to answer them for you.

[The prepared statement of Mr. McBrien follows:]

STATEMENT
OF
J. ROBERT MCBRIEN
ASSOCIATE DIRECTOR
FOR
INVESTIGATIONS AND ENFORCEMENT
OFFICE OF FOREIGN ASSETS CONTROL
UNITED STATES DEPARTMENT OF THE TREASURY
BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
ON
"THE RISE OF THE MEXICAN DRUG CARTELS AND U.S. NATIONAL SECURITY"
JULY 9, 2009

Chairman Towns, Congressman Issa. Members of the Committee, I appreciate the opportunity to appear before you today to discuss the important role of the Treasury Department's Office of Foreign Assets Control ("OFAC") in countering the threat that Mexican drug trafficking organizations pose to our country and our Mexican neighbors, including our common border. In particular, I will describe the use of the Foreign Narcotics Kingpin Designation Act, commonly known as "The Kingpin Act," in responding to this threat and in supporting not only other agencies of the U.S. government, but also the law enforcement authorities of the Government of Mexico. A significant point that should be made at the outset is that OFAC is not new to the battle against the drug trafficking organizations in Mexico. We have been using the Kingpin Act authorities against significant foreign narcotics traffickers and their networks around the world, including Mexico, since the first set of drug kingpins – what we call Tier I's - were named by the President in June of 2000.

OFAC's Mission

The Office of Foreign Assets Control, OFAC, administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign

countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. OFAC acts under Presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under US jurisdiction.

The authorities delegated to OFAC are national security and foreign policy tools that provide power and leverage against a foreign country, regime or non-state actors such as foreign narcotics traffickers and terrorists. One of our most powerful instruments, the Specially Designated Nationals List (or "SDN list") is used to identify, expose, isolate, and disrupt or incapacitate foreign adversaries with the intended result of denying them access to the United States financial and commercial system and immobilizing their resources. OFAC's authorities are administrative in nature; but for persons subject to U.S. jurisdiction, violating OFAC sanctions carries both civil and criminal penalties.

The Kingpin Act

On December 3, 1999, the President signed into law the Foreign Narcotics Kingpin Designation Act (the Kingpin Act), which prohibits transactions with, and blocks all property and interests in property, subject to U.S. jurisdiction, of foreign narcotics traffickers identified by the President. The Kingpin Act also provides authority for OFAC to designate individuals and entities that are owned or controlled by, of acting for or on behalf of, the designated kingpins, allowing OFAC to reach the kingpins' networks of front companies, facilitators, and strawmen. The Kingpin Act provides for the President to identify "significant foreign narcotics traffickers" prior to June 1 of every year and to report those actions to the Congress. That has been accomplished in early June of every year from 2000 to the present.

This year, President Obama, recognizing the urgency of the threat posed by Mexican traffickers to the safety and security of the United States and our Mexican neighbors, took an unprecedented step and used his authority to identify three Mexican narcotics trafficking organizations ahead of the June 1 timeline. On April 15th of this year, President Obama identified the *Sinaloa Cartel*, *Los Zetas* and *La Familia Michoacana* as significant foreign narcotics traffickers. We at OFAC refer to these individuals as “Tier I” traffickers. While the President identifies Tier I traffickers, OFAC has been delegated the authority to designate for sanctions those working for and on behalf of, owned or controlled by, or materially assisting the Tier I traffickers. This is the real “meat” of counter-narcotics sanctions. These “Tier IIs” – also referred to as derivative designations - include the money launderers, the family members complicit in narcotics trafficking activities, the criminal members of the organization, the transportation cells, and the logistics, procurement, and communications cells make up the financial and support networks of drug trafficking organizations.

Since 1999, the President has identified 82 Tier I traffickers, 37 of which are Mexican. Twenty-eight of the 37 are individuals, for example Joaquín “Chapo” Guzmán Loera, Ismael “Mayo” Zambada García, Marcos Arturo Beltrán Leyva; 9 are drug trafficking organizations. In addition to the three organizations President Obama identified this year, President Bush identified the *Gulf Cartel*, the *Beltrán Leyva Organization*, *Arrellano Félix Organization*, *Amezúa Contreras Organization*, *Arriola Márquez Organization* and the *Carrillo Fuentes Organization* as Tier I traffickers.

OFAC’s Counter-Narcotics staff

OFAC’s counter-narcotics staff has approximately 10 investigators, who are assisted by an Attaché and Assistant Attaché in Bogotá, an Attaché in Mexico City, and an Attaché in Abu

Dhabi. By the end of August 2009, Mexico City will also have an Assistant Attaché. Five investigators in OFAC's Washington, D.C. headquarters are assigned to investigate the financial networks of Mexican drug traffickers, while the remaining five investigate narcotics trafficking networks in Colombia, Afghanistan, Pakistan, Burma, Africa, and elsewhere. Mexico City is also supported by investigators sent there on temporary duty for periods of 60-90 from OFAC headquarters.

OFAC and DEA

We don't do this in a vacuum. In particular, I should give credit to OFAC's unprecedented working relationship with DEA. While OFAC works with all the law enforcement agencies - as well as with State, Justice, Defense, Homeland Security, and the Intelligence Community - and has enjoyed many successes with them, OFAC's counter-narcotics designations sections and our three foreign Attaché offices work especially closely with DEA and its agents in the field. Instrumental to OFAC's success is DEA Financial Operations. Pursuant to a Memorandum of Agreement between OFAC and DEA, since 1999, OFAC has assigned one investigator to work part-time at DEA Headquarters; and in the last several years this has been with DEA Financial Operations. DEA Financial Operations has also assisted OFAC with developing relationships in the field. In March of this year, an agent from Financial Operations travelled with OFAC representatives to meet with DEA offices in San Diego and Phoenix. As a result of these meetings, OFAC has developed closer working relationships with these field divisions. In fact, OFAC has one investigator temporarily assigned to DEA-Phoenix; and one investigator will soon be temporarily assigned TDY to DEA-San Diego. In addition, OFAC is analyzing an offer to position an investigator with DEA in Guadalajara, Mexico. I believe it is a mutually beneficial relationship that will and should continue. I want to thank

DEA, in particular DEA-Financial Operations, for their strong partnership in support to OFAC's counter-narcotics program.

The Colombia Model

The Kingpin Act is modeled upon the successful Colombia program – the original Specially Designated Narcotics Trafficker (“SDNT”) program. In 1995, President Clinton, invoking his powers under the International Emergency Economic Powers Act (IEEPA), found that there was a significant threat to the national security, foreign policy and economy of the United States posed by Colombian narcotics traffickers. On October 21, 1995, President Clinton signed Executive Order 12978, “Blocking Assets and Prohibiting Transactions with Significant Narcotics Traffickers.” The program has enjoyed enormous successes in the United States and in Colombia. OFAC's work has been instrumental in dismantling the Cali cartel and also key elements of the Norte Valle cartel. Additionally, the cooperation we receive from the Colombian government and the Colombian business and financial community is extraordinary. OFAC, through its Attaché office, works closely not only with other elements of the U.S. Embassy in Bogota, Colombia and U.S. law enforcement, but also with the Colombian *Fiscalia*, the Colombian National Police and the Colombian Financial Intelligence Unit (the *UIAF*), to identify and designate the financial and commercial networks of Colombian traffickers. Many non-U.S. banks have, as a routine practice, closed the accounts of all persons (individuals and entities) on OFAC's list. For example, many Latin American banks have advised OFAC that they rely on the list as part of their due diligence in identifying high-risk account holders. Non-U.S. companies that have no obligation to comply with U.S. sanctions often refuse to work for, supply, or otherwise do business with designated commercial enterprises or employ persons on

OFAC's list, thereby further isolating them commercially. As a result, designated persons are impeded from functioning effectively in the legitimate economy or business world.

OFAC-Bogota also works closely with the Colombian banks to shut down the banks accounts of those individuals and entities designated by OFAC. Though not required by Colombian law, Colombian banks, as a general rule, seeking to protect their reputation and correspondent banking relationships with U.S. banks, refuse services to anyone on OFAC's designation list. The cooperation we receive from the non-U.S. business and Colombian banking industry was originally an unexpected consequence of the sanctions program; and over the nearly 14 years of the SDNT program, it has become a routine practice as well as a large contributor to the program's success.

There are some differences between the Colombia program under IEEPA and the Kingpin Act, which targets Mexican traffickers as well as other drug kingpins around the world; but generally, the programs are very similar.

The Kingpin Act and Mexico

Since 2000, the President has identified 37 Tier I Kingpins in Mexico, and OFAC has designated just over 250 "Tier II" individuals and entities working for or on behalf of Mexican traffickers and their organizations. OFAC's Tier II designations have targeted the finances of the Arrellano Felix Organization, the Arriola Marquez Organization, the Amezcua Contreras Organization and also of Sinaloa drug cartel leaders, Joaquin "Chapo" Guzman Loera, Victor Cazares Salazar, and Ismael "Mayo" Zambada Garcia. In December 2007, OFAC targeted Tier I Kingpin Victor Cazares Salazar and his sister Blanca Cazares Salazar, a key Sinaloa Cartel money launderer. Included in this designation action package were a popular Tijuana restaurant, several unregulated money service businesses, and a 20-store chain of jewelry and cosmetic

boutiques. Additionally, after the designation, OFAC supplied Mexican authorities with information related to several of the designated individuals, and Mexican authorities were able to arrest 6 individuals on money laundering charges.

In October 2008, OFAC designated ten individuals and 6 entities associated with a pseudoephedrine diversion cell operating on behalf of the Amezcua Contreras Organization – a methamphetamine organization. The focus of the designation was *Productos Farmaceuticos Collins*, a company long suspected of diverting pseudoephedrine to methamphetamine producers. After the designation, the Mexican PGR came forward and linked this pseudoephedrine diversion cell with *La Familia Michoacana*, which, as I mentioned, President Obama subsequently identified on April 15, 2009 as a Tier I trafficker. U.S. banks blocked approximately \$2.7 million in the United States, and a \$2 million contract to purchase an airplane was cancelled as a result of this designation.

President Calderon's resolve to combat drug trafficking organizations in Mexico has led to increased cooperation and sharing of information between Mexican authorities and OFAC. For example, since President Calderon took office in 2006, Mexican law enforcement has consulted with OFAC regarding seizure warrants issued against the Arrellano Felix Organization. OFAC's May 2007 designation targeted Ismael "Mayo" Zambada and his network of key family members and criminal associates. Vicente Zambada Niebla, the son of "Mayo" who was among the May 2007 designees, was arrested in March of this year.

OFAC sanctions work in part because they expose and delegitimize businesses owned or controlled by drug traffickers, identifying them as money laundering fronts used to penetrate the legitimate economy with the proceeds of illicit action. In addition, OFAC sanctions are an encouragement to Mexican authorities to take action, therefore diminishing the impact of

possible corruption or intimidation by drug traffickers. Blanca Cazares Salazar's jewelry and cosmetics chain, *CHIKA's*, is a good example. Cazares Salazar's group of six interrelated companies centered around *CHIKA'S*, a chain of approximately 20 jewelry and cosmetics boutiques located in eight Mexican states, which are operated by *Sin-Mex Importadora S.A. de C.V.* in Mexico City and *Comercializadora Jalsin S.A. de C.V.* in Guadalajara, Jalisco. This particular network of Blanca Cazares Salazar front companies also uses the entities *Comercializadora Toquin*, *Comercial Joana*, *Comercial Domely* and *Comercializadora Brimar's* to facilitate the stores' transactions both internationally and within Mexico.

OFAC continues to target an organization even if as it evolves to evade OFAC sanctions. OFAC has seen organizations blatantly incorporate new companies in order to attempt to "get around" OFAC sanctions. The drug trafficking organizations can run, but they can't hide. OFAC doesn't stop after one round of designation. The Arrellano Felix Organization, which is near decimation, has been an OFAC target in six Tier II actions.

OFAC is beginning to see voluntary compliance in Mexico similar to that we experience in Colombia. Screening against the OFAC list in Colombia has become the norm. The same has not been true in Mexico, despite an increase in voluntary compliance. However, in the past two to three years, OFAC has observed that the Mexican banks are increasingly willing to screen the OFAC list; and, consequently, Mexican banks have identified and/or blocked considerable sums of money pursuant to investigations by Mexican authorities which are tied to OFAC's targets. Mexican banks have also reached out to banking authorities for guidance on how to handle assets associated with individuals or entities on the OFAC list. OFAC continues to work with the Mexican banking industry. The OFAC Attaché in Mexico City regularly meets with leaders from the various Mexican banks. Also, for the past six years, the OFAC Attaché and sometimes

other OFAC officials have attended the annual Mexican Bank Association Conference on the Prevention of Money Laundering and Terrorist Financing, including presentations by the OFAC Director and Attaché.

In addition to our work with DEA, ICE, FBI and other government agencies and our cooperation with Mexican law enforcement, OFAC conducts its own investigations generated by leads arising from previous designations. An OFAC designation will generally result in the identification of assets in Mexico, the U.S. or elsewhere. OFAC will follow-upon these leads and “follow the money.”

Impact of Counter-Narcotics Sanctions

According to Colombian narcotics traffickers, there are three things that they fear: 1) arrest and extradition to the United States; 2) seizure of assets; and 3) **OFAC’s SDN List**. Interviews of Mexicans placed on OFAC’s list for acting for or on behalf of drug traffickers suggest that Mexican traffickers feel the same way. Traffickers fear the OFAC list because OFAC sanctions work. Drug traffickers rely on a vast support network, including money launderers, transportation, logistics, procurement, communications, security and other personnel, to support their nefarious activities. They need to disguise their enormous profits in ostensibly legitimate businesses – drug stores, pharmaceutical manufacturers, real estate companies, a beach front resort, an armored truck company, a restaurant, a retail chain, cattle businesses, a working dairy farm, daycare centers, money service businesses. All of these illicit businesses undermine the integrity of the financial system. Working closely with our law enforcement partners in the U.S. and in Mexico, OFAC is working hard to identify the individuals working on behalf of and materially assisting the drug trafficking organizations. OFAC sanctions enable us

not only to protect the integrity of the financial system, but to also strike hard at the heart of the financial operations of illicit actors.

The April identification of three drug trafficking organizations is an expansion of a nine-year program under the Kingpin Act. It lays the groundwork for OFAC to deny these groups and those who work on their behalf access to the U.S. financial system, prohibiting them from all trade and transactions with U.S. companies and individuals, and immobilizing any assets they may have under U.S. jurisdiction. Pursued in concert with Mexican authorities, these actions can lead to asset blockings and forfeitures and other Mexican law enforcement operations that hit the cartels where it hurts. As we have seen in other parts of the world, this two-pronged attack can disrupt and even disable drug cartels as they lose access to their bank accounts, corporate holdings, and property. President Obama's announcement is just the beginning of the disruption and isolation of the Sinaloa Cartel, Los Zetas and La Familia Michoacana.

Illicit Arms Traffic

I also want to briefly describe how OFAC can assist in the pursuit of and impeding illicit arms traffickers. Under its Kingpin Act authorities, OFAC may designate for sanctions those "materially assisting" the narcotics trafficking activities of a Tier I kingpin. Similarly, OFAC may designate as a Tier II kingpin derivative, those who are acting for or on behalf of or who are owned or controlled by individuals or organizations already named as either Tier I kingpins or Tier II derivatives. Thus, those persons in Mexico involved in the illicit arms trade could be subject to designation under the Kingpin Act. Additionally, those U.S. companies or individuals supplying arms to persons designated under the Kingpin Act may be subject to criminal penalties up to \$10,000,000 per corporation, 10 years in prison for ordinary individuals, and up to 30 years in prison and/or \$5,000,000 in fines for corporate officers, directors, or agents. There are also

civil penalties of up to \$1,075,000. OFAC has begun discussions with the ATF to determine how to utilize these Kingpin Act authorities in addition to those already available to ATF, ICE, and CBP.

Conclusion

The Kingpin Act program administered by OFAC provides a powerful mechanism for acting against the threat to the United States posed by foreign narcotics cartels whether in Mexico or elsewhere. In the case of our southern neighbor, OFAC's employment of the Kingpin Act authorities provides a growing opportunity for partnership in combating the scourge of the drug trafficking organizations. It is a force multiplier, and it presents opportunities not only in support of efforts by DEA and other U.S. criminal enforcement agencies, but also to Mexican authorities. The Kingpin Act is an important element in achieving a unity of effort among U.S. federal, state and local agencies and with our Mexican government counterparts, and in disrupting the infrastructures of the drug trafficking organizations and making the cost personal to the individuals who lead them.

Thank you very much for the opportunity to be here today. I welcome any questions.

Chairman TOWNS. Thank you so much for your testimony. Thank you.

To the Members, we have votes again. I understand there are three votes. What I would like to do, if we can finish the panel, because we do not know whether there will be some procedural votes or not, so we are not sure how long it will take. So what I would like to do, I would like to yield myself 2 minutes and then yield the ranking member 2 minutes and then yield you 2 minutes, and then we will be able to sort of finish up without having to delay them for the next hour or so.

So let me begin by, first of all, asking, you know, the average person has difficulty relating to the fact that we have problems in terms of the drug problems in Mexico. What do we say to the average person out there that we are concerned about what is happening in Mexico? How do we really explain that? Anyone. I guess Mr. Placido or Mr. Kibble. How do we explain to them our interest and our concerns?

Mr. PLACIDO. Certainly. Sir, it is an excellent question and I would answer it this way, that there is no country on the face of the earth that is probably more important to the United States than Mexico is to us. We share not only a common border, but immigration issues, trade, economy, the air we breathe, the water we drink, the water we use for irrigation and agriculture.

We are closely intertwined, and the national security implications of corruption, intimidation, violence, and instability in Mexico threaten us gravely because of our integrated economy and the integrated nature of our societies. I think it is not only a source of drugs, much of the drugs that are consumed and abused in the United States, but instability south of our border creates problems on a much broader scale.

Chairman TOWNS. Yes, go ahead, Mr. Kibble.

Mr. KIBBLE. Sir, the one thing I would add is it also, from the homeland security standpoint, represents a vulnerability in terms of our borders, and we have to be concerned that any smuggling network that can arbitrarily introduce contraband across our borders, we have to be concerned about them either knowingly or unknowingly facilitating the introduction of national security threats into the homeland. So, for those reasons, from the ICE perspective and the cross-border criminal network perspective, we need to leverage all of our efforts collectively to shut down these networks.

Chairman TOWNS. I yield to the gentleman from California.

Mr. BILBRAY. I appreciate ICE's comments about anything and anyone who crosses the border without being checked is a potential threat. So we have to tie that together.

I am going to ask about the Merida Initiative, but, up front, the laundering of the profits is something we don't talk enough about, and we have traditionally RICO provisions here—and anybody can jump into this—the requiring viable identification at the time that any individual opens a bank account.

The previous administration not only did not enforce it, but endorsed bank accounts being opened with less than secure identification. You know exactly what I am talking about. Are we doing anything to shut down that opportunity to have thousands of bank accounts opened up to where we really don't know who opened those

accounts? Are we going back and addressing these issues where we are requiring now a viable ID be issued before we open an account, the way it used to be before the previous administration? Anybody want to comment on that?

Mr. MCBRIEN. Mr. Bilbray, I am from Treasury, but I have to admit that I am not in a position to comment on that because that is not part of what the Office of Foreign Assets Control deals with.

Mr. BILBRAY. I just tell you in San Diego it is a hot issue that you can go to any consulate, get a consulate card without any ID to prove that you are who you say you want to be; and not only were the banks allowing it, but they were condoned by the Bush administration, opening these accounts with no oversight to prove that this was a viable ID. Why have a law if we are not going to apply it to everybody? So I raise that.

What are we doing with the Merida Initiative? I am very concerned about two things. Anyone who participates in Mexico in our process, they and their families are going to be suspect. Is there anybody here who can talk about this openly and how we are cooperating and how we are training and how we are supplying Mexico to win the war on their soil before it gets to ours?

Mr. PLACIDO. Certainly, sir. Excellent question. I think, as was said on the first panel, there was concern that—I think the way it was characterized is we are one assassination away from having the Merida plan fail. I don't know that I would go that far, but I would certainly say that the Mexican partners with whom we work are extraordinarily vulnerable for their participation with us and for their bold and decisive actions against the cartels.

In response to that, there is a great deal of work going on and, under Merida, some of the things that are going on are executive protection plans and training for senior level officials; of course, the vetting that has been discussed in terms of the integrity and the capability of the people that we work with; but there is also institution building, and I think that is the long-term piece of this, is to build up and develop the courts and the prosecutor cadre so that they take on this problem internally in their own country and break the impunity of these criminal organizations is the long-term solution.

Mr. BILBRAY. Mr. Chairman, I know my time has expired. I want to point out that one of the crisis—to show you how tough it is—to hold court, you have to hide the identity of the judge, because they not only assassinate judges, they assassinate families.

I am going to make a public statement. I think the Merida Initiative should bring young people in from the central part of Mexico and the south, bring them into the United States, we train them here, we keep them here until they are able to do their operations, because as soon as you identify them in Mexico, their family and they are at risk; and as soon as you leave them long periods of time in that environment, they are susceptible for influence by the cartels.

So, as a layman who has worked on criminal justice issues along the border a long time, I think we need to be serious about bringing these young men into the United States, train them, keep them here, and allow them to do their job in Mexico when they need to

be done, but protect them and their families while they are doing those jobs.

Thank you very much, Mr. Chairman. I appreciate it.

Chairman TOWNS. Thank you very much.

We are running out of time here, we have to go vote.

What can we do to assist you in making certain that you are very successful in your endeavors? What can the Congress do? In other words, let's switch roles for a moment.

Mr. PLACIDO. Well, sir, Mr. Chairman, I appreciate the question. I think the first thing all the witnesses at this table would have to say is we support the President's budget.

But clearly resource constraints are an issue that face us. With \$1.4 billion over 3 years projected in the Merida Initiative to assist the governments of Mexico and Central America, there has been relatively little spent on the domestic side of this equation to help the U.S. agencies that must work with them. We are doing the best that we can to prioritize our resources and work within the existing budget constraints, but it is difficult to increase the operational temp of our foreign counterparts without a corresponding ability to do something on the U.S. side.

Mr. BILBRAY. You want to comment on the lack of jail space?

Mr. PLACIDO. Outside of my bailiwick, sir.

Mr. BILBRAY. Anybody want to comment on that? OK, for the record, we are grossly deficient where we have to choose winners and losers, and this is not a time to do that.

Thank you, Mr. Chairman. I appreciate the hearing.

Chairman TOWNS. Thank you very much.

Just quickly for the record, DEA and ICE, you guys getting along now? [Laughter.]

Mr. PLACIDO. Yes, we are, sir.

Chairman TOWNS. We purposely put you together. Thank you very much.

Mr. BILBRAY. So you are not deporting his mother? That is nice of him.

Chairman TOWNS. Let me just say, first of all, that completes the questioning of this panel. Of course, I would like to give the Members an opportunity to put their opening statements in the record. Without objection, so ordered.

Let me just thank all of you witnesses and Members who attended this hearing today. Please let the record demonstrate my submission of a binder with the documents relating to this hearing. Without objection, I enter this binder into the committee record.

Without objection, the committee stands adjourned. Thank you so much for coming.

[Whereupon, at 2:18 p.m., the committee was adjourned.]

[The prepared statements of Hon. Diane E. Watson and Hon. Gerald E. Connolly and additional information submitted for the hearing record follow:]

Opening Statement
Congresswoman Diane E. Watson
Full Committee Hearing
Committee on Oversight and Government Reform
Thursday, June 8, 2009
10:00 A.M.

"The Rise of the Mexican Drug Cartels and U.S. National Security"

Mr. Chairman, thank you for holding this important hearing which will examine the Federal Government's efforts to combat drug smuggling in the United States, violence associated with Mexican drug cartels, and progress made in combating drug trafficking on the Southwest border region.

Over the past ten years Mexico has become a major hub for the production and transportation of illicit drugs. According to the Congressional Research Service, Mexico is now the main foreign supplier of

marijuana and a major supplier of methamphetamine to the U.S.

Even though there has been a significant rise in drug related violence in Mexico it has failed to spill over into the United States. However, I do have major concerns about the relationship between the potential role Los Angeles gangs have in drug violence in Mexico. My main concern is if any of this violence is related to South Los Angeles gangs such as the Mexican Mafia and 18th Street. These gangs have a long history of family ties, extreme violence, and tremendous influence in Mexico. I hope if there is any connection between these gangs and drug related violence in Mexico that the panelists can elaborate a little more.

Over the past ten years, Los Angeles has experienced an increase in violence between Blacks and Latinos. A lot of this violence has been attributed to hate or gang related incidents, but I think there may be an underlining conflict over drug territory.

Mr. Chairman, thank you again for holding this hearing and I look forward to the testimonies of our panelists, and yield back the reminder of my time.

Opening Statement of Congressman Gerald E. Connolly
“The Rise of Mexican Drug Cartels and U.S. National Security”
Committee on Oversight and Government Reform
July 9th, 2009

Thank you, Chairman Towns for convening this important hearing. With such a complex topic we will have an opportunity to explore many policies that could reduce drug-related violence in the United States. I would like to focus on two topics: the role of guns in Mexican drug cartels and the possibility of advanced crime reduction campaigns to break apart drug rings.

According to the Bureau of Alcohol, Tobacco, and Firearms (ATF), approximately 87% of guns used by Mexican cartels can be traced to U.S. sources. As reported by USA Today, the ATF found that as many as 2,000 guns from America enter Mexico daily. In a report issued this year, the GAO states, “Available evidence indicates many of the firearms fueling Mexican drug violence originated in the United States, including a growing number of increasingly lethal weapons.” Fully 40% of guns obtained in the U.S. are acquired via sales without a background check either from gun shows or private sources. It is imperative to identify how criminals involved in the drug trade use guns acquired from U.S. sources to conduct their trade, because that has a direct impact on spillover violence that can affect innocent Americans and destabilize communities. When I recently met with the Mexican Attorney General he identified the flow of guns across the U.S. border as his number one concern with respect to combating drug-related violence in his country. Here are some examples of how the gun show loophole has enabled criminals to use guns in Mexican drug-related violence:

- In December 2007, ATF agents seized a cache of 62 military grade weapons, many of which had been purchased at gun shows. The shipment, which included AK-47's, other assault rifles, handguns and an Uzi, was intended for gang members in Mexico and Los Angeles.
- One ATF investigation found that one arms trafficker - a convicted felon - regularly purchased weapons at gun shows and trafficked more than 1,000 arms across the border to Mexico. One of the guns was recovered in a raid of a Mexican drug czar's apartment and another was used in a shoot-out where two Mexican military officials were killed.
- In February 2001, a 15-month ATF investigation of Arizona gun shows culminated in 181 arrests and the seizure of more than 1,500 guns. The investigation began after law enforcement witnessed a convicted murderer purchasing a gun in a private sale. One Tucson vender sold guns to a federal agent after being told they were to be trafficked to Mexico, while another was found in possession of some seventy guns connected to homicides and other crimes.

- J&W Gunsmith sold large quantities of guns to Lowell Ronald Wilson, a convicted felon, who would then resell the firearms at area gun shows. One of the firearms sold by Wilson at a gun show was used to kill police officer Michael Moore in Garland, Texas on February 15th, 1997, while other firearms sold by Wilson at guns shows were recovered in crimes committed in Mexico, Virginia, and Illinois.

I would hope that this hearing could help identify avenues by which guns are acquired, transported, and used by criminals associated with Mexican drug cartels, because that could shed light on policies that could restrict the supply of guns to drug dealers.

Following the failure of “three strikes,” mandatory probation, and other approaches to punishment for crime, criminologists have made significant progress developing comprehensive crime reduction programs that use a range of prevention, intervention, and punishments. For example, John Jay College professor David Kennedy developed a gang reduction strategy called Ceasefire that has led to dramatic reductions in gang related violence in Cincinnati, Ohio, Providence, Rhode Island, and High Point, North Carolina. The Ceasefire program combined prevention activities such as counseling and job placement with intervention targeted at individual gang members and more aggressive investigations to catch criminals who did not respond to prevention or intervention. Ceasefire relies on thorough knowledge of the leadership structure of gangs to dismantle them member by member, similar to the military’s attempts to break down Al Qaeda’s leadership.

In Fairfax County, we had similar success with a comprehensive gang reduction strategy based on prevention and intervention, reducing school-aged gang participation by 50%.

I look forward to exploring these and other topics at today’s hearing and thank the Chairman for creating this opportunity for us to be involved in this very important issue.

EDOLPHUS TOWNS, NEW YORK
CHAIRMAN

DARRELL E. ISSA, CALIFORNIA
RANKING MINORITY MEMBER

ONE HUNDRED ELEVENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
2157 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6143

Majority (202) 225-5051
Minority (202) 225-5074

June 4, 2009

The Honorable Eric H. Holder, Jr.
Attorney General of the United States
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, D.C. 20535

The Honorable Janet Napolitano
Secretary of Homeland Security
U.S. Department of Homeland Security
Washington, D.C. 20528

Dear Attorney General Holder and Secretary Napolitano:

Under Rules X and XI of the Rules of the House of Representatives, the Committee on Oversight and Government Reform is continuing its examination of Federal efforts to combat drug smuggling on the U.S. Southwest border. Mexico's Northern border communities have experienced unprecedented violence over the past eighteen months. While the drug-related violence has remained largely within Mexico, concerns have surfaced that activities associated with Mexico's drug cartels are increasingly present in the United States. Indeed, press reports point to a number of cartel-related kidnappings in Arizona, while other reports document the presence of cartel distribution activities in a number of major U.S. cities. Though there is little evidence that innocent Americans are being targeted by cartels, there remains the possibility that this violence could ultimately manifest itself more broadly in U.S. communities, which are used as a base for storing or distributing drugs.

In the course of the Committee's investigation, however, an important issue related to coordination and cooperation between two key counternarcotics agencies has surfaced. This issue, which is the subject of this letter, should be urgently addressed by your respective offices, and we look forward to working with you on how best to proceed.

The Drug Enforcement Administration (DEA), an agency within the Department of Justice, is the Federal law enforcement agency whose primary mission is to enforce the

The Honorable Eric H. Holder, Jr.
The Honorable Janet Napolitano
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controlled substances laws and regulations of the United States. As part of its mission, DEA attempts to interdict drug smuggling and to dismantle or disrupt drug trafficking networks and organizations, both domestically and internationally. Currently, DEA operates in all 50 states and has offices in more than 67 countries throughout the world. Immigration and Customs Enforcement (ICE), an agency within the Department of Homeland Security, focuses on enforcement of immigration and customs laws within the United States. Its mission is to protect national security by deterring, interdicting, and preventing the unlawful movement of people and goods, including illegal drugs, across U.S. borders. ICE also has a sizable international presence with more than 50 offices abroad.

While both DEA and ICE remain actively involved in counternarcotics, full collaboration and cooperation between the two agencies continues to face challenges. In 1994, DEA and the U.S. Customs Service (now ICE)¹ entered into a complex memorandum of understanding (MOU) which was originally designed to enhance drug enforcement strategy and collaboration. This MOU permitted DEA to cross-designate Customs agents to enforce controlled substance laws in Title 21 of the United States Code. The purpose of this MOU was to enhance the overall drug enforcement strategy of the Federal Government by allowing Customs agents to pursue drug investigations when drugs were being smuggled across a border or through a point of entry. It was also envisioned that this MOU would promote coordination, cooperation, and communication between the two agencies. Finally, this MOU was supposed to provide a formal framework for both agencies to “de-conflict” activities related to counternarcotics operations and investigations and, thereby, avoid dangerous, duplicative activities that could jeopardize both law enforcement personnel and complex cases.

A recent study by the Government Accountability Office (GAO), however, found that disputes about how to interpret the 1994 MOU have plagued both agencies since its inception and continue to hinder cooperation between the two agencies today.² For example, while authorizing cross-designated ICE agents to investigate organizations and individuals across U.S. borders or through ports of entry, the MOU fails to define strict parameters for what constitutes a “border” or “port-of-entry” smuggling investigation. Consequently, ICE interprets its enforcement authority under the MOU as being applicable to all ICE investigations of drug trafficking that have a demonstrated nexus to the border, including investigations that extend into the U.S. interior. According to GAO’s analysis, DEA’s view of what constitutes a “port of entry” or “border smuggling” investigation, however, is far narrower in scope.³ The friction related to this MOU is particularly pronounced when border or port-of-entry cases take ICE agents into the interior of the U.S. to conduct counternarcotics operations (such as controlled deliveries) or related investigations.

¹ ICE was created in 2003 under the Homeland Security Act of 2002. Before 2003, many of ICE’s functions were performed by elements within the United States Customs Service, the Immigration and Naturalization Service, and the Federal Protective Service.

² See “Drug Control: Better Coordination with the Department of Homeland Security and an Updated Accountability Framework Can Further Enhance DEA’s Efforts to Meet Post-9/11 Responsibilities,” GAO-09-63, United States Government Accountability Office, March 2009.

³ Id.

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The Honorable Janet Napolitano
Page 3

GAO's evaluation also found that confusion in this MOU has led to a disagreement between the two agencies regarding the scope of supervision that DEA must exercise over ICE during a drug-related investigation. This has led to frustration by officials from both agencies, with some ICE officials now officially seeking formal statutory Title 21 authority. Because the 1994 MOU lacks clarity and has thus resulted in confusion, important counternarcotics collaboration between the two agencies has suffered.⁴

Indeed, as part of the Committee's investigation into Southwest border violence and drug smuggling, problems related to collaboration and coordination between DEA and ICE have recently surfaced on a number of occasions through staff interviews and visits to drug enforcement-related facilities. Committee staff was repeatedly told by both DEA and ICE officials that problems between the two agencies involving coordination related to counternarcotics activities persist. This includes areas related to drug investigations generally, and the sharing of critical counternarcotics information related to ongoing criminal organizations or related activities. As one example of this failure to adequately collaborate, both DEA and GAO have raised concerns that ICE is providing only limited information to the Special Operations Division and is not participating in the Organized Crime Drug Enforcement Task Force Fusion Center (OCDETF Fusion Center). These entities, both of which were visited by Committee staff, are sophisticated coordination centers designed to bring information and law enforcement agencies together to enhance federal counternarcotics capabilities.

In an effort to enhance drug enforcement capabilities, increase overall efficiency, and prevent potentially dangerous duplication of effort between the two agencies, GAO made a number of significant recommendations in its March 2009 report. The recommendations essentially direct both the Attorney General and the Secretary of Homeland Security to expeditiously and jointly develop a new MOU or other mechanism to "(1) clarify their respective departments' counternarcotics roles and responsibilities, particularly those of DEA, ICE, and CBP [U.S. Customs and Border Protection], (2) provide efficient procedures for cross-designating ICE agents to conduct counternarcotics investigations, and (3) standardize procedures for handling illegal drugs seized at the nation's borders and making referrals to DEA."⁵ GAO also recommended that to further agency cooperation in combating drug smuggling and to help improve operations across both ICE and DEA, the Secretary of DHS should: (1) direct ICE to contribute all relevant drug-related information and data to the Special Operations Division; and (2) ensure that ICE fully responds and that the Secretary of Homeland Security should: (a) direct ICE to participate in the OCDETF Fusion Center; and (b) ensure that ICE fully responds.⁶

Committee staff met with senior officials from both DEA and ICE to better understand the path forward for both agencies regarding this important matter. According to staff, it was not clear that a mutual plan exists on how to reconcile these differences or whether the GAO recommendations would be fully implemented. Given the nature of the ensuing violence along the Southwest border, and the lessons that should have already been garnered as a result of law

⁴ Id.

⁵ Id., page 54.

⁶ Id., pages 54-5.

The Honorable Eric H. Holder, Jr.
The Honorable Janet Napolitano
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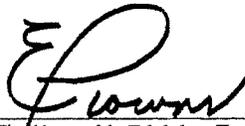
enforcement agencies failing to adequately coordinate before 9/11, we urge you to direct your attention to addressing the issues raised in the GAO report. Moreover, we are specifically asking that you address the following:

1. To what extent and how do both DOJ and DHS (through your direction) intend to fully and timely implement the recommendations made with regard to DEA and ICE by GAO's March 2009 report (GAO-09-63)? In your respective roles as Attorney General and Secretary of Homeland Security, please describe the process (and time table) that will be used to implement those recommendations and the efforts you have made to date to implement those recommendations, or alternatively, please explain why the departments do not intend to implement the recommendations.
2. In meetings with agency officials, Committee staff found that it was not clear who at either the Department of Justice or the Department of Homeland Security would be the lead representative for pursuing a strategy for resolving the ongoing collaboration and coordination concerns raised by the GAO report and observed by staff as part of this Committee's investigation. Please describe whether a strategic plan exists for pursuing these concerns and who from each Department will be responsible for addressing them. As part of this effort, please also provide expected milestones for setting up a framework to address these concerns. Also, please advise whether any department-level officials have been involved in attempting to resolve differences between the components or whether the departments have sought assistance from DOJ's Office of Legal Counsel.
3. Please address whether your respective Department believes that the changes associated with GAO's formal recommendations, specifically those designed to enhance collaboration between DEA and ICE, will require legislation or whether you believe these changes can be addressed administratively, such as through a revised MOU. What is the basis for this view?
4. Please indicate specifically what issues have been preventing ICE from providing all drug-related information to the Special Operations Division and joining the OCDETF Fusion Center. Also, senior ICE officials intimated to staff that they expected ICE to be a full participant of both centers shortly. Please provide an estimated date for when ICE expects to be a full participant in both centers, and please describe and explain whether there are any anticipated limitations to ICE's participation.
5. Pursuant to 31 U.S.C. § 720, when GAO makes a report that includes a recommendation to the head of an agency, the head of the agency must submit a written statement on the action taken and submit that statement to the House Committee on Oversight and Government Reform and the Senate Committee on Governmental Affairs before the 61st day after the date of the report. Based on the date of the GAO report (March 20, 2009), we calculate May 20, 2009 to be the due date for your written statements to our committee. What is the status of these statements?

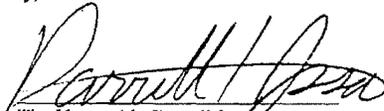
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Thank you very much for your consideration of these important law enforcement matters. Please provide a response no later than June 12, 2009. Should you have any questions about this request, please contact Christopher Knauer or Kevin Barstow of the Majority staff or Tom Alexander of the Minority staff at 202-225-5051 or 202-225-5074, respectively. Given the ongoing concerns related to drug smuggling violence along the Southwest border, your prompt attention to this matter is greatly appreciated.

Sincerely,



The Honorable Edolphus Towns
Chairman
Committee on Oversight and
Government Reform



The Honorable Darrell Issa
Ranking Minority Member
Committee on Oversight and
Government Reform

NATIONAL SOUTHWEST BORDER COUNTERNARCOTICS STRATEGY



OFFICE OF NATIONAL DRUG CONTROL POLICY

June 2009

NATIONAL SOUTHWEST BORDER COUNTERNARCOTICS STRATEGY



OFFICE OF NATIONAL DRUG CONTROL POLICY

June 2009

MESSAGE FROM THE DIRECTOR

I am pleased to transmit the 2009 National Southwest Border Counternarcotics Strategy, consistent with the provisions of Section 1110 of the Office of National Drug Control Policy Reauthorization Act of 2006 (Public Law 109-469).

The original National Southwest Border Counternarcotics Strategy was published in 2007 and focused primarily on what the entities of the U.S. Federal Government could do to prevent the illegal trafficking of drugs across the border with Mexico. In the time since, Mexican President Felipe Calderon has embarked on a courageous campaign to break the power of the drug cartels operating in his country. Through the Merida Initiative, the United States is supporting Mexico's efforts and helping to strengthen law enforcement and judicial capacities in the region. As the cartels battle the Mexican Government and one another, we have seen significant disruptions in the availability of such drugs as cocaine and methamphetamine in U.S. markets. There has also been a significant increase in violence within Mexico, making the need for a revised National Southwest Border Counternarcotics Strategy all the more important as part of a comprehensive national response.

As a result of the changing situation on the border, the 2009 National Southwest Border Counternarcotics Strategy has expanded its focus beyond stemming the inbound flow of illegal drugs from Mexico. It also recognizes the role that the outbound flow of illegal cash and weapons plays in sustaining the cartels and addresses this threat in two dedicated chapters. The strategy also is the result of an expanded consultation process, including more thorough coordination with Congress, State and local authorities, and the Government of Mexico.

I would like to thank the Department of Homeland Security, Office of Counternarcotics Enforcement, and the Department of Justice, Office of the Deputy Attorney General, for the leadership role they played as Executive Agents in the development of this strategy. Along with the Merida Initiative; the Administration's recently announced increases in border related personnel and equipment; the development of the Department of Homeland Security's operations plan for border related contingencies; and our national effort to reduce the demand for illegal drugs at home, the National Southwest Border Counternarcotics Strategy is a key component of our comprehensive national response to the threat along the border. I thank the Congress for its support and ask that it continue to support this critical endeavor.



R. Gil Kerlikowske
Director
Office of National Drug Control Policy

[Complete Rpt. Available at Cmte.
of ONDCP office records]

June 2009

**FIREARMS
TRAFFICKING**

**U.S. Efforts to Combat
Arms Trafficking to
Mexico Face Planning
and Coordination
Challenges**



June 2009

G A O
Accountability Integrity Reliability

Highlights

Highlights of GAO-09-709, a report to congressional requestors

Why GAO Did This Study

In recent years, violence along the U.S.-Mexico border has escalated dramatically, due largely to the Mexican government's efforts to disrupt Mexican drug trafficking organizations (DTO). U.S. officials note the violence associated with Mexican DTOs poses a serious challenge for U.S. law enforcement, threatening citizens on both sides of the border, and U.S. and Mexican law enforcement officials generally agree many of the firearms used to perpetrate crimes in Mexico are illicitly trafficked from the United States across the Southwest border. GAO was asked to examine (1) data on the types, sources, and users of these firearms; (2) key challenges confronting U.S. government efforts to combat illicit sales of firearms in the United States and stem the flow of them into Mexico; (3) challenges faced by U.S. agencies collaborating with Mexican authorities to combat the problem of illicit arms; and (4) the U.S. government's strategy for addressing the issue. GAO analyzed program information and firearms data and met with U.S. and Mexican officials on both sides of the border.

What GAO Recommends

GAO is making recommendations to several departments, including the Departments of State, Homeland Security, and Justice, to improve interagency coordination, data gathering and analysis, and strategic planning. State and DHS agreed with our recommendations. Justice did not comment on our recommendations.

View GAO-09-709 or key components. For more information, contact Jess T. Ford at (202) 512-4128 or fordj@gao.gov.

FIREARMS TRAFFICKING

U.S. Efforts to Combat Arms Trafficking to Mexico Face Planning and Coordination Challenges

What GAO Found

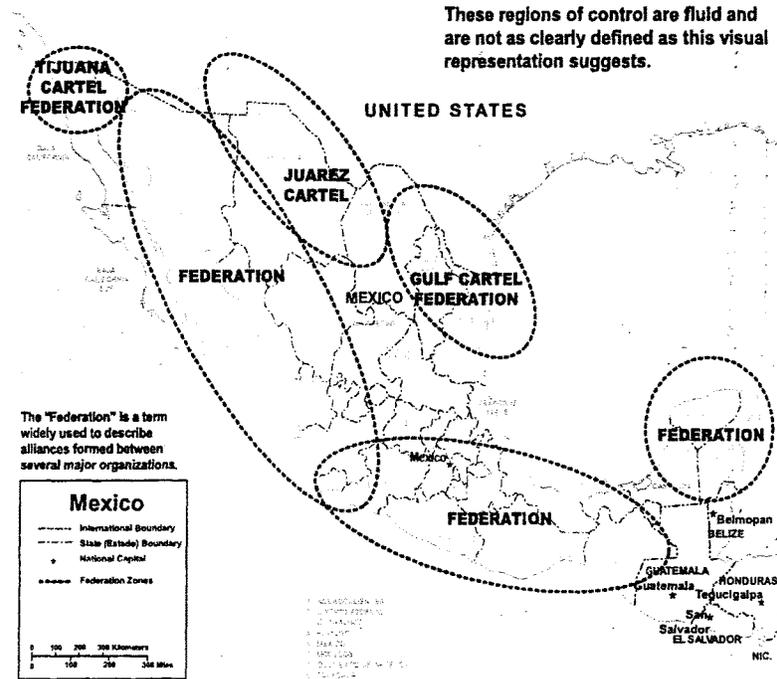
Available evidence indicates many of the firearms fueling Mexican drug violence originated in the United States, including a growing number of increasingly lethal weapons. While it is impossible to know how many firearms are illegally smuggled into Mexico in a given year, about 87 percent of firearms seized by Mexican authorities and traced in the last 5 years originated in the United States, according to data from Department of Justice's Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). According to U.S. and Mexican government officials, these firearms have been increasingly more powerful and lethal in recent years. Many of these firearms come from gun shops and gun shows in Southwest border states. U.S. and Mexican government and law enforcement officials stated most firearms are intended to support operations of Mexican DTOs, which are also responsible for trafficking arms to Mexico.

The U.S. government faces several significant challenges in combating illicit sales of firearms in the United States and stemming their flow into Mexico. In particular, certain provisions of some federal firearms laws present challenges to U.S. efforts, according to ATF officials. Specifically, officials identified key challenges related to restrictions on collecting and reporting information on firearms purchases, a lack of required background checks for private firearms sales, and limitations on reporting requirements for multiple sales. GAO also found ATF and Department of Homeland Security's (DHS) U.S. Immigration and Customs Enforcement, the primary agencies implementing efforts to address the issue, do not effectively coordinate their efforts, in part because the agencies lack clear roles and responsibilities and have been operating under an outdated interagency agreement. Additionally, agencies generally have not systematically gathered, analyzed, and reported data that could be useful to help plan and assess results of their efforts to address arms trafficking to Mexico.

U.S. law enforcement agencies have provided some assistance to Mexican counterparts in combating arms trafficking, but these efforts face several challenges. U.S. law enforcement assistance to Mexico does not target arms trafficking needs, limiting U.S. agencies' ability to provide technical or operational assistance. In addition, U.S. assistance has been limited due to Mexican officials' incomplete use of ATF's electronic firearms tracing system, an important tool for U.S. arms trafficking investigations. Another significant challenge facing U.S. efforts to assist Mexico is corruption among some Mexican government entities. Mexican federal authorities are implementing anticorruption measures, but government officials acknowledge fully implementing these reforms will take considerable time, and may take years to affect comprehensive change.

The administration's recently released National Southwest Border Counternarcotics Strategy includes, for the first time, a chapter on combating illicit arms trafficking to Mexico. Prior to the new strategy, the U.S. government lacked a strategy to address arms trafficking to Mexico, and various efforts undertaken by individual U.S. agencies were not part of a comprehensive U.S. governmentwide strategy for addressing the problem. At this point, it's not clear whether ONDCP's "implementation plan" for the strategy, which has not been finalized, will include performance indicators and other accountability mechanisms to overcome shortcomings raised in our report.

Figure 2. Mexican Cartel Areas of Influence



Source: U.S. Drug Enforcement Administration, adapted by CRS (P. McGrath 3/2/2007)

From January 2000 through September 2006, the Mexican government arrested over 79,000 people on charges related to drug trafficking. Of these arrests, some 78,831 are low level drug dealers. Mexico also arrested 15 cartel leaders, 74 lieutenants, 53 financial officers, and 428 hitmen (*sicarios*).⁴ Mexican authorities arrested nearly 10,000 people on drug-related charges from December 2006 through August 2007.⁵ On August 16, 2006, the United States Drug Enforcement Administration (DEA) and Coast Guard arrested Tijuana cartel leader Francisco Javier Arellano Felix, along with other Tijuana cartel leaders, on a boat off the Mexican coast.⁶ His brother, Francisco Rafael Arellano Felix, was extradited to the United States in September 2006. In January 2007, Mexico extradited 15 persons wanted for prosecution in the United States, including four senior drug traffickers. The drug traffickers included Osiel Cárdenas Guillén, the alleged head of the

⁴ Procuraduría General de la República, *Memoria Sexenal 2001-2006 de Acciones y Resultados del Programa Nacional para el Control de las Drogas*, December 2006.

⁵ President Felipe Calderón, *Mensaje a la Nación*, September 2, 2007.

⁶ Terry Frieden, "Sources: Mexican Cartel Leader Captured," *CNN*, August 16, 2006, accessed at [<http://www.cnn.com>] on August 16, 2006.



Department of Justice

STATEMENT OF

WILLIAM HOOVER
ASSISTANT DIRECTOR FOR FIELD OPERATIONS
BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES
UNITED STATES DEPARTMENT OF JUSTICE

AND

ANTHONY P. PLACIDO
ASSISTANT ADMINISTRATOR FOR INTELLIGENCE DIVISION
DRUG ENFORCEMENT ADMINISTRATION
UNITED STATES DEPARTMENT OF JUSTICE

BEFORE THE

UNITED STATES SENATE
COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON CRIME AND DRUGS

CONCERNING

"LAW ENFORCEMENT RESPONSES TO MEXICAN DRUG CARTELS"

PRESENTED

MARCH 17, 2009

Chairman Durbin, Senator Graham and distinguished Members of the Subcommittee, the Department of Justice (the Department) is honored to appear before you today to discuss the Department's ongoing role in breaking the power and impunity of the Mexico-based criminal organizations that supply illicit drugs to the U.S., smuggle firearms from the U.S. into Mexico, and carry out unprecedented violence in Mexico and along the border.

No other country in the world has a greater impact on the drug situation in the United States than does Mexico: the result of a shared border, Mexico's strategic location between drug producing and consuming countries, and a long history of criminal enterprises with diversified poly-drug profit-minded approaches that specialize in cross-border smuggling. All four major drugs of abuse, cocaine, heroin, cannabis, and methamphetamine, are either produced in, or are transshipped through Mexico before reaching the United States. Mexico is an opium poppy-cultivating/heroin-producing country and nearly all of the heroin produced in Mexico is destined for the U.S. It is believed to be the number one foreign supplier of marijuana abused in the United States and marijuana is the top revenue generator for Mexican drug trafficking organizations; these proceeds are used to purchase weapons and corrupt public officials. Most foreign-produced methamphetamine enters the United States through Mexico. Although the Mexican government has made enormous strides in controlling the importation of the methamphetamine precursor chemicals, Mexican methamphetamine trafficking organizations are proving to be extremely resourceful in circumventing the strict regulatory measures put in place by the Calderon Administration. Moreover, upwards of

90 percent of the cocaine abused in the U.S. transits Mexico. Mexican traffickers dominate the retail distribution markets for all of the aforementioned drugs within the U.S. It is important to point out that they exploit the very same routes, methods and procedures that they use to smuggle drugs into the U.S. to move the bulk cash proceeds from the sale of drugs, as well as weapons and ammunition, back into Mexico.

That violence, which is fueled by Mexico's drug cartels, poses a serious challenge for U.S. and Mexican law enforcement and threatens the safety of innocent citizens on both sides of the border. Reports indicate that the drug war has left more than 6,000 dead last year and more than 1,000 dead so far this year. By far, most of the killings are trafficker on trafficker murders; however, some innocents have been caught in the crossfire. The violence also has been directed against law enforcement personnel, political leaders, and the press. The U.S Department of State has cautioned U.S. citizens who work and travel in Mexico to be wary of the ongoing danger in particular areas. Mexican President Felipe Calderon and Mexican Attorney General Eduardo Medina Mora have identified cartel-related violence as a top security priority and proclaimed the illegal trafficking of U.S.-source firearms to be the "number one" crime problem affecting the security of Mexico. Almost immediately following his inauguration as President of Mexico in December 2006, President Calderon, of his own volition, initiated a comprehensive program to break the power and impunity of the drug cartels. As a direct consequence of this effort, there has been a sharp spike in murders and violent crimes in Mexico, generating significant concern that cartel violence has escalated to the

level of an attack on the Mexican government itself and that this violence would spill over our Southwest border with adverse consequences to U.S. interests.

The increased level of violence that currently plagues Mexico represents, in large measure, a desperate attempt by drug traffickers to resist the sustained efforts of a very determined Mexican Administration. Since the Calderon Administration assumed power, the Government of Mexico has made record closures of clandestine laboratories and made record seizures of drugs, weapons and cash. They have arrested large numbers of defendants, including high level representatives of all of the major Mexican Cartels and, in unprecedented fashion, extradited more than 178 of these defendants to face prosecution in the U.S. Beginning in January 2007, immediately after the Calderon government was installed, the price per gram of cocaine in the United States began to rise, with a correlative drop in cocaine purity. We are now in a 24-month sustained period of declining purity and increasing price in nearly every major cocaine market in the United States and have seen that price more than double and purity fall by almost 35 percent.

The Department believes the Government of Mexico has demonstrated remarkable commitment and resolve. As a result of Mexico's efforts together with efforts undertaken by the various Department components and the interagency domestically and by our partners throughout the region, Mexican drug trafficking organizations have been placed under unprecedented stress. We are mindful, however, that success against these powerful criminal adversaries is far from assured and the

consequences of transnational criminals prevailing in their bloody conflict with the Calderon Administration would pose serious consequences for the safety and security of citizens on both sides of our Southwest border. As we sit before you today, the U.S. has seized this historic opportunity to collaborate with Mexico. Through the Merida Initiative and the funding provided by the U.S. Congress our Mexican counterparts have additional resources to protect the safety and security its citizens and to mount aggressive enforcement actions against the drug cartels.

An Associated Press article appearing in the Washington Post on March 5, 2009, reported that American professionals living along the border, including doctors, lawyers and factory owners, who routinely travel across the border, feel so threatened by the murders and kidnappings that they are having armor plating and bullet-proof glass installed in their cars and pickup trucks. According to the Washington Post, one San Antonio company specializing in bulletproofing cars says that it expects a 50 percent increase in business this year. Clearly we need to take action now to protect our citizens and their property from harm. While it may seem counterintuitive, the extraordinary level of violence in Mexico is another signpost of successful law-and-order campaigns by military and law enforcement officials in Mexico.

Because of the enormous profit potential, violence has always been associated with the Mexican drug trade as criminal syndicates seek to control this lucrative endeavor. The violence in Mexico can be organized into three broad categories: intra-cartel violence that occurs among and between members of the same criminal syndicate,

inter-cartel violence among and between rival cartels, and cartel versus government violence. It is significant to note that intra- and inter-cartel violence have always been associated with the Mexican drug trade. The Department assesses that the current surge in violence is driven in large measure by the Government of Mexico's offensive actions against the traffickers, who in turn perceive they are fighting one another for an increased share of a shrinking market.

ATF EXPERTISE

For over 30 years the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) has been protecting our citizens and communities from violent criminals and criminal organizations by safeguarding them from the illegal use of firearms and explosives. ATF is responsible for both regulating the firearms and explosives industries and enforcing criminal laws relating to those commodities and has the experience, expertise, tools, and commitment to investigate and disrupt groups and individuals who obtain guns in the U.S. and illegally traffic them into Mexico in facilitation of the drug trade.

The synergy of ATF's crime-fighting expertise, regulatory authority, analytical capability, and strategic partnerships is used to combat firearms trafficking both along the U.S. borders and throughout the nation. For instance, from Fiscal Year 2004 through February 17th of this year, Project Gunrunner – ATF's strategy for disrupting the flow of firearms to Mexico – has referred for prosecution 795 cases involving 1,658 defendants;

those cases include 382 firearms trafficking cases involving 1,035 defendants and more than 12,800 guns.

Project Gunrunner includes approximately 148 special agents dedicated to investigating firearms trafficking on a full-time basis and 59 industry operations investigators (IOIs) responsible for conducting regulatory inspections of federally licensed gun dealers, known as Federal Firearms Licensees (FFLs), along the Southwest border.

As the sole agency that regulates FFLs—roughly 6,700 of which are along the Southwest border—ATF has the statutory authority to inspect the records of licensees, examine those records for firearms trafficking trends and patterns, and revoke the licenses of those who are complicit in firearm trafficking. As part of Project Gunrunner, IOIs work to identify and prioritize for inspection those FFLs with a history of noncompliance that represents a risk to public safety. They also focus on those primary retailers and pawnbrokers who sell the weapons of choice that are the preferred firearms being trafficked in this region. Moreover, utilizing ATF trace data analyses, IOIs prioritize for inspection those FFLs with numerous unsuccessful traces and a large volume of firearms recoveries in the targeted high-crime areas. This focused inspection effort assists in the identification and investigation of straw purchasers and the traffickers who employ them. In FY 2007, ATF inspected 1,775 of FFLs along the border and, in FY 2008, inspected 1,884. In addition to inspections, the IOIs work to improve relations with firearms industry members, enhance voluntary compliance, and promote licensees’

assistance in preventing firearms diversion by conducting training and outreach activities with FFLs in the targeted areas.

Admittedly, more can and should be done to stop the flow of weapons from the United States into Mexico. It is an undisputable fact that the weapons and firearms used to fuel the drug-related violence in Mexico can be traced back to guns procured legally or illegally here. ATF is aggressively working to keep weapons out of the hands of the cartels and other dangerous criminals in Mexico by adding additional Special Agents and other personnel to disrupt firearms trafficking networks, increasing our oversight of the federal firearms licensees along the border, and improving the coordination of firearms trafficking information amongst federal, state, and local law enforcement agencies stationed along the border.

DEA EXPERTISE

The Drug Enforcement Administration (DEA) has a large international presence. With eleven offices in Mexico, and a decades-long history of working with the Mexican government, DEA has an excellent vantage point from which to assess the drug trafficking situation in Mexico, the related violence, its causes, and its historical context. In collaboration with Mexican law enforcement, DEA is actively working to systematically dismantle the cartels. Shortly after Congress approved the Sensitive Investigative Unit (SIU) program in 1996, the Mexico City SIU was established, and DEA now works closely with a number of trusted counterparts throughout the country. Our SIU counterparts have undergone a rigorous vetting process, to include robust

background investigations and polygraph examinations. DEA works closely with these vetted units to collect and analyze sensitive law enforcement information and to further the case development against, and the prosecution of, major drug trafficking organizations. Working with our Mexican counterparts, DEA and U.S. interagency partnerships have taken the offensive against Mexico-based cartels on their own turf and sought to systematically identify and dismantle U.S. based cells of these Mexican cartels. Project Reckoning and Operation Xcellerator are recent examples of this U.S.-Mexico collaboration. Both Projects were investigated and prosecuted in multiple Organized Crime Drug Enforcement Task Forces (OCDETF) cases, involving DEA and other OCDETF investigative agencies, numerous United States Attorney's Offices, and the Department's Criminal Division.

Project Reckoning was a 15-month operation targeting the Gulf Cartel and remains one of the largest, most successful joint law enforcement efforts ever undertaken between the U.S. and Mexico. Because of intelligence and evidence derived from Project Reckoning, during 2008 the U.S. was able to secure indictments against the Gulf Cartel "triumvirate" of Ezekiel Antonio Cardenas-Guillen (brother of extradited Kingpin Osiel Cardenas-Guillen), Eduardo Costilla-Sanchez, and Heriberto Lazcano-Lazcano, head of Los Zetas. Project Reckoning resulted in over 600 arrests in the U.S. and Mexico, including 175 active Gulf Cartel/Los Zetas members, thousands of pounds of methamphetamine, tens of thousands of pounds of marijuana, nearly 20,000 kilograms of cocaine, hundreds of weapons, and \$71 million. Operation Xcellerator began in May 2007 from an investigation in Imperial County, California and targeted the Sinaloa

Cartel. Operation Xcellerator was recently concluded and resulted in over 750 arrests, multi-drug seizures running to the tens of thousands of pounds, aircraft and maritime vessel seizures, and over \$59 million in seized currency. While these operations are intended to break the power and impunity of the cartels, in the short term they also exacerbate the violence in Mexico. The aforementioned Operations and Projects are by no means complete. These examples represent ongoing efforts that will continue, with as many iterations as are necessary, to cripple and destroy the Mexico-based drug cartels.

Defining the Problem

The southwest border is the principal arrival zone for most illicit drugs trafficked into the U.S., as well as the predominant staging area for the subsequent distribution of these drugs throughout the U.S. Guns are an integral part of these criminal enterprises; they are the “tools of the trade.” Drug traffickers routinely use firearms against each other and have used these weapons against the Mexican military, law enforcement officials, and Mexican civilians. Because firearms are not readily available in Mexico, drug traffickers have aggressively turned to the U.S. as their primary source. Firearms are routinely being transported from the U.S. into Mexico in violation of both U.S. and Mexican law. In fact, according to ATF’s National Tracing Center, 90 percent of the weapons that could be traced were determined to have originated from various sources within the U.S. One thing must remain clear in any discussion of violence in Mexico, or violence practiced by Mexican traffickers operating in the U.S.: drug gangs are inherently violent, and nowhere is this more true than in Mexico, where “Wild West”-

style shootouts between the criminals and the cops, and elements of opposing trafficking groups are unfortunately considered normal.

To elaborate, the rising incidences of trafficking U.S.-sourced firearms into Mexico is influenced by a number of factors, including increased demand for firearms by drug trafficking organizations, and the strictly regulated and generally prohibited possession and manufacturing of firearms in Mexico. Remarkable amounts of cash are accumulated on the U.S. side of the border and it is believed that, in certain cases, it is used to procure firearms and ammunition that eventually makes their way south to Mexico. Weapons sources typically include secondary markets, such as gun shows and flea markets since—depending on State law—the private sale of firearms at those venues often does not require background checks prior to the sale or record keeping.

A comprehensive analysis of firearms trace data over the past three years indicates that Texas, Arizona and California are the three largest source States, respectively, for firearms illegally trafficked to Mexico. In FY 2007 alone, Mexico submitted approximately 1,112 guns for tracing that originated in Texas, Arizona and California. The remaining 47 States accounted for 435 traces in FY 2007.

It should be noted, though, that while the greatest proportion of firearms trafficked to Mexico originate out of the U.S. along the southwest border, based on successful traces, ATF trace data has established that drug traffickers are also acquiring firearms from other States as far east as Florida and as far north and west as Washington State. A case from April 2008 involving the Arellano Felix Drug Trafficking

Organization illustrates this point. A violent dispute between elements of this drug trafficking organization left 13 members dead and 5 wounded. ATF assisted Mexican authorities in tracing 60 firearms recovered at the crime scene in Tijuana. As a result, leads have been forward to ATF field divisions in Denver, Houston, Los Angeles, Philadelphia, Phoenix, San Francisco and Seattle.

In addition, drug traffickers frequently resort to using “straw purchasers” to gain firearms from federally licensed gun dealers in the U.S., dealers who often are unwitting participants in these schemes. Straw purchases refer to instances wherein an individual purchases a firearm for someone who is either prohibited by law from possessing one, such as a convicted felon, or who does not want his or her name associated with the transaction. In other words, a straw purchase when someone poses as the buyer of a firearm although that person is not the true purchaser and is doing so for someone else who wishes or needs to the law and the creation of a paper trail.

Until recently drug traffickers’ “weapon of choice” had been .38 caliber handguns. However, they now have developed a preference for higher quality, more powerful weapons, such as .223 and 7.62x39mm caliber rifles, 5.7x28 caliber rifles and pistols, and .50 caliber rifles; each of these types of weapons has been seized by ATF in route to Mexico. ATF also has seized large quantities of ammunition for use in these firearms. Drug trafficker’s taste for high-power weaponry is evidenced by a joint ATF, FBI and Tucson Police Department investigation in April 2006. That effort led to the arrest of three members of the aforementioned Arellano Felix Organization for attempting to purchase machineguns and hand grenades from undercover agents. One

individual, a Mexican citizen, was sentenced to 70 months in Federal prison while the other two, both U.S. citizens, were sentenced to 87 months. This case demonstrates that drug traffickers are known to supplement their firearms cache with explosives. ATF's expertise with explosives has proven to be another valuable asset to use in the fight against drug cartels. For the past 18 months ATF has been working closely with Mexican law enforcement and military personnel by quickly responding to grenade seizures in Mexico in order to positively identify and trace these explosives. Unfortunately, in the past six months we have noted a troubling increase in the number of grenades, which are illegal to possess and sell, seized from or used by drug traffickers, and we are concerned about the possibility of explosives-related violence spilling into U.S. border towns.

The brutality and ruthlessness of the violence is appalling—we cringe at news stories detailing the arrest of the “pozolero” (stew-maker), a killer who disposes of his victims' body parts in barrels of acid, or the discovery of a mass grave containing the remains of countless victims decomposing under a layer of lime. But these and other gruesome tactics are not new. Both new and disturbing however, are the sustained efforts of Mexican drug trafficking organizations to use violence as a tool to undermine public support for the government's counter-drug efforts, intentionally displaying the beheaded and mutilated bodies of their victims with messages that threaten even greater violence.

In 2007, the number of drug-related killings in Mexico doubled from the previous year. Of the 2,471 (source: PGR) drug-related homicides committed in that year, law enforcement and intelligence sources estimate that around 10 percent were killings of law

enforcement or military personnel. Just over 8 percent of the 6,263 drug-related killings in 2008 were of law enforcement or military officials. Since January 2009, approximately 1,000 people have been murdered in Mexico, about 10 percent of whom have been security officers or public officials.

Particularly worrisome are those tactics intended to intimidate police and public officials creating in some cases defections from police organizations – at times with former police officials seeking asylum and protection in the U.S. As disturbing as these tactics are, they do not appear to be having any impact on staffing of the federal police or military that are the primary tools in the Calderon Administration’s offensive. Although Calderon currently enjoys a high level of public support, as does his crack down against the traffickers, DEA assesses that the Calderon Administration is not only fighting a formidable adversary in the traffickers, it is also fighting to maintain the public’s support and its resolve against the horrific intimidation tactics of the traffickers. In the case of President Calderon’s government, the evidence shows that they will not waver even in the face of the most horrific acts of violence.

The Way Forward

Through its experience with combating violent crime along the southwest border and around the world, the Department has learned that interagency and international collaboration and coordination is fundamental to our success. We must sustain the positive momentum achieved to date by supporting President Calderon’s heroic efforts against organized crime. We must also manage expectations, as we anticipate that the

gruesome violence in Mexico may get worse as the Mexican Government increases its efforts against the cartels. We must recognize that we are witnessing acts of desperation: the actions of wounded, vulnerable and dangerous criminal organizations. We remain committed to working with our U.S. law enforcement and intelligence partners as well, to stem the flow of bulk cash and weapons south, while also working to sustain the disruption of drug transportation routes northward.

Bringing to the criminal and civil justice system of the U.S., or any other competent jurisdiction, those organizations and principal members of organizations involved in the cultivation, manufacture, and distribution of controlled substances appearing in or destined for trafficking in the U.S. is of foremost importance. Continuing to identify, investigate and eliminate the sources of and networks for transporting illicitly trafficked firearms also remains an important focus.

The El Paso Intelligence Center, the central repository and clearinghouse for all weapons-related intelligence collected and developed by all federal, State and local law enforcement entities involved in narcotics interdiction and investigation along the U.S.-Mexico border is an important tool in the Department's work to cease border violence. Another important tool is the OCDETF Fusion Center (OFC), a comprehensive data center containing all drug intelligence information from six OCDETF federal member investigative agencies, the National Drug Intelligence Center (NDIC), EPIC, and other agencies with relevant information. The OFC conducts cross-agency integration and analysis of drug and related data to create comprehensive intelligence pictures of

targeted organizations, including those identified on the Attorney General's Consolidated Priority Organization Target (CPOT) List, which identifies the most significant drug trafficking organizations in the world that impact the U.S. drug supply. These fused-intelligence analytical products result in the development of actionable leads, which are passed to OCDETF participants in the field through the multi-agency Special Operations Division (SOD), ultimately resulting in the development of coordinated, multijurisdictional OCDETF investigations of the most significant drug trafficking networks. Using these tools, the Department swiftly relays intelligence about potential threats to the agencies that are responsible for serving as first-line defenders.

Internationally, the Department enjoys a strong collaborative relationship with law enforcement and other government agencies within Mexico and throughout the world. The Department would not have achieved the success it has without the remarkable support and courageous actions of the Mexican government. The daily challenges posed by drug trafficking organizations in the U.S. and Mexico are significant, but are overshadowed of late by a very specific set of challenges: ensuring that the violence in Mexico does not spill over our border; closely monitoring the security situation in Mexico; and, perhaps most importantly, lending our assistance and support to the Calderon Administration to ensure its continued success against the ruthless and powerful cartels.

Conclusion

Chairman Durbin, Senator Graham, distinguish Members of the Subcommittee, on behalf of the men and women of the Department, I thank you and your staffs for your

support of our crucial work. We recognize and are grateful for your commitment and contributions to the law enforcement community. With the backing of this Subcommittee, the Department can continue to build on our accomplishments, making our nation even more secure. We look forward to working with you in pursuit of our shared goals and will be happy to answer any questions that you may have.

