

Questions for the Record

WHEM Subcommittee Hearing: "Combatting Transnational Criminal Threats in the Western Hemisphere"

May 23, 2018 at 2:00 p.m. in Rayburn Room 2172

Chairman Paul Cook

TO: All Witnesses

1. U.S. Interagency Coordination: There are reportedly 60 U.S. federal organizations that are working on countering transnational crime.
 - Who is the lead agency in the U.S. government for countering transnational crime for the region and how are U.S. agencies working to advance a unified strategic intelligence, planning, and coordination of U.S. efforts on transnational crime in the region?

Glenn: In February 2017, President Trump issued Executive Order 13773 on Enforcing Federal Law with Respect to Transnational Criminal Organizations (TCOs) and Preventing International Trafficking. This E.O. directs the State Department, along with the Attorney General, Secretary of Homeland Security, and Director of National Intelligence to strengthen federal law enforcement to thwart criminal organizations that undermine U.S. interests and global security. There is not one agency in charge of coordination on countering transnational organized crime (TOC). Instead, the aforementioned agencies co-chair the effort. They assess the U.S. government's practices, resources, authorities, and coordination related to dismantling TCOs and recommend improvements. As part of this whole-of-government effort, the Department of State has seven offices engaged in countering TOC efforts, apart from the regional bureaus. Programs managed by the Bureau of International Narcotics and Law Enforcement Affairs (INL) give foreign partners the capacity to disrupt and defeat TCOs by strengthening laws; enhancing investigative, law enforcement and prosecutorial functions; supporting cross-border law enforcement cooperation; and equipping criminal justice system actors.

Fowler: Although there currently is no lead agency in the U.S. government for countering transnational crime, the National Security Council has initiated a number of efforts focused on this issue in the Western Hemisphere. The Department of the Treasury participates in multiple interagency forums and groups to ensure our work is synchronized with that of other agencies working against the regional transnational organized crime threat. Two of the most important are the National Security Council Policy Coordination Committee (PCC) on Transnational Organized Crime (TOC) and the Threat Mitigation Working Group (TMWG). We have been looking actively in the PCC and the TMWG at how to improve our collaboration on countering transnational crime. For example, the TMWG and USCTOC are forums for Treasury to engage in ongoing dialogue and coordination with a range of interagency partners, including the Departments of Justice, Defense, State, and Homeland Security, as well as the intelligence community, on this issue. The named Departments, to include Treasury, are all Co-Chairs of the TMWG, pursuant to Executive Order 13773 ("Enforcing Federal Law With Respect to Transnational Criminal Organizations and Preventing International Trafficking"). Currently, we are developing a whole-of-government TOC Mission Management solution for strategic planning and strategic intelligence. Separately, Treasury has collaborated across the U.S. interagency on the development of: our 2015 National Money Laundering Risk Assessment and National Terrorist Financing Risk Assessment; our updated 2018 money laundering and terrorist financing risk assessments, and first-ever proliferation financing risk assessment, which will be published later this year, as part of the National Strategy for Combatting Terrorist and Other Illicit Financing.

Hendrickson: The February 2017 Executive Order (Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking) outlines coordination mechanisms among agencies – such as the Threat Mitigation Working Group, the Organized Crime Drug Enforcement Task Forces (OCDETF), DEA’s Special Operations Division, the OCDETF Fusion Center, and the International Organized Crime Intelligence and Operations Center — to counter transnational organized crime (CTOC). Coordination for U.S. CTOC activities overseas is the responsibility of the Department of State, Bureau for International Narcotics and Law Enforcement Affairs, working closely with U.S. law enforcement agencies. Though not the lead for CTOC, the Department of Defense (DoD) is the lead federal agency for the detection and monitoring of aerial and maritime transit of illegal drugs into the United States. In compliance with this statutory requirement, U.S. Southern Command (USSOUTHCOM) is committed to supporting the CTOC whole-of-government approach by bringing DoD-unique authorities, capabilities, and capacity (i.e. detection and monitoring in international maritime and air spaces, collection and analytical support to US and partner nation law enforcement operations, etc.) to defend the southern approaches to the United States. In working with our partner nations in the region, we prioritize security cooperation activities aimed at improving maritime, air, and land domain awareness capabilities in the Northern Tier countries of Central America where the threat posed by transnational criminal organizations is greatest. In the Caribbean, we continue to support the development of a regional maritime interdiction strategy. USSOUTHCOM also provides equipment and training to improve regional maritime and air domain awareness.

Villanueva: Under Executive Order 13773, Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking, the Secretary of State, the Attorney General, the Secretary of Homeland Security, and the Director of National Intelligence co-chair the Threat Mitigation Working Group (TMWG). These four co-chairs have recently been joined by the Secretaries of Treasury and Defense. The TMWG is directed to improve the coordination of Federal agencies’ efforts to identify, interdict, investigate, prosecute, and dismantle transnational criminal organizations and subsidiary organizations within and beyond the United States.

2. **2018 Elections:** What effect could the outcomes of upcoming elections in Colombia, Mexico, and Brazil, have on our efforts to combat transnational crime in the Western Hemisphere?

Glenn: Our efforts to address transnational crime in the Western Hemisphere are based on longstanding, shared interests. The United States maintains close partnerships with Colombia, Mexico, and Brazil on a wide range of issues, including on the rule of law and the security sector. We closely track criminal groups operating in all three countries and work with partner governments to address transnational crime and the threat it poses in the region. We look forward to continuing our close partnerships with the new governments in Colombia, Mexico, and Brazil.

Fowler: The Department of the Treasury is following developments related to the 2018 elections in Colombia, Mexico, and Brazil closely and is committed to engaging with the administrations in each country to cooperate effectively against illicit finance. Treasury also looks forward to maintaining its institutional relationships in these countries regardless of electoral outcomes.

Hendrickson: The United States alone cannot stop transnational crime in the Western Hemisphere; we must work closely with partner nations throughout the region to counter these complex threat networks. Having willing and capable partners is critical to the success of this strategy. Currently, Colombia, Mexico and Brazil are all willing and capable partners in the CTOC effort. While elections could result in changes in particular national policies, we would expect our collaboration to address these shared challenges to continue.

Villanueva: Colombian President-elect Ivan Duque Marquez was elected President of Colombia on June 17, 2018. Duque was sworn in on August 7, 2018. The election of Duque is expected to have an extremely positive effect on U.S. efforts to combat transnational crime in the Western Hemisphere. Duque is known to be very pro-United States and has promised to attack corruption and aggressively fight the drug trade. He has publicly announced his intentions to resume aerial fumigation of coca crops in Colombia. It is expected that Duque's presidency will be a great benefit to U.S. Government and Colombian anti-narcotics efforts.

The upcoming Brazilian presidential election in October 2018 has made it extremely challenging to implement and/or advance new programs with the Brazilian Federal Police. Coupled with the ongoing economic crisis, the election has created challenges for Brazilian law enforcement officers to further investigations at all levels. Brazil's current president, cabinet members, and several members of Congress (both chambers) are subject to numerous allegations of corruption, and are being investigated. We anticipate a gradual progressive partnership with an incoming Brazilian administration, but regardless of the outcome we expect that Brazil's tradition of independence will constrain any engagement that might be viewed publicly to exert foreign influence on its decision making.

3. **Multilateral Organizations:** Multilateral organization, such as the OAS and CARICOM, have internal bodies, programs, and activities to target criminal threats in the region.
 - How do each of your agencies coordinate with these organizations on these issues?

Glenn: The Department of State works closely with the OAS's Inter-American Drug Abuse Control Commission (CICAD) and the Department against Transnational Organized Crime (DTCO) to combat transnational crime and drug trafficking in the Western Hemisphere. Through the Bureau of International Narcotics and Law Enforcement Affairs (INL), the Department supports OAS programming to improve understanding of drug trafficking routes and dismantle illicit supply chains throughout the region. INL also coordinates interagency delegations to CICAD Regular Sessions, where expert discussions facilitate the exchange of best practices and lessons learned among Member States. U.S. participation in the CICAD Regular Sessions promotes U.S. policy and programmatic priorities in the region, including encouraging fellow OAS member states to recognize and respond to emerging threats, such as the trafficking of synthetic drugs and precursor chemicals. The United States also participates in CICAD's five standing experts' groups, which provide a mechanism for experts from OAS member states to investigate trends; outline training needs; develop curricula; identify best practices; and draft model legislation and regulatory standards on technical drug control subject matter areas, such as drug demand reduction and anti-money laundering. The United States currently chairs the Group of Experts on Maritime Narcotrafficking, and the Department of State is coordinating with the U.S. Coast Guard to plan a meeting of the expert group this year. INL also supports the OAS by providing funding to the Mission Against Corruption and Impunity in Honduras (MACCIH), which is instrumental in advising the Government of Honduras on how to effectively combat corruption and impunity in order to dismantle corruption in Honduras. Through the Caribbean Basin Security Initiative (CBSI) the United States works with the Dominican Republic and the Caribbean Community (CARICOM) to promote regional cooperation to substantially reduce illicit trafficking; increase public safety and security; and mitigate the underlying causes of crime. The Department coordinates an annual Caribbean-United States Security Cooperation Dialogue with Caribbean and CARICOM leaders and interagency delegations to address issues of citizen security and regional law enforcement collaboration on countering criminal threats in the region. INL collaborates with CARICOM and the interagency to arrange targeted technical working groups on specific criminal threats in the Caribbean, as discussed at the annual Dialogue.

Fowler: Treasury coordinates with the State Department on their engagement with the OAS and CARICOM, including through the State Department's Mission to the OAS, on transnational criminal

threats in the region. Treasury and State have worked with the OAS to emphasize the need for member states to have proper legal foundation and processes to ensure law enforcement, regulatory, and intelligence professionals – as well as the private sector and international partners – have the tools they need to fight money laundering and terrorist financing.

Hendrickson: USSOUTHCOM has worked with sub-organizations within the OAS on a variety of issues related to the transnational threats in this region. We have met with the Inter-American Drug Abuse Control Commission (CICAD) to discuss counterdrug efforts. We have also met with the Secretariat for Access to Rights and Equity, Department of Social Inclusion, regarding migration and refugee issues in the region. We have collaborated with the Pan-American Development Foundation over the years on exercises that build partner nation capacity and contribute to government presence in areas that have been permissive to these threat networks. We are also supporting the US Element of the Inter-American Defense College, an element of the Inter-American Defense Board. However, most of our meetings with the OAS have been informational in nature and have not led to a great level of detailed collaboration. We are exploring opportunities for continued engagement with CICAD and the Secretariat for Multidimensional Security [to include the Inter-American Committee Against Terrorism, the Department of Public Security (Violence Prevention and Security and Justice Sections) and the Department to Combat Transnational Organized Crime]. We are also in the preliminary stages of discussing potential collaboration with OAS on Threat Finance. USSOUTHCOM works with CARICOM member states to share information through the Joint Regional Communications Center and the Regional Intelligence Fusion Center. These two centers, sub components of CARICOM's Implementation Agency for Crime and Security, serve as key information sharing conduits for the Caribbean. USSOUTHCOM has also assisted CARICOM with the refinement of regional strategic efforts through the review of key strategic documents (i.e. the CARICOM Crime and Security Strategy and Caribbean Counter Terrorism Strategy) which serve as foundational cornerstones for the organization's efforts in countering a wide-range of threats.

Villanueva: The U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI) Caribbean Attaché works closely with U.S. Customs and Border Protection (CBP) and the Caribbean Community (CARICOM) to conduct analyses on advance passenger information system (APIS) data from flights and vessels traveling within the ten CARICOM member states. The analyses of the APIS data is coordinated through the Joint Regional Communications Centre. The ICE HSI Caribbean Attaché then works closely with CBP, regional authorities, and other U.S. agencies on a coordinated enforcement response to the threats identified through the analyses of the APIS data.

- How effective have the efforts of these multilateral organizations, such as OAS and CARICOM been in combatting the transnational criminal threat in the Western Hemisphere?

Glenn: Multilateral efforts by the OAS and CARICOM have been effective at reducing the transnational criminal threat in our hemisphere. U.S. support for and engagement in these fora are advancing U.S. policy priorities and bolstering efforts by these organizations. At the United States' request, the OAS' Inter-American Drug Abuse Control Commission (CICAD), at its 63rd Regular Session in April 2018, convened experts to identify regional responses to the challenges posed by synthetic drugs and identified options to respond to new trafficking modalities in the hemisphere. CICAD further highlighted INL-funded programming that provides technical assistance by its Supply Reduction Unit that aim to strengthen Member State capacity to detect and interdict dangerous substances, including synthetic opioids. Research conducted by the OAS' INL-funded Inter-American Observatory on Drugs (OID) enabled OAS member states to have a better awareness and understanding of the opioid problem as a challenge across the hemisphere. For example, 10 years ago, there was no understanding of heroin use in the region, but OID studies demonstrated that it is a challenge in the Southern cone, bolstering attention to these issues by other member states. The Multilateral Evaluation

Mechanism (MEM), a peer review mechanism that evaluates OAS member state efforts to comply with obligations within the UN drug control conventions and the OAS' Hemispheric Drug Strategy and Plan of Action 2016-2020, enables CICAD to support member states in implementing and upholding these international commitments. INL uses the information in the MEMs to inform its regional programming. An INL-funded anti-money laundering program within the OAS' Department against Transnational Organized Crime (DTOC) enabled expert cooperation that led to the seizure and return to U.S. custody of a 100 foot luxury yacht (valued at \$6-8million) in the Caribbean. The yacht was originally purchased with profits from an illegal scheme to swap Venezuelan currency for U.S. dollars in the black market. CARICOM's Implementation Agency for Crime and Security (IMPACS) is the Department's primary multilateral security partner in the Caribbean and helps advance our mutual security interests in the region by promoting law enforcement capacity-building, collaboration and information sharing.

Fowler: Treasury coordinates closely with State in determining the effectiveness of the noted multilateral organizations. The OAS has successfully advanced regional approaches to combatting transnational criminal threats, encouraged information-sharing among member states, provided specialized training and capacity building to law enforcement, and established asset recovery networks that facilitate cross-border coordination between law enforcement agents to combat money laundering.

Hendrickson: USSOUTHCOM does not have the capability or information required to evaluate the effectiveness of these organizations to combat transnational crime. However, we do believe that greater information sharing and collaboration is a necessary component to thwarting this threat.

- Are there areas where the OAS and CARICOM could strengthen their efforts to target criminal threats in the region?

Glenn: As OAS' Department against Transnational Organized Crime (DTCO) was established in 2016, the OAS should continue to strengthen the DTCO's capacity to offer a variety of high quality technical assistance programs in the region. DTCO and CICAD should enhance their coordination to ensure that the OAS advances efficient and effective holistic responses to cross-cutting threats in the region. CARICOM should continue to encourage member states to meet commitments made in the Joint Action Statement from the 2017 Caribbean-United States Security Cooperation Dialogue. These commitments include increasing capacity to dismantle transnational criminal and terrorist organizations by curbing the trafficking and smuggling of illicit goods and people, strengthening the rule of law, improving citizen security, and countering vulnerability to terrorist threats.

Fowler: We continue to work closely with State to devise strategies that strengthen efforts to target criminal threats in the Western Hemisphere. The OAS could strengthen its work by further promoting the use of international platforms that facilitate information sharing between law enforcement agencies and encouraging member states to strengthen legal processes to criminalize and prosecute transnational criminal organizations and their illicit activities.

Hendrickson: All efforts toward increasing information sharing across all government and multilateral organizations strengthen the friendly network. Ultimately, as I stated in my testimony – it takes a network to defeat a network.

Villanueva: The U.S. Department of Homeland Security Office of Policy is currently leading discussions with the CARICOM on a number of strategies, to include Counter-Terrorism and Border Security.

TO: Mr. Richard Glenn

1. State/ DHS Role in Illegal Mining and Logging: Reports have shown that illegal gold mining, especially in Colombia and Peru, has become more profitable for criminal groups than drug trafficking in recent years. These groups also make a substantial profit from illegal logging of timber.
 - What is the interaction between the State Department and Department of Homeland Security on addressing the challenges of transnational criminal organizations operating like businesses that try to move illegal gold or illegal timber through U.S. customs to make a profit?

Glenn: The Department of State coordinates closely with the Department of Homeland Security (DHS) and other U.S. government agencies to address transnational organized crime. As the Department of Justice's (DOJ) case against gold buyers from North Texas Refinery (also known as NTR Metals) demonstrates, billions of dollars in illegal gold have been brought into the United States, where it harms our legitimate businesses and exploits our financial system for illicit gain. In Peru, an epicenter for illegal gold mining, ten U.S. government agencies, including the Department of State and the Department of Homeland Security, collaborate through Embassy Lima's Illegal Mining Working Group. In Washington, the Department of State coordinates an interagency working group on artisanal and small-scale gold mining, including its connection to transnational criminal networks. DHS is part of this interagency working group.

To strengthen Peru's environmental enforcement capacity, the Department of State's International Narcotics and Law Enforcement Affairs (INL) Section in Lima has sponsored numerous U.S. government experts to train Peruvian administrative, law enforcement, and justice sector officials on investigating and prosecuting illegal mining and illegal timber crimes. U.S. Customs and Border Protection (CBP) advisors, embedded in the INL team, mentor Peruvian customs officials, resulting in the seizure of millions of dollars of illegal gold within Peru. Homeland Security Investigations (HSI) officers have worked to identify weaknesses in the supply chain potentially exploited by criminals. The U.S. interagency also collaborates to address the trade in illegal timber and encourage improvements to Peru's regulatory oversight of its timber supply chain. DHS and DOJ have trained Peruvian authorities to develop outbound risk mitigation processes and plans for identifying and disrupting illegal timber shipments from Peru to the United States.

U.S. Embassy Bogota coordinates anti-illegal gold mining activities through a Department of State-led interagency working group that includes DHS and other law enforcement agencies. To reduce the possibilities of illegal gold or timber entering the United States, INL Bogota helps Colombia build institutional capabilities in the police, armed forces, attorney general's office, and judicial institutions to detect, investigate, and prosecute environmental crimes, as well as money laundering, narcotics trafficking, and other organized crime. INL Bogota collaborates with DHS to provide Colombian law enforcement entities with training and field equipment to detect and secure evidence of environmental crimes. INL Bogota has built, equipped, and staffed forensic laboratories to improve the use of evidence of environmental crimes in judicial proceedings and provided training and technical assistance to prosecutors and judges to increase conviction rates and sentences.

- Are there sufficient safeguards in place to ensure that we don't let gold or timber illegally obtained into the U.S., inadvertently lining the pockets of criminal groups?

Glenn: The State Department cannot respond to questions on safeguards against illegal timber or gold as this is the domestic jurisdiction by several other U.S. agencies, including the Department of Homeland Security and the Treasury Department.

2. Private Sector Role in Illegal Mining and Logging: What role does the logging industry and private sector have in addressing this issue?

- Are there sufficient safeguards in place to ensure that companies exporting mining machinery for projects in Peru or elsewhere in the region can certify that they are not selling their equipment to criminal groups to use in illegal activities?

Glenn: In Peru and other countries, the U.S.-based International Wood Products Association (IWPA) funds and delivers training for private sector companies on transparency and supplier accountability to improve due diligence in supply chains. The U.S. Agency for International Development provided funding for IWPA to develop the curriculum. In addition, the State Department supports specific activities in producer and transit countries to engage the private sector to combat illegal logging and associated trade (ILAT), restrict global markets for illegal timber, and avoid illegal imports to the United States. U.S. agencies consult regularly with the private sector on ILAT issues – more recently on the Asia-Pacific region and Korea, as well as Peru – through the Industry Trade Advisory Committee (Department of Commerce) and the Trade and Environment Policy Advisory Committee (U.S. Trade Representative). In the area of illegal mining activity, separate from the inappropriate use of mining equipment, the United States has Memoranda of Understanding with both the Peruvian and Colombian governments to address illicit mining of gold, including environmental concerns, deforestation, mercury use, and illicit activities. With respect to the use of equipment in illegal mining, private sector companies have limited capacity to address the misappropriation of mining assets for illegal activity. U.S. manufacturers, such as Caterpillar, compete for market share in selling mining equipment in Peru and other countries. It is the responsibility of the importing country to enforce laws relating to mining and other activities. Law enforcement authorities in Colombia and Peru have conducted interventions to destroy the large machinery, including excavators, used by illegal miners in order to disrupt their activities. These officials acknowledge, however, that offenders quickly replace equipment and resume illegal activity. The legal uses for this equipment, such as construction and agriculture, may serve to obfuscate the equipment’s final use. Mining equipment exported for use in large-scale mines is unlikely to be used by illegal miners, which are predominantly small-scale.

3. Venezuela: How much would you say are funds from illicit activities and ties to transnational criminal groups contributing to the survival of the Maduro regime in Venezuela?
 - How can the U.S. increase our efforts with regional partners to cut-off this illicit financing?

Glenn: We are concerned by any profit the Venezuelan government may be making from illicit activity at the expense of the Venezuelan people. The United States continues to deploy targeted sanctions on current or former Venezuelan government officials who are complicit in the regime’s corruption, undermining of democratic processes and institutions, and human rights abuses. The 2017 designations of Vice President Tareck El Aissami and his front-man Samark Lopez Bello pursuant to the Kingpin Act highlight our efforts to target those in the Venezuelan government with ties to narco-trafficking. Vice President Pence called upon members of the Organization of American States on May 7 to “cut off Venezuela’s corrupt leaders from laundering money through your financial systems.” The continued sanctions against the Maduro regime and future coordination with members of the Lima Group, the EU, and the broader international community will be critical in helping the Venezuelan people restore stability, prosperity, and democracy to their country. The Department’s extensive programs in the Western Hemisphere will continue to strengthen the institutional capacity of our allies throughout the region to combat transnational criminal networks including dismantling illicit financing that supports public corruption.

4. Venezuelan Humanitarian / Migration Crisis: How have transnational criminal organizations used the Venezuelan humanitarian crisis and subsequent migration throughout the region to their advantage?
 - How can the U.S. help other countries in the region prevent the crisis from benefiting transnational criminal organizations?

Glenn: We are closely tracking how the humanitarian crisis in Venezuela can increase security risks in the region. We will work with partners across the U.S. government to coordinate with partner countries to combat the activities of transnational criminal organizations throughout the region. Close cooperation between law enforcement agencies will be imperative in managing the situation and ensuring the crisis in Venezuela does not benefit transnational criminal organizations.

5. Colombia / Venezuela: Have you seen any evidence of the Maduro regime in Venezuela supporting Colombia's criminal groups (FARC dissidents/ELN/BACRIM)?

Glenn: We closely track criminal groups operating in Colombia and take seriously any security threat they may pose in the region. We are working with our regional partners to address the growing criminal elements operating in Colombia and Venezuela and commit to broadening and promoting international cooperation efforts to combat criminal groups.

TO: Ms. Jennifer Fowler

1. Money Laundering: In your testimony you mention that Treasury conducted a National Money Laundering Risk Assessment in 2015 that estimated \$64 billion in revenue from U.S. drug sales. Further, you stated that you believe this figure has increased in recent years.
 - When will the next assessment take place?
 - If the revenue number does indeed increase, what would be the cause? And what does this say about the effectiveness, or ineffectiveness, of our security and counternarcotics cooperation in the region?

Fowler: The 2015 National Money Laundering Risk Assessment is being updated this year in compliance with Sections 261 and 262 of Public Law No. 115-44 (Countering America's Adversaries Through Sanctions Act), which directs the Secretary of the Treasury, in consultation with other relevant federal agencies, to develop a national strategy for combating the financing of terrorism and related forms of illicit finance. Based on the Drug Enforcement Administration's (DEA) 2017 National Drug Threat Assessment, estimates for U.S. illicit drug sales revenue in 2018 are assessed to be \$100 billion. DEA reports there has been a substantial increase in heroin availability in the United States in recent years as well as increased availability of fentanyl, fentanyl-related substances, and cocaine. In addition, DEA reports overproduction of methamphetamine has led drug trafficking organizations to attempt to expand the U.S. methamphetamine market to new users. Marijuana continues to be smuggled into the United States from Mexico in large volumes, but domestic production is also increasing. The DEA and the Department of Justice are best positioned to comment on U.S. counter narcotics efforts.

2. Venezuela Sanctions: The U.S. has sanctioned hundreds of individuals under OFAC sanctions programs resulting in millions of dollars' worth of seized assets. However, in cases like Venezuela, where more than 50 high-level government officials have been sanctioned through OFAC, information about the seized assets is scarcely released and hinders the ability of the U.S. to communicate the extent of these officials' criminality to the Venezuelan population.
 - Can you explain why this information is not released? Is there a better way for Treasury, in cooperation with the State Department, to better explain the reasoning and results of OFAC sanctions to targeted populations?

Fowler: When possible, the Department of the Treasury's Office of Foreign Assets Control (OFAC) endeavors to release general information about assets blocked as a result of OFAC designations. For

example, we have publicly shared that hundreds of millions in assets have been blocked related to our Kingpin Act designations of Venezuelan VP El-Aissami and his front man Lopez Bello. However, legal and other considerations generally caution against proactively publicizing specific information related to blocked assets. It is also important to understand that the amount of assets blocked is only one measure of a sanction's efficacy. There are a number of other important metrics – including operational disruptions and transactions avoided – that are equally if not more important. Indeed, not every designation results in blocked assets. Nonetheless, Treasury's sanctions actions have significant effects. For instance, many financial institutions across the world implement and screen against OFAC's Specially Designated Nationals and Blocked Persons List (SDN List). The Treasury Department, working in close coordination with the State Department, releases as much information as possible about the reasoning behind and results of sanctions designations, while always striving to protect confidential sources, classified information, investigative techniques, and methods. Treasury publishes a detailed press release when announcing a designation and works closely with the State Department and U.S. Embassies around the world to explain our rationale for designating an individual or entity. In addition, Treasury engages directly with international counterparts to explain our measures and ask them to investigate designated individuals and entities. Secretary Mnuchin, for example, has engaged with Finance Ministers from the Western Hemisphere, Europe, and Japan several times and urged partners to investigate designated individuals and entities and strengthen international cooperation on Venezuela. Other senior Treasury officials also regularly engage with government counterparts and in private sector roundtables to explain in detail the rationale behind our actions and the importance of abiding by U.S. sanctions.

3. Treasury-State Sanctions Coordination: This week, the Trump Administration announced new sanctions on Venezuela, which follow the sanctioning of over 70 Venezuela-related persons.
 - What is the process by which the Treasury Department coordinates with other agencies, specifically the State Department, in designating individuals or entities under sanctions programs?

Fowler: The Department of the Treasury maintains a robust sanctions coordination process with the State Department, as well as with other national security partners, including the Department of Justice, Department of Homeland Security, and Department of Defense. The Treasury Department actively participates in the National Security Council's Policy Coordination Committee process, which provides a forum for interagency coordination and review of sanctions designations before announcement. Additionally, in accordance with the requirements of the relevant Venezuela-related Executive Orders, the Treasury Department consults with the State Department prior to any designation action.

TO: Rear Admiral Hendrickson

1. The Coast Guard reports its interdiction of over 223 metric tons of cocaine and detention of 708 suspected smugglers in 2017 is directly related to disrupting transnational criminal organizations. However, the Coast Guard also states that it is only interdicting approximately 30% of the known flow. Is this making a dent or do we need to do more? If more, what else needs to be done?

Hendrickson: Mr. Chairman, I would refer you to the U.S. Coast Guard for their specific operation requirements. Our combined effort on the high seas prevents hundreds of metric tons of dangerous drugs from reaching our shores each year. Additionally, every detained smuggler is a potential source of information that contributes to our collective understanding of these threat networks. I also cannot speak to what more the Coast Guard could do, but I can tell you that additional resources translate into additional seizures. To stop drugs from entering the country, USSOUTHCOM, working with the Coast Guard via the Joint Interagency Task Force - South (JIATF-S), requires force packages that include Maritime Patrol Aircraft (MPA) and medium to high endurance vessels with embarked aircraft (and the authorized to use force) and over-the-horizon RHIBs. For every force package provided, we have

historically been able to stop approximately 31 metric tons (or 36 illicit events) annually. MPA are the top priority within the force package as they provide precision geolocation that greatly increases the likelihood of a successful interdictions of illicit conveyances.

- Would it be helpful if the Defense Department via U.S. Southern Command provided supply ships in order to keep the Coast Guard in the transit zones longer to limit their time 'off-target' for logistics?

Hendrickson: USSOUTHCOM is planning to execute a 90-day pilot program in FY19 to do just this. We are in the process of leasing a Multi-Mission Support Vessel (MMSV) that will be able to accept detainees from the Coast Guard vessels and transport them to shore so that the Coast Guard assets can stay on station longer. We estimate that the employment of the MMSV in this fashion will result in a 15% increase the Coast Guard's ship-day presence. USSOUTHCOM is appreciative of Congress' support in enabling this mitigation measure and we are confident that it will contribute significantly to the great work being conducted by JIATF-S and the Coast Guard. It is however, only a temporary mitigation. We will continue to work with Congress and the military services to pursue those resources which will best enable increased effectiveness and efficiency of our limited interdiction capabilities.

- Are there biometric technologies that our interdiction forces can employ which will help you target transnational criminal organizations?

Hendrickson: DoD already employs biometric enrollment kits in support of DHS and partner nation operations against numerous transnational criminal organizations, such as MS-13 and M18, along with Special Interest Aliens (SIA). Biometric means have been successful in providing early detection of numerous SIAs with known or suspected terrorist (KST) linkages. USSOUTHCOM, our USG partners, and partner nations are using biometric equipment emplaced along known and suspected migrant routes to monitor the movement of illegal immigrants through the region. The purpose of these activities is to resolve unknown identities across multiple encounters and potentially halt the transit of threat actors. In order to accomplish identity resolution, interdiction forces require access to collection devices and, as importantly, data architecture solutions that support the retention of identity data and matches identities across multiple encounters. A March 2017 example demonstrates the utility of biometric technologies to interdicting KST movement. Costa Rican authorities detained a 25-year-old Somali identified as Ibrahim Qoordheen, a KST, within one hour after receiving an immediate arrest request from U.S. immigration officials.

- What is being done to improve our partner nation's capacity to hinder transnational criminal organizations? I understand the Coast Guard has a program that specifically focuses on training our foreign partners. Would additional capacity for this program help?

Hendrickson: USSOUTHCOM is fortunate to have very willing partners in this region and we work very closely with them to help build their capacity to address our common security challenges, including the threat posed by transnational criminal organizations. Regional and bilateral engagements, exercises, training and exchanges with our partner nations that emphasize counter threat network goals, objectives and effects greatly improve their ability to deter transnational criminal organizations. Any additional capacity to train and equip our partners would benefit the region as a whole.

- Do we need to establish a forward operating logistical base in Central America?

Hendrickson: USSOUTHCOM already has a forward operating site at Soto Cano Air Base in Honduras that supports Joint Task Force-Bravo, a Special Purpose Marine Air Ground Task Force, and

other tenant units. We also operate air assets out of a cooperative security location in Comalapa, El Salvador. Both locations focus on the mission to counter threat networks operating in this theater.

Rep. Michael McCaul

TO: Mr. Richard Glenn & Mr. Raymond Villanueva

1. In general, a Special Interest Alien (SIA) is a migrant from a country outside the Western Hemisphere with terrorist or security concerns who travels through the Hemisphere to the U.S.
 - What is your official definition for the term “Special Interest Alien?” Do your components and the interagency share a uniform definition of the term?
 - Does your Department maintain an official list of countries considered “special interest” and the reason for such a designation?
 - How does the definition and country list, or lack thereof, impact the interagency effort to combat this threat?
 - How many SIAs cross the U.S. borders each year—both at ports of entry and between ports of entry?

Glenn: There is no interagency, or Department of State, agreed-upon definition for a “Special Interest Alien,” and the Department of State does not maintain an official list of countries considered “special interest” for the purpose of identifying “Special Interest Aliens.” The Department of State is working with partner governments to improve their capacity to control their borders, airports, and seaports to better position themselves to screen all travelers and migrants entering their countries. Our goal is to better prepare our partners to keep all forms of suspected nefarious travelers and migrants from transiting the region and reaching the U.S. border. With this approach, the lack of specific definition for “Special Interest Aliens” is not a significant obstacle. I refer you to the Department of Homeland Security for details on numbers and types of migrants encountered at our borders.

Villanueva: There is no single U.S. government definition for Special Interest Alien (SIA); each Department defines and uses the term slightly differently for their operational activity. The U.S. Department of Homeland Security (DHS) has established the following to define SIA: *Definition:* Non-U.S. Persons who, based on analysis of travel patterns, potentially pose a national security risk to the United States or its interests. *Criteria:* The individuals or groups are employing travel patterns known or evaluated to possibly have a nexus to terrorism, and the travel patterns include a point of origin or segment that is tied to current assessments of national and international threat environments.

DHS does not maintain an official list of countries considered “special interest”. DHS seeks to screen all individuals encountered to the highest extent practicable and necessary and, in accordance with Executive Order (EO) 13780, Protecting the Nation from Foreign Terrorist Entry into The United States, seeks to follow relevant processes and goals to achieve this undertaking. Historically, individuals from a list of countries of terrorism concern, referred to as Specially Designated Countries (SDC), were called SIAs. The legacy U.S. Immigration and Naturalization Service created this list as a way to prioritize specific aliens who came into custody for additional terrorism screening checks because the systems and processes, at the time, lacked the capacity for one hundred percent screening. With advances in screening technology and capabilities, DHS has been able to implement changes and conduct terrorism checks for all aliens entering DHS custody, and the SDC list was eliminated in 2012.

The U.S. Government has a well-defined, existing interagency process when encountering a person suspected of involvement with terrorism. DHS screens SIAs to determine if they pose terrorist or

national security risks because they have traveled from or through areas of conflict where current assessments indicate national and international threat environments exist. Should derogatory information about an encountered individual be discovered, to include travel history or methods possibly linked to a terrorism threat concern, or if an individual encountered is using travel patterns associated with terrorist activity, the person may subsequently be nominated to the terrorism watchlist. Partially in an effort to combat the potential threat from travelers who might be linked to terrorism, DHS focuses on three lines of effort:

- *Enhancing screening.* DHS has invested significantly in our ability to screen and identify individuals for terrorism connections and is currently engaged in many efforts with other U.S. interagency and foreign partners to significantly enhance our capabilities as directed under EO 13780.
- *Dismantling human smuggling networks.* DHS is also working with U.S. interagency and foreign partners to disrupt and dismantle human smuggling organizations, with the highest priority placed on those networks that move people who may warrant watch listing.
- *Engaging transit countries.* DHS and U.S. interagency partners are working to encourage transit countries to strengthen their immigration, visa, and travel screening policies and procedures to close loopholes that smugglers and illicit travelers exploit as they travel to the United States.

Statistical analysis requires consistent, measurable criteria to be reliable and useful. Since there is no doctrinal U.S. Government definition for SIA, the attributes of suspicious foreign travelers vary widely based on dynamic threat environment and operational factors, and because there is no uniform list of special interest nationalities, DHS does not officially track this information with statistics. As noted above, U.S. Customs and Border Protection (CBP) data on inadmissible persons encountered at ports of entry and persons apprehended between ports of entry, arranged by nationality and location, is attached. Less than 0.0001 percent of total CBP inadmissible encounters and apprehensions involve persons who are watchlisted on the Terrorist Screening Database (TSDB). [Previous CBP spreadsheets in response to a Congressional QFR to JTF-W with prior years' data are provided as exemplars for updating. Spreadsheets: Border Patrol Nationwide Apprehensions by Citizenship and Sector, OFO Inadmissible Aliens by Region and Field Office]. DHS defers to the Federal Bureau of Investigation's Terrorist Screening Center for statistical information regarding confirmed encounters with TSDB subjects.

2. There are numerous security and cost saving benefits to third-country repatriation of migrants, where for example, Panama or Colombia is able to repatriate migrants back to their home countries before they even reach the U.S.
 - What is the current status of third-country repatriation?
 - Does your Department have the authority to fund repatriation assistance to our Central and South American partners?
 - What is DHS's role in repatriation assistance and training? Should DHS have the authority to directly fund repatriation assistance to partner nations since DHS would be conducting the training and operational support?
 - What can the U.S. do to improve and expand third-country repatriation?
 - What are the proper roles of DHS and the State Department in this effort? Is there sufficient coordination between the two?

Glenn: The Department of State, in collaboration with the Department of Homeland Security and other U.S. interagency partners, is pursuing multiple avenues to address irregular migration challenges in the Western Hemisphere. We are coupling diplomatic engagement to encourage our regional partners to better manage migration with targeted capacity-building programs to help strengthen their law

enforcement and border control capabilities. In addition, we are working with the U.S. Agency for International Development to build the capacity of foreign governments to address economic, security, and governance challenges that drive illegal immigration to the United States. While foreign assistance is generally not used to support foreign government operations, foreign assistance funds may be available for that purpose in some cases, subject to certain limitations. DHS does not currently have the authority to use its appropriated funds for repatriation operations. Therefore, the Department of State supports a narrowly tailored legislative authority that would allow DHS, with Secretary of State concurrence, to use its own appropriated funds to directly support foreign governments' operations to address irregular migration flows that impact the United States. Under the proposal, the Chiefs of Mission at U.S. Embassies would retain oversight of the DHS program and staff in country. In addition to general oversight, the relevant Embassy would work with recipient governments to garner support for such assistance and to ensure that there are safeguards in place to ensure that removals are conducted in accordance with the country's domestic and international legal obligations, including with respect to any claims for refugee status or other protection.

TO: Rear Admiral Hendrickson

1. In general, a Special Interest Alien (SIA) is a migrant from a country outside the Western Hemisphere with terrorist or security concerns who travels through the Hemisphere to the U.S.
 - What is your official definition for the term "Special Interest Alien?"

Hendrickson: In line with DHS (the lead federal agency for addressing this threat), we define a SIA as foreign nationals originating from a country with potential or established terrorist links.

- What is DOD currently doing to combat the flow and threat of SIAs reaching the U.S. border? How does DOD work with the State Department and DHS in this regard?

Hendrickson: We are working closely with DHS and partner nations to stop the flow as far from the homeland as possible. This includes our support to Homeland Security Investigations' (HSI) Operation CITADEL and numerous specific investigations being conducted by HSI and the FBI. Our support primarily involves the provision of intelligence and collections support and when appropriate we are prepared to assist in other operational support activities authorized in 10 U.S.C. § 284. Of particular importance is our ability to assist law enforcement with biometrics exploitation, equipment, and training.

- What else can DOD do to stop and/or track SIAs in South and Central America?

Hendrickson: Early identification is critical to addressing the flow of SIAs. To that end, additional Intelligence, Surveillance and Reconnaissance (ISR) collection and analysis resourcing are key enablers needed to address this problem set. We will continue to work closely with partner nations to help them identify, track, and interdict the flow of SIAs through their borders and before it reaches the U.S. Improved awareness requires improved dissemination of information. We will continue to pursue increased intelligence sharing among DoD, the USG interagency and foreign partners through technical, process and policy changes and improvements. We also continue to work transregionally and collaboratively by, with and through the interagency in a whole-of-government approach. We are currently working with DHS (HSI/CBP), DOS, FBI, USNORTHCOM, USAFRICOM, USCYBERCOM and USSOCOM on an initiative designed to employ a collaborative approach towards enabling a transregional HSI investigation into a priority illicit facilitation pathway.

Rep. Chris Smith

TO: Mr. Richard Glenn

1. In response to a question Rep. Norma Torres raised regarding the International Commission against Impunity in Guatemala (CICIG, by its acronym in Spanish), you stated “I think CICIG is a very good example of an effective entity. CICIG has been roundly criticized and I think – the criticism runs the full gamut from the socialist progressive party criticizing it as an imperialist American tool all the way to the other end of kleptocratic entrenched families who claim it to be a U.N. conspiracy to establish a new world order, but to me, as a neutral foreign assistance giver trying to fight corruption in Central America, I think we’re hitting the spot when we’re able to make everybody upset and threatening that mode of government of using corruption and coercion as a way of government, that’s where we want to be. That’s what we want to be doing, because it ensures fairness for American companies who try to compete in these countries and it ensures that governments are responsible and responsive to their people...”

This response ignores the substance of criticism while categorically stating that the existence of such criticism means “we’re hitting the spot.”

- Beyond your broad characterizations of the criticisms of CICIG by the extremes, what is the specific substance of the criticism you are referring to when you state “CICIG has been roundly criticized?”
- Does the criticism of CICIG include (i) politicization of the judicial process; (ii) advocacy of pre-trial detention; (iii) *ultra vires* acts exceeding the CICIG mandate; (iv) involvement in heavy-handed police raids involving SWAT teams to arrest essentially white collar criminals; or (v) failure to prosecute narco-trafficking, human trafficking and other serious crimes involving criminal networks while focusing on political crimes which may involve small amounts of money?
- Who has made such criticisms?
- What due diligence have you conducted to determine whether the criticisms referenced above are warranted or not?
- What do you mean by the phrase “hitting the spot?”

At a briefing with Congressional staff held on May 24, 2018, CICIG Commissioner Ivan Velazquez stated that he considers the use of extended pre-trial detention in the Guatemalan legal system to be a “human rights abuse;” indeed, the 2017 State Department human rights report for Guatemala notes that over half of prisoners in Guatemala during the period surveyed were under pre-trial detention. However, when pressed as to whether CICIG had advocated the use of pre-trial detention in cases it had investigated and assisted the Attorney General in bringing, Commissioner Velazquez conceded that CICIG had advocated for pre-trial detention on multiple occasions.

- Do you agree with Commissioner Velazquez that use of extended pre-trial detention in Guatemala constitutes a “human rights abuse?”
- Are you aware of any criticism of CICIG that accuses CICIG of advocating for extended pre-trial detention?
- If so, do you think such criticism to be warranted?
- What due diligence have you conducted to with respect to any such criticism of CICIG and its advocacy of pre-trial detention?

At a hearing of the Helsinki Commission held on April 27, 2018, testimony established that CICIG cooperated with Russia’s VTB Bank in pursuing claims against a Russian family living in Guatemala which had been persecuted by Russian interests linked to the Kremlin. (<https://www.csce.gov/international-impact/events/long-arm-injustice>) Among other instances, CICIG

attorney Claudia Orellana argued that VTB Bank should be allowed to intervene in the case against the Bitkovs on January 22, 2015.

- Given that VTB Bank and its principal, Andrey Kostin, have been sanctioned by the US Government, and Kostin has been identified by the Treasury Department as “an official of the Government of the Russian Federation” (<https://home.treasury.gov/news/press-releases/sm0338>), do you consider CICIG’s role in this matter to be consistent with your claim that CICIG is an “effective entity” in fighting corruption?
 - What due diligence have you conducted with respect to the relationship with VTB Bank and CICIG, especially in light of the fact that VTB Bank is a sanctioned entity and Kostin is a sanctioned Russian official?
2. At the Helsinki Commission hearing, allegations were made that Mayra Veliz, who served until recently as General Secretary in the Attorney General’s office during the tenure of Thelma Aldana, was culpable in the underlying passport fraud/false document case that ensnared the Bitkovs, given that she was in charge of RENAP during the relevant period. Similar allegations of culpability were made with respect to the Cutino law firm.
 - Are you aware of any investigation CICIG has conducted with regard to Mayra Veliz’ role in the underlying fraudulent documents case, as well as that of the Cutino law firm?
 - What due diligence have you conducted with regards to allegations concerning (i) Mayra Veliz and (ii) the Cutino firm?
 3. CICIG Commissioner Ivan Velasquez has become a polarizing figure in Guatemala and is perceived by some to be a political protagonist.
 - Do you agree with this assessment? If not, why not?
 - Do you believe that this involvement in Guatemalan politics has undercut Velasquez’s impartiality to the point where his effectiveness in leading CICIG is compromised?
 - If not, at what point does his mission become compromised?
 4. When one creates a “Commission against Impunity” one is making a statement about human nature and the tendency of power to corrupt, to which no one is immune. The underlying accord between the United Nations and Guatemala which set up CICIG lacks any accountability or oversight mechanisms, beyond requiring periodic reports to the Secretary General. Indeed, in conversations with U.N. Secretary-General Antonio Guterres, the Secretary-General has said that he has no oversight role with regard to CICIG, nor does the U.N. Office of Internal Oversight Services. Further, at his briefing with Congressional staff, Commissioner Velasquez stated that he favors reform of CICIG.
 - Do you agree that the absence of accountability and oversight mechanisms with regard to CICIG is problematic as a matter of principle?
 - Have you, or to your knowledge, anyone else at the State Department, raised this lack of accountability and oversight with Commissioner Ivan Velasquez?
 - If so, what was his response? If not, why not?
 - Do you think accountability and oversight mechanisms would be helpful? If so, what specifically? Would an ombudsman be helpful?
 5. Congress has placed a hold on \$6 million in funding for CICIG from the INCL account in order to leverage reforms, which upon information and belief is consistent with the position of the U.S. Mission to the U.N. and the Bureau of International Organizations within the State Department.
 - Does the Bureau of International Narcotics and Law Enforcement Affairs support these reform efforts and the use of a congressional hold to leverage these reforms? If not, why not?
 - If Ivan Velasquez has become compromised in his position, do you believe that he should step down as CICIG Commissioner? If not, why not?

- If substantive reform of CICIG and the resignation of Ivan Velazquez are *sine qua non* prerequisites for the release of funding, does your answer change?