



# Homeland Security Investigations

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STATEMENT

OF

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

REGARDING A HEARING TITLED

*“FAILURE BY DESIGN: EXAMINING SECRETARY MAYORKAS’ BORDER CRISIS.”*

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON HOMELAND SECURITY

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McAllen, Texas  
8:15 a.m.

Chairman Green, Ranking Member Thompson, and distinguished members of the House Committee on Homeland Security:

### **Introduction**

Thank you for the opportunity to appear before you today to discuss Homeland Security Investigations' (HSI) efforts to disrupt and dismantle transnational criminal organizations (TCOs). With more than 6,800 special agents located in hundreds of offices throughout the United States and the world, HSI investigates, disrupts, and dismantles terrorist, transnational, and other criminal organizations that threaten our nation's security. My statement today will focus on HSI's efforts to stop deadly drugs from ever making it to the streets of the United States; its mission at the borders to turn individual seizures into cartel-toppling investigations; and its efforts to deny TCOs the illicit proceeds that fuel their operations.

As the principal investigative component of the Department of Homeland Security (DHS), HSI is responsible for investigating transnational crime. In collaboration with its partners in the United States and abroad, HSI special agents develop evidence to identify and advance criminal cases against TCOs; terrorist networks and facilitators; and other criminal elements that threaten the Homeland. HSI works with prosecutors to arrest and indict violators; execute criminal search warrants; seize criminally derived money and assets; and other actions with the goal of disrupting and dismantling TCOs operating throughout the world. These efforts help protect the national security and public safety of the United States.

HSI's investigative mission includes dismantling TCOs, which flood the United States with deadly drugs, including illicit fentanyl and other opioids. HSI conducts federal criminal investigations at every phase of the illicit drug supply chain; internationally, where TCOs operate and manufacture illicit drugs; at our Nation's borders and ports of entry (POEs), where smuggling cells attempt to exploit America's legitimate trade, travel, and transportation systems; and in communities throughout the United States. HSI combats TCOs through multiple avenues of criminal enforcement. Not only does HSI target the narcotics smuggling activities of the TCOs, but HSI also targets the financial networks they utilize to fund and profit from their illegal activity and the firearms trafficking the TCOs undertake to support their violent activities. HSI also targets the various other illegal activities the TCOs employ to fuel their criminal organizations, including human smuggling and trafficking, cyber-crime, intellectual property rights violations, and fraud.

These criminal organizations have expanded beyond narcotics smuggling and have morphed into poly-criminal TCOs involved in the associated crimes of weapons trafficking, human trafficking, human smuggling, money laundering, and other crimes—all of which HSI investigates. Rather than narrowly focusing on a single element of the TCO, HSI combats TCOs by using its unique and broad investigative authorities to enforce over 400 federal laws by investigating a myriad of crimes. Investigative efforts must be broad in scope to fully dismantle enterprises that often transcend borders.

## **HSI International Counternarcotics Efforts**

HSI's efforts to combat synthetic drugs, such as fentanyl, begin abroad. HSI has the largest international investigative presence within DHS, comprising hundreds of HSI special agents strategically assigned to 93 offices in 56 countries. This includes offices located in Mexico, where the vast majority of fentanyl is produced, and throughout the Asia-Pacific region, where synthetic drug precursor chemicals often originate.

HSI takes a forward-leaning approach to identify and mitigate threats before reaching our borders and applies a multi-tiered, multi-pronged strategy, spanning international boundaries and crossing all investigative program areas. HSI special agents abroad develop and foster relationships with host government law enforcement partners to exchange information; coordinate and support investigations; and facilitate enforcement actions and prosecutions to disrupt and dismantle TCOs that operate abroad but threaten the national security, economic prosperity, and public safety of the United States. HSI and its counterparts in other countries identify and disrupt sources of illicit drugs, transportation and smuggling networks, and money laundering operations. These efforts enable HSI and its partners to prevent dangerous narcotics and other illicit goods from reaching our borders and stop illicit outbound flows of illegally derived currency and weapons.

### *Transnational Criminal Investigative Unit Program*

The effectiveness of our international counter-narcotics efforts is greatly enhanced by HSI's Transnational Criminal Investigative Unit (TCIU) Program. TCIUs comprise vetted foreign law enforcement officials and prosecutors who support some of HSI's most significant extraterritorial investigations and prosecutions targeting TCOs. HSI has established 14 TCIUs around the world, including in Mexico, where the team is comprised of more than 40 officers and prosecutors from their Attorney General's office. In Fiscal Year (FY) 2022, efforts by the HSI Mexico TCIU resulted in approximately 123 criminal arrests and the seizure of approximately \$1.1 million, 11,100 pounds of cocaine and 18,200 pounds of precursor chemicals.

Targeting the fentanyl and methamphetamine precursor chemical supply chain is an integral element of HSI's approach to stopping the production of illicit drugs. These precursors serve as the fuel the cartels need to manufacture their deadly drugs destined for American cities and streets. Blending interagency and foreign collaboration, industry partnerships, financial data, and information technology tools, HSI identifies, targets, and interdicts precursor chemical shipments destined for Mexican cartels. Disruptions to the procurement phase of the narcotics production supply chain have an exponential impact on the drugs encountered at our border and on our streets. Mexican cartels operate on an industrial scale when procuring precursor chemicals, and the interdiction of these shipments has a profound effect on the number of drugs reaching our country. Many of these enforcement efforts are led by HSI's TCIU in Mexico, where, in addition to seizing precursor chemical shipments, they also lead investigations targeting the labs where the chemicals are synthesized into illicit drugs.

HSI's TCIUs are critical to preventing drugs from reaching our borders and yet face barriers to success. For example, HSI has the authority to pay salary stipends to TCIU members who serve on the frontline of combating TCOs but lacks the appropriations to fully realize the

legislative authority. HSI's inability to provide these stipends results in recruitment and retention challenges. The ability to pay salary stipends to TCIU members would enhance HSI's overall strategy and efforts to disrupt Mexican cartels' illicit precursor chemical supply chains.

### *National Targeting Center – Investigations*

HSI's National Targeting Center - Investigations (NTC-I) was established in 2013 in collaboration with U.S. Customs and Border Protection's (CBP) National Targeting Center to further our shared border security mission. HSI's increased manpower and concerted efforts at NTC-I support the entire border security continuum, from CBP interdictions and HSI investigations, to the joint exploitation of intelligence. Working in a collaborative environment at NTC-I, HSI provides support to all of DHS's domestic and international offices by targeting illicit precursor chemical movements within the air and maritime commercial transportation modalities.

The combination of NTC-I targeting and foreign action through HSI's TCIUs, is critical to stopping the flow of illicit drugs and dismantling TCOs. Using these resources, HSI targets the supply chains responsible for foreign origin shipments of precursor chemicals used in the illicit production of fentanyl and methamphetamine destined for Mexico. By blending interagency collaboration, industry partnerships, financial intelligence, and computer-based tools, HSI processes large volumes of data to identify precursor chemical suppliers and TCO procurers. HSI uses this information to target and seize precursor chemicals that are being transshipped through the United States or seized by its TCIUs abroad before the chemicals are converted into the synthetic drugs fueling overdose deaths. Thus far, this methodology has resulted in the seizure of approximately 3.3 million pounds of dual-use precursor chemicals used to manufacture illicit fentanyl and methamphetamine.

### **HSI Domestic Counternarcotics Efforts**

The vast majority of the methamphetamines and fentanyl flooding American streets is smuggled across our border with Mexico. HSI special agents work every day with CBP officers to identify and investigate drug smuggling organizations attempting to introduce illicit contraband into the United States, and to seize such contraband. HSI's ability to conduct complex large-scale investigations represents one of DHS's best weapons for dismantling TCOs in a manner not possible solely through border interdiction efforts. Conducting criminal investigations resulting from arrests associated with border seizures is necessary for ensuring the rule of law; however, HSI's mandate is to turn these individual seizures into multi-jurisdictional, multi-defendant, complex investigations to disrupt, dismantle, and prosecute high-level members of TCOs.

CBP's expansion of non-intrusive inspection (NII) scanning at Southwest Border POEs is poised to increase the number of CBP-origin seizures HSI special agents are required to investigate. To keep pace, HSI will require additional staffing to support the investigation and prosecution of individuals associated with POE seizures. Recent HSI congressional appropriations tied to NII expansion represent an important, albeit limited, initial step. HSI is moving quickly to deploy these new resources to Southwest Border POEs receiving NII augmentation. Given the required NII expansion to all land border POEs, additional staffing will

be essential to ensure HSI retains adequate personnel to respond to these seizures and to conduct the complex investigations which degrade and remove TCO threats to the Homeland.

### *Border Enforcement Security Task Forces*

The Jaime Zapata Border Enforcement Security Task Force (BEST) Act was signed into law in December 2012. The Act was named in honor of Jaime Zapata, an HSI special agent who, while working to combat violent drug cartels, was killed in the line of duty in Mexico. This law amended the Homeland Security Act of 2002 to formally establish the BEST program, with the primary mission of combating emerging and existing transnational organized crime by employing a threat-based/risk mitigation investigative task force model that recognizes the unique resources and capabilities of all participating law enforcement partners.

BESTs eliminate the barriers between federal and local investigations, close the gap with international partners in multinational criminal investigations, and create an environment that minimizes the vulnerabilities in our operations that TCOs have traditionally capitalized on to exploit our nation's borders. There are currently 86 BESTs located across the United States, including Puerto Rico and the U.S. Virgin Islands, comprising nearly 1,000 law enforcement officers and personnel representing federal, state, local, tribal, and international law enforcement agencies, and National Guard units. In FY 2022, BESTs initiated more than 5,300 investigations resulting in more than 6,000 criminal arrests and seizures of more than 317,000 pounds of narcotics, more than 480,000 pounds of precursor chemicals, and more than \$206 million of illicit proceeds and assets.

While much attention is given to the smuggling of narcotics across our southern border, illicit drugs continue to flow into the United States via international airports located throughout the United States. In addition to the use of drug couriers, TCOs continue to smuggle illicit narcotics destined for American communities concealed within express consignment and other parcels. In response, HSI established BEST units at international mail facilities (IMFs), express consignment hubs, and international airports acting as IMFs, as part of HSI's targeted response to the opioid crisis. The IMF and express consignment environments are a particularly significant avenue for the smuggling and transshipment of fentanyl, opioids, and other illicit narcotics. The placement of BEST units at IMFs enables the immediate application of investigative techniques on seized parcels, which aid in establishing the probable cause needed to effect enforcement actions in the United States and elsewhere on individuals associated with fentanyl and opioid-laden parcels.

## **Cyber-Related Efforts**

### *Cyber Crimes Center*

TCOs and their illicit drug clients are increasingly tech-savvy. Many have adopted emerging technologies to replace hand-to-hand drug sales with anonymous cryptocurrency purchases facilitated through dark-net marketplaces. These transactions may involve foreign vendors, but the result is the shipment of drugs to or within our country. To keep pace with rapidly evolving criminal techniques, HSI created the Cyber Crimes Center (C3) to provide investigative assistance, training, and equipment to support domestic and international

investigations of cyber-related crimes for DHS. C3 supports HSI's mission through the programmatic oversight and coordination of investigations of cyber-related criminal activity and provides a range of forensic, intelligence, and investigative support services across all HSI programmatic areas. C3 brings together highly technical assets dedicated to conducting trans-border criminal investigations of cyber-related crimes within the HSI transnational crime portfolio and authorities.

C3 performs an essential role in detecting, investigating, and preventing the sale and distribution of opioids and other illicit drugs on the dark web. With specialized capabilities, cyber analytics, and trained cyber investigators and analysts, C3 supports HSI online undercover investigations targeting market site operators, vendors, and prolific buyers of opioids and other contraband on the dark-net. C3 also provides critical support on tracing and identifying illicit proceeds derived from criminal activity on the dark web and investigating the subsequent money laundering activities. Additionally, C3's Computer Forensics Unit and the HSI Computer Forensic Program are critical tools in combating the flow of drugs into the United States. From the efforts of our computer forensic agents and analysts in the field to seize, process, and analyze digital evidence, through the advanced technical solutions, such as decryption and accessing secure data, digital forensics play an ever-increasing role in investigating complex multinational narcotics organizations. C3's Computer Forensic Unit also provides forensic training and support to our state, local, tribal, federal, and international law enforcement partners.

A top priority for HSI is to improve collective law enforcement capabilities by providing training to partner law enforcement agencies. In response to initiatives to reduce opioid demand in the United States, C3 developed a cyber-training curriculum with a focus on dark-net investigations and illicit payment networks associated with opioid smuggling and distribution. This training has been successful in improving law enforcement capabilities against online marketplaces and tools for illicit trafficking. Since 2017, HSI has delivered this training course in over 70 locations worldwide to more than 12,000 state, local, federal, and international law enforcement personnel.

### **Illicit Finance – Following the Money**

Illicit drug sales in the United States continue to net tens of billions of dollars in illicit proceeds annually. One of the most effective methods for dismantling TCOs engaged in narcotics trafficking is to attack the criminal financial networks that are the lifeblood of their operations. HSI special agents identify and seize the illicit proceeds and instrumentalities of crime and target financial networks that transport, launder, and hide ill-gotten proceeds. As a customs agency with significant access to financial and trade data, HSI is uniquely positioned to identify TCO schemes to hide illicit drug proceeds within the stream of legitimate commerce; on vehicles, vessels, and persons departing the United States; or when crossing a digital border, such as the movement of funds electronically, including in the form of virtual assets like cryptocurrency. HSI's financial efforts in FY 2022 resulted in 2,607 arrests; 1,600 criminal indictments; 1,028 convictions; and the seizure of more than \$4.2 billion in illicit currency and other assets (at the time of seizure).

## *National Bulk Cash Smuggling Center*

Despite the rise of alternative stores of value, such as virtual assets, bulk cash smuggling remains a key mechanism for TCO repatriation of drug proceeds. Criminal actors often avoid traditional financial institutions, which must comply with Bank Secrecy Act reporting requirements, instead repatriating their illicit proceeds through conveyances such as commercial and private aircraft, passenger and commercial vehicles, and maritime vessels, and via pedestrian crossings at our land borders.

Established in 2009, HSI's National Bulk Cash Smuggling Center (BCSC) is a critical component of the agency's and overall U.S. Government's efforts to combat bulk cash smuggling by TCOs. The BCSC operates strategic programs that leverage advanced data analytics, interagency partnerships, and law enforcement technology systems to identify complex money laundering networks and provide support for HSI financial investigations. The criminal intelligence functions of the BCSC provide operational analysis in support of HSI-led interdiction efforts, including port profiles highlighting cash flow activity at targeted POEs and corridor analyses to assist in planning the timing, location, and strategy for interdiction operations. The BCSC also administers a targeted, investigation-focused license plate reader program to identify larger criminal networks and a warrant-based GPS tracking program that provides valuable intelligence on the behaviors of criminal groups engaged in bulk cash smuggling. Since its inception through FY 2022, the BCSC has initiated or substantially contributed to the seizure of bulk cash totaling over \$1.73 billion.

TCOs are increasingly augmenting bulk currency smuggling with use of alternate value platforms in response to financial regulations and law enforcement efforts to identify money laundering networks. A single movement of TCO proceeds may involve bulk cash, stored value cards, money orders, cryptocurrency, wire transfers, funnel accounts, and trade-based money laundering (TBML). HSI adapts to evolving criminal methodologies by leveraging new law enforcement technologies to identify money laundering activity through these emerging alternate value platforms and seize criminal assets.

## *Trade-Based Money Laundering*

TBML is the process of disguising criminal proceeds through international trade to hide their illicit origins. As the primary law enforcement agency that investigates TBML, HSI utilizes data resources, maintained by DHS encompassing trade, travel, and financial information, to identify TBML schemes. HSI has established several national initiatives that target specific TBML schemes and provides subject matter expertise, analytical support, and enforcement related support to HSI special agents. Specifically, HSI has the ability to intercept and interdict trade and individuals associated with TBML that have a nexus to the borders of the United States and provide the necessary information to initiate criminal investigations targeting this activity.

An integral part of combating TBML is the HSI-established Trade Transparency Units (TTUs), which combat the growing threat of international money laundering by TCOs via TBML. The TTUs accomplish this mission using partner country data sharing programs and the Data Analysis & Research for Trade Transparency Systems program. Through established partnerships, the TTUs have access to foreign trade, travel, and financial information used to

support ongoing criminal investigations and to address TBML on a global scale. These partnerships are based on bilateral agreements with the United States and 19 partner countries for the sharing of trade and financial information. Through the TTUs, HSI field offices can request information pertaining to companies and individuals that would otherwise be unavailable without the bilateral agreements.

### *Cryptocurrency*

Cryptocurrencies are increasingly used to facilitate domestic and cross-border crime. HSI has seen nefarious actors use cryptocurrency in furtherance of a wide array of crimes HSI investigates. From individual actors to large scale TCOs, cryptocurrency can be exploited by any criminal organization engaged in almost any type of illicit activity, and this is especially true as it pertains to the use of cryptocurrencies to facilitate online distribution of fentanyl, methamphetamine, and other dangerous drugs. Both at home and abroad, cryptocurrencies are being used to purchase illicit items such as drugs on dark-net marketplaces and to launder criminally-derived proceeds. Cryptocurrencies are attractive to TCOs because they offer a relatively fast, inexpensive, and pseudonymous system of transactions as compared to more traditional financial transactions. As such, HSI investigations related to cryptocurrency have risen from one criminal investigation in 2011 to over 230 criminal investigations in FY 2021. In FY 2022, HSI seized nearly \$4 billion in cryptocurrency (at the time of seizure). This substantial increase signifies growing confidence in cryptocurrency use by criminals and criminal networks.

### **Southwest Border Weapons Smuggling**

Another critical part of HSI's multi-discipline approach to combating the flow of illicit drugs into the United States includes combating the flow of illicit firearms and ammunition into Mexico. TCOs use corresponding southbound pathways to repatriate cash proceeds from illegal activities and secure sufficient armaments to remain a persistent threat to Mexican security forces.

Firearms smuggled from the United States into Mexico allow the TCOs to continue their deadly operations against our Mexican law enforcement partners and the local populace. In 2021, the Government of Mexico estimated at least 342,000 U.S.-sourced firearms are illegally smuggled into Mexico every year. Mexico's National Public Security System reported 34,515 intentional homicides with 70 percent involving firearms in 2020. During this period, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) performed traces on 19,762 firearms recovered in Mexico. ATF checks determined at least 67.7 percent were sourced from the United States with over half traced to a retail purchase.

### *Operation Without a Trace*

HSI uses its customs authorities to target procurement networks responsible for smuggling U.S.-origin weapons into Mexico. This includes Operation Without a Trace (WaT), a unified DHS effort to fight the illegal trafficking of firearms and ammunition from the United States into Mexico. WaT is a federal partnership among HSI, CBP, ATF, and the Government of Mexico focused on the illicit purchase, transport, and distribution of firearms, firearms components, and ammunition from the United States to Mexico. WaT is a whole-of-government



effort recognized by the National Security Council to combat this threat. WaT's three-pronged approach leverages intelligence, interdiction, and investigative assets to identify, disrupt, and dismantle TCOs trafficking firearms. In FY 2022, WaT partners initiated 272 criminal investigations resulting in 302 arrests, and the seizure of 514 firearms, 1,019 magazines and more than 284,175 rounds of ammunition, all destined to TCOs in Mexico.

### **Conclusion**

HSI's unique border authorities and dynamic, multi-tiered, multi-pronged strategies to combatting TCOs allows us to pursue impactful investigations to attack all aspects of these organizations. While our collective efforts are executed with diligence and a commitment to public safety, work remains at all levels – internationally, at the border, and throughout the United States. It is imperative HSI has the resources necessary to continue to remain at the forefront of the fight against transnational criminal organizations and their illicit activities.

Thank you again for the opportunity to appear before you today and for your continued support of HSI and our enduring efforts to dismantle TCOs throughout the world. I look forward to your questions.