



U.S. Immigration and Customs Enforcement

STATEMENT

OF

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REGARDING A HEARING ON

“EXAMINING DHS’S EFFORTS TO COMBAT THE OPIOID EPIDEMIC”

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON BORDER SECURITY, FACILITATION, & OPERATIONS

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Chairwoman Barragán, Ranking Member Higgins, and distinguished members of the House Subcommittee on Border Security, Facilitation, and Operations:

Introduction

Thank you for the opportunity to appear before you today to discuss U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations' (HSI's) efforts to combat the smuggling of opioids. My statement will focus on HSI's work with foreign partners to stop the synthesis of deadly drugs abroad, so they never reach the United States; its mission at the borders to turn individual seizures into cartel-toppling investigations; its focus within the United States to take deadly drugs off the streets and shut down dark-net vendors; and its efforts to deny cartels the firearms and illicit proceeds that fuel their operations.

ICE HSI is the principal Department of Homeland Security (DHS) Component responsible for investigating transnational crime. In collaboration with its partners in the United States and abroad, HSI special agents develop evidence to identify and build criminal cases against transnational criminal organizations (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 take other actions designed to disrupt and dismantle criminal organizations operating throughout the world. These efforts protect the national security and public safety of the United States.

HSI's investigative mission includes dismantling narcotics smuggling TCOs, including the Mexican cartels which perennially flood the United States with opioids and other illicit drugs and threaten the stability of Mexico. HSI conducts federal criminal investigations at every location in the illicit drug supply chain: internationally, where TCOs operate and manufacture illegal drugs; at our Nation's physical border 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, where criminal organizations earn substantial profits from selling poison to American citizens. In addition to combating narcotics smuggling, HSI attacks the criminal networks operating in the United States and elsewhere that source and smuggle U.S.-origin firearms and ammunition to Mexico – fueling violence and enabling cartels to flourish.

Today, Mexican cartels serve as the principal source of the illicit fentanyl and methamphetamine fueling the drug overdose epidemic in the United States. Cartels manufacture these drugs using precursor chemicals sourced from China and other foreign nations. HSI targets Mexican cartels by collecting, analyzing, and exploiting information gathered from interdictions to further ongoing investigations; developing and pursuing additional investigative leads; and executing enforcement actions to disrupt criminal activity. HSI's expertise in investigating international supply chains, unique border search authority, and broad statutory authorities uniquely position the agency to target illicit shipments of fentanyl and methamphetamine precursor chemicals from China and other countries to Mexico. Depriving Mexican cartels of these precursors is equivalent to depriving them of the oxygen they need to function, no chemicals, no drugs. HSI's efforts in this area have yielded significant results, including the seizures of hundreds of thousands of kilograms of chemicals destined for Mexican TCOs.

Targeting the fentanyl and methamphetamine precursor chemical supply chain is an integral element of HSI's approach to stopping the flow of illicit drugs. 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. Seizure of a single kilogram of key fentanyl precursor chemicals can prevent the production of almost 20 kilograms of the processed fentanyl encountered at the southwest border and in our communities. 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. For instance, a March 2021 HSI seizure of 750 kilograms of a fentanyl precursor was estimated to yield approximately 14,821 kilograms of fentanyl at average purity encountered on the Southwest border. This seizure not only prevented the production of a massive quantity of a deadly drug but also denied the TCO an estimated \$444.6 million in illicit proceeds.

These organizations, however, have expanded beyond narcotics smuggling and are now involved in the associated crimes of weapons trafficking, human trafficking, human smuggling, money laundering, and others—all of which HSI investigates. Criminal organizations in the 21st century do not limit themselves to a single crime; likewise investigative efforts must be broad in scope to fully dismantle enterprises that often transcend borders. Rather than narrowly focusing on drug trafficking, HSI combats TCOs by using its unique and broad investigative authorities to enforce over 400 federal laws to investigate a myriad of crimes.

HSI International Counternarcotics Efforts

HSI's international presence is a key facet of its approach to countering transnational organized crime. HSI has the largest international investigative presence of all DHS components and comprises hundreds of HSI special agents strategically assigned to 86 offices in 54 countries. This includes more than two dozen personnel assigned to eight offices located throughout Mexico, where the vast majority of the methamphetamine and fentanyl that sickens Americans is produced. This also includes offices located in China and throughout the Asia-Pacific region where the majority of precursor chemicals used to produce illicit synthetic drugs originate from or transit through.

HSI takes a forward leaning approach to identify and mitigate threats before they reach our borders. This multi-tiered, multi-pronged strategy is one that spans international boundaries and crosses 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 southbound flows of illegally derived currency and weapons.

Transnational Criminal Investigative Unit Program

HSI established the Transnational Criminal Investigative Unit (TCIU) Program in 2011 to act as a force multiplier in the fight against Mexican cartels and other TCOs. HSI TCIUs are composed of host-country law enforcement officials, including customs officers, immigration officers, and prosecutors who undergo a stringent vetting process. HSI TCIUs facilitate information exchange and rapid bilateral investigations involving violations within HSI's investigative authority, including narcotics smuggling; weapons trafficking and counter-proliferation; money laundering and bulk cash smuggling; human smuggling and trafficking; transnational gang activity; child exploitation; and cybercrime. TCIUs enhance the host country's ability to investigate and prosecute individuals involved in transnational criminal activity that threatens the stability and security of their region and ultimately, our Homeland. More than 500 vetted and trained host-country law enforcement officers comprise the 12 TCIUs and two International Task Force units. In Mexico, the TCIU is comprised of more than 30 officers and prosecutors from their Attorney General's office. TCIU personnel work with HSI on key programmatic areas, including narcotics trafficking, and deploy to locations across Mexico in furtherance of high-profile investigations targeting Mexican cartels and other TCOs. In Fiscal Year (FY) 2021, the HSI Mexico TCIU made approximately 100 arrests; seized 3 million USD; 4,300 pounds of cocaine; 350 pounds of fentanyl; 717,000 pounds of drug precursor chemicals, and 58,000 pounds of other drugs.

National Targeting Center - Investigations

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

The combination of NTC targeting and foreign action through TCIUs is critical to stopping the flow of illicit drugs. 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 the United States. By blending interagency collaboration, industry partnerships, financial information, and computer-based tools, HSI processes and derives meaning from large volumes of data to identify precursor chemical suppliers and Mexican cartel procurers. HSI uses this information to target and seize precursor chemicals in the United States and through the TCIU in Mexico before they are converted into the synthetic drugs fueling overdose deaths. Thus far, this methodology has resulted in the seizure of approximately 633,000 kilograms of fentanyl and methamphetamine precursor chemicals.

HSI Southwest Border Counternarcotics Efforts

The vast majority of the methamphetamine and fentanyl flooding American streets is smuggled across our border with Mexico. HSI is the primary federal law enforcement agency responsible for investigating drug seizures and other criminal activity occurring at POEs. Our special agents work every day with CBP officers to identify, seize, and investigate drug smuggling organizations attempting to introduce illicit contraband into the United States.

CBP expansion of non-intrusive inspection (NII) scanning at southwest border POEs is poised to increase the number of CBP-origin seizures HSI special agents investigate. To keep pace, HSI needs 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 conduct the complex investigations which degrade and remove TCO threats to the Homeland.

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.

Border Enforcement Security Task Forces

The *Jaime Zapata Border Enforcement Security Task Force 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 (Border Enforcement Security Task Force) 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.

BEST units 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 82 BESTs located across the United States, Puerto Rico and the U.S. Virgin Islands, comprising more than 2,000 law enforcement officers and personnel representing more than 200 federal, state, local, tribal, and international law enforcement agencies, and National Guard units. These personnel include HSI special agents, task force officers, intelligence analysts, and investigative support personnel. Since inception through mid-March 2022, BESTs have collectively initiated more than 46,000 investigations

resulting in more than 56,000 criminal arrests and seizures of more than 3.75 million pounds of narcotics, 32,000 weapons, and more than \$860 million in cash/monetary instruments.

As part of HSI's response to the exploitation of international shipping to move illicit drugs, HSI increased the number of BEST units at international mail facilities (IMF), express consignment hubs, and international airports acting as IMFs. This strategy facilitates the immediate application of investigative techniques on seized parcels, which aids in establishing the evidence needed to effect enforcement actions on individuals associated with parcels containing illicit drugs. Between FYs 2018 and 2021, BEST units at international airports, IMFs, and express consignment hubs initiated more than 3,790 investigations resulting in more than 2,750 criminal arrests and seizures of more than 68,400 pounds of illicit drugs and drug precursors. These seizures included nearly 590 pounds of fentanyl, and over \$52 million in currency and monetary instruments. These law enforcement operations have disrupted the movement of illicit drugs and drug precursors transiting through the mail and express consignment shipments and aided in dismantling distribution networks.

HSI Domestic Counternarcotics Efforts

The illicit drug supply chain begins abroad and ends on Main Street. The drugs smuggled through southwest border POEs fuel overdose deaths in communities across the country. HSI investigates and thwarts this activity from the border to the heartland. Domestically, HSI covers the Nation through 253 offices located in all 50 states as well as the U.S. territories of Puerto Rico, United States Virgin Islands, and Saipan. Each office dedicates assets to combat the flow of illicit drugs with remarkable results. In FY 2021, HSI narcotics enforcement efforts resulted in 12,920 arrests; the seizure of 23,632 lbs. of opioids, including 14,530 lbs. of fentanyl; 855,780 lbs. of cocaine; 234,623 lbs. of methamphetamine; and the associated seizure of over \$188 million. The impressive narcotics seizures testify not only to HSI's diligence in protecting America's borders and securing our communities, but also to the ability of TCOs to absorb substantial losses while continuing to function.

HSI counternarcotics efforts are enhanced through its network of federal, state, local, and tribal partnerships, which includes our participation in the High Intensity Drug Trafficking Areas (HIDTAs) Program and Organized Crime Drug Enforcement Taskforces (OCDETFs) Program. These partnerships enable our special agents to collaborate in investigations using our unique and far-reaching authorities to safeguard the homeland from ever evolving and emerging threats, such as those posed by Mexican cartels and other TCOs. For example, in April 2022, HSI special agents assigned to our Seattle office led an investigation that resulted in the arrest of four drug traffickers operating in the Portland, Oregon, Metropolitan area and the seizure of approximately 150,000 counterfeit prescriptions pills containing fentanyl and 20 pounds of suspected bulk fentanyl. This investigation – conducted in collaboration with our federal, state, and local law enforcement partners – was the largest single fentanyl seizure in Oregon state history with an estimated street value of approximately \$4 million.

Cyber-related Efforts

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 always result in the shipment of drugs to or within our country. To keep pace with rapidly evolving criminal techniques, HSI created the Cyber Crimes Center (C3) in 1997. C3 was codified at 6 USC § 473 to provide investigative assistance, training, and equipment to support domestic and international investigations of cyber-related crimes for the Department of Homeland Security. 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 increased capabilities, cyber analytics, trained cyber investigators and analysts, C3 supports HSI online undercover investigations targeting market site operators, vendors, and prolific buyers of opioids and other illicit drugs on the dark web. 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 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. The 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 web 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.

Southwest Border Weapons Smuggling

Part of HSI's multi-discipline approach to combating the flow of illicit drugs into the United States includes combating the flow of illicit guns and ammunition into Mexico. Cartels 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 cartels 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 guns are illegally smuggled into Mexico every year. Mexico's National Public Security System reported 34,515 intentional homicides with 70% 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% were sourced from the United States with over half traced to a retail purchase.

HSI uses its customs authorities to target weapons moving south into Mexico and the procurement networks in the United States. This includes Operation Without a Trace (WaT), a unified DHS effort to fight the illegal trafficking of guns and ammunition from the United States into Mexico. WaT is a federal partnership between 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, and one of only three whole of government efforts recognized by the White House's National Security Council to combat this threat. WaT's three-pronged approach leverages intelligence, interdiction, and investigative assets to identify, disrupt, and dismantle transnational criminal organizations trafficking firearms. During FY 2021, WaT partners initiated 198 criminal investigations which resulted in 153 arrests, and seizure of 494 firearms, 2,083 magazines and more than 265,026 rounds of ammunition, all destined to TCOs in Mexico.

To highlight the importance of our partnership with the Government of Mexico, last month, HSI special agents assigned to our Arizona BEST and the ATF executed a federal search warrant resulting in the seizure of multiple firearms intended for Mexico. This enforcement action was predicated upon the seizure of approximately 2.8 million rounds of ammunition, 128 long guns, 89 grenades, 38 handguns, 19 machine guns, six .50 caliber rifles, and 100 plates of ballistic armor by the Mexican Ministry of Defense in March 2022. A significant portion of these firearms were found to have originated from the United States.

Illicit Finance – Following the Money

Profit is the primary motive for the production and sale of illicit drugs. U.S. illicit drug sales continue to net tens of billions of dollars in illicit proceeds annually. One of the most effective methods for dismantling Mexican cartels and other TCOs engaged in narcotics trafficking is to attack the criminal proceeds that are the lifeblood of their operations. Every HSI investigation has a financial element. Our special agents identify and seize the illicit proceeds of crime and target financial networks that transport, launder, and hide ill-gotten proceeds. With significant access to financial and trade data, HSI is uniquely positioned to identify TCO schemes to hide illegal 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, such as cryptocurrency. HSI's financial efforts in FY 2021 resulted in at least 2,198 arrests; 1,417 criminal indictments; 738 convictions; and the seizure of more than \$973 million in illicit currency and assets.

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, 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 Mexican cartels and other 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 Center 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, the BCSC has initiated or substantially contributed to over 8,810 criminal arrests and seizures of bulk cash totaling over \$2.63 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. 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.

While Mexican cartels and TCOs continue to employ traditional money laundering methods, cryptocurrencies are increasingly used to facilitate domestic and cross-border crime. HSI has seen nefarious actors expend 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 their use 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 darknet 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 FY21. In FY21, HSI seized over \$97 million in cryptocurrency. This marked increase signifies growing confidence in cryptocurrency use by bad actors and requires that law enforcement become increasingly technically proficient in performing these complex investigations.

Conclusion

The United States continues to be ravaged by an ever-growing supply of illicit drugs, including synthetic drugs like fentanyl and methamphetamine, that have become the leading cause of overdose deaths in the country. HSI's authorities and dynamic approaches to counternarcotics allow us to pursue impactful investigations and disrupt, dismantle, and prosecute the TCOs most responsible for perpetrating this ongoing and evolving public health crisis. While our collective efforts are executed with an unrelenting commitment to public safety, we recognize that work remains at all levels – internationally, on the border, and in our communities.

Thank you again for the opportunity to appear before you today and for your continued support of HSI and our enduring efforts to secure our borders and protect the American people from the influx of deadly narcotics like fentanyl. I look forward to your questions.