



STATEMENT

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Chairwoman Barragán, Ranking Member Higgins, and distinguished Members of the Subcommittee on Border Security Facilitation, & Operations. Thank you for the opportunity to appear before you today to discuss threats emanating from the smuggling of opioids. It is an honor to be here representing the Department of Homeland Security's (DHS) Office of Intelligence and Analysis (I&A), and the dedicated intelligence professionals that keep the Homeland safe, secure, and resilient.

Smuggling of Illicit Opioids

The lethal drug overdose crisis in the United States, fueled by foreign drug trafficking organizations, continues at epidemic proportions while yielding transnational criminal organizations (TCO) billions of dollars in illicit proceeds. Foreign traffickers supply U.S.-based gangs with drugs for retail-level distribution and sales, potentially contributing to heightened levels of criminal violence in some areas of the country. They are selling fentanyl to users that is mixed with other controlled substances and in the form of counterfeit prescription pills to drive addiction and increase repeat customers through dependency. Reports from the Centers for Disease Control and Prevention (CDC) and the Drug Enforcement Administration (DEA) conclude that a majority of drug overdose fatalities involve highly addictive fentanyl and other synthetic opioids.

We have learned in our fight against the opioid epidemic that fentanyl production is cheaper, faster, and more lucrative than plant-based illicit drugs such as heroin. Mexico-based drug trafficking organizations (DTOs), principally the Sinaloa Cartel and Jalisco New Generation Cartel, are leading manufacturers and smugglers of fentanyl to the United States. These cartels import precursor chemicals into Mexico mostly from China and, to a lesser but increasing extent, from India. Suppliers quickly adapt to enforcement pressure or legal restrictions by adjusting advertising techniques or changing chemical structures that mimic the desired effect and fall outside of existing drug controls. Dual-use chemicals used in synthetic drugs also present additional precursor detection challenges as many have a legitimate use.

Mexico-based DTOs continue to expand their chemical expertise, strengthening their adaptability for making synthetic drugs and increasing their profit margin by controlling more of the supply chain. After obtaining precursors, fentanyl production involves three stages: laboratory synthesis, pill pressing operations, and staging for cross-border smuggling. Mexico-based DTOs prefer producing finished fentanyl in Mexico to mitigate the risks associated with transporting equipment and precursor chemicals. Once fentanyl is synthesized, a single pill pressing operation in Mexico can produce up to 150,000 tablets a day, worth about \$90,000 in Sinaloa or up to \$2 billion in U.S. street value. Pills are then staged in stash houses along Mexico's northern border.

Mexico-based DTOs primarily use both personally owned and commercial vehicles to smuggle fentanyl into the United States through land border ports of entry. Once in the country, the DTOs or their affiliates distribute synthetic drugs via northbound and eastbound highways to large distribution hubs such as Los Angeles, Chicago, Atlanta, and New York. Fentanyl networks are among the world's first digital-native drug networks. Direct-to-consumer transactions use social media to expand upon more traditional drug distribution onward to local

hubs. This e-commerce model also enables illicit actors to react rapidly to enforcement detection and reach a broader customer base, including juveniles.

DTOs have disguised fentanyl pills to look like prescription opioids such as oxycodone (Oxycontin, Percocet), hydrocodone (Vicodin), benzodiazepines such as alprazolam (Xanax), or stimulants like amphetamines (Adderall). Mass production and false marketing of these counterfeit pills deceive customers and exacerbate the harm to public health. In addition to illicit prescription pills, fentanyl is also seen laced with other commonly abused drugs such as marijuana, heroin, and cocaine. Illicit actors are likely adulterating these drugs to increase their potency and addictive properties to grow market demand.

Since 2018, synthetic drugs such as fentanyl are the leading drivers of most drug-related overdose deaths reported in the United States. Provisional data from CDC's National Center for Health Statistics predicted 106,854 overall drug overdose deaths in the United States for 12 months ending in November 2021. Synthetic opioids accounted for 70,420, or 66%, of the overdose deaths in the United States during the same period. Fentanyl's widespread availability leads to more overdoses of greater severity, as its amplified potency diminishes revival response. Law enforcement and public health professionals report the need for multiple delivery treatments of naloxone (Narcan) when responding to an overdose incident involving fentanyl.

I&A Actions

The Administration's National Drug Control Strategy focuses on two big drivers of the opioid epidemic *untreated addiction*—public health and domestic policies to reduce demand and save lives—and *drug trafficking*—on disrupting the DTOs. The catastrophic effects of fentanyl and other synthetic opioids on society are clear, but a commodity-centric approach is insufficient. All nationally significant smugglers of fentanyl also deal in other illicit drugs and commit other forms of organized crime to enable their illicit drug supply. To combat this threat holistically, the strategy seeks to deter, disrupt, and dismantle the TCO networks responsible. As intelligence providers, I&A, the DHS Intelligence Enterprise, and the Intelligence Community all collect, research, and analyze information to produce assessments of TCOs that inform decision making and operational planning across DHS, federal agencies, and state, local, tribal, and territorial (SLTT) partners in support of their actions to combat TCOs.

The I&A Transnational Organized Crime Mission Center (TOCMC) produces intelligence on drug trafficking, human smuggling, irregular migration, and other issues to strengthen engagement between U.S. officials and foreign partners. Specific to drug trafficking threats, our analysis is aimed at identifying key TCO leadership figures, organizational networks, logistical supply chains, smuggling routes, and the effects of corruption that stand in the way of dismantling these organized crime groups. Analytic products from TOCMC draw upon national-level reporting from the Intelligence Community fused with DHS-unique data from components as well as information from our law enforcement partners across all levels of government. Finished intelligence products related to TCOs are written for the widest possible dissemination to our federal and SLTT partners.

Mexican TCOs supply U.S.-based criminal gangs with drugs for onward distribution and retail-level sales, which potentially contributes to heightened criminal violence in some areas of the country. Because these networks reach across the border and into our communities, we combine robust partnerships with our law enforcement partners and other homeland security partners with DHS and IC data and information to provide a more complete picture of the TCO threat to the Homeland.

I&A seeks front line information on gangs, other groups, or individuals inside the United States who are involved in drug trafficking on behalf of TCOs and on how TCOs establish relationships with US gangs on drug activities. I&A plays a critical role in fusing information received from our law enforcement and private sector partners with Intelligence Community holdings. I&A outreach to our SLTT and private sector partners helps them recognize the value of information that they discover incidental to their normal operations for collection and dissemination in intelligence reporting channels, while ensuring that proper intelligence oversight safeguards are observed to protect privacy and civil liberties. I&A's unique and growing partnership with SLTT counterparts reflects enormous potential to strengthen our nation's fight against TCOs and the drug crisis.

I&A also maintains a robust partnership with law enforcement stakeholders to understand both national and local impacts of TCO operations and to inform and guide our efforts to counter TCOs through integrated information sharing and operations with our state, local, tribal, and territorial (SLTT) partners and other federal agencies, including the Federal Bureau of Investigation, the Drug Enforcement Administration, and the Office of National Drug Control Policy's High Intensity Drug Trafficking Area program. I&A's deployed intelligence personnel work closely with DHS Components, state and major urban area fusion centers, and other law enforcement agencies to gather, analyze and report information that is uniquely available from these partners. These insights help shape our understanding of the TCO activities in the United States. I&A also broadly facilitates the sharing of products and threat information between these partners using our Homeland Security Information Network and other dissemination methods. Furthermore, I&A is part of a DHS-wide CTOC enterprise that includes collaboration with ICE, CBP, U.S. Coast Guard, S&T, PLCY, among others. This enterprise leverages unique authorities and capabilities to the aforementioned Components to create powerful synergies.

Conclusion

Thank you again for the opportunity to appear before you today to discuss this critical threat and for your continued support of I&A. We remain committed to keeping the Homeland safe, secure, and resilient by safeguarding the Nation from terrorist, criminal, and other threat actors and we will continue our efforts at home and abroad to uphold the national security and public safety of the United States.