Testimony
of

Michael J. Krol
Assistant Director
Homeland Security Investigations
U.S. Immigration and Customs Enforcement
U.S. Department of Homeland Security

Regarding a Hearing Titled

"Northern Exposure: Assessing the Evolving Threat Landscape at America's Northern Border"

Before the House Committee on Homeland Security, Subcommittees on
Border Security & Enforcement / Counterterrorism & Intelligence

June 30, 2026
Washington, DC

Chairmen Guest and Pfluger, Ranking Members Correa and Magaziner, and distinguished Members of the Subcommittees, thank you for the opportunity to appear before you today.

I am honored to represent the men and women of Homeland Security Investigations (HSI), who carry out complex criminal investigations that safeguard our national security, protect our communities, and preserve the integrity of our economy. Whether on the northern or southern border, or around the world, our special agents confront a broad range of threats, including drug cartels, human trafficking networks, weapons trafficking, bulk cash and trade-based money laundering, digital asset abuse, child exploitation, and crimes that overlap with terrorism and hostile foreign actors. These threats are interconnected and transnational, and they increasingly exploit the shared systems and geography of the United States and Canada. However, our unique combination of authorities and capabilities—including digital forensics expertise, a robust international footprint, and strong leadership in whole-of-government task force models—gives us the advantage against sophisticated criminal organizations.

My testimony today focuses on how this global threat environment is evolving along our northern border, how HSI is responding in concert with our domestic and foreign partners, and how new models of cooperation, including the recent executive order establishing the Homeland Security Task Forces (HSTF), have strengthened our ability to align investigations across DHS components and other agencies, and to dismantle dangerous criminal and terrorist networks as integrated targets.

The United States and Canada share more than 5,500 miles of land and waterways—the longest international border in the world—linking major ports of entry and trade corridors with vast stretches of rural farmland, forest, and water that are sparsely populated and difficult to patrol. Each day, lawful cross-border travel and commerce support a critical bilateral relationship and hundreds of billions of dollars in legitimate U.S.-Canada trade. Unfortunately, this trusted relationship and high volume of cross-border activity are exploited by transnational criminal organizations and drug cartels that use deception, trade fraud, and other illicit methods to move drugs, people, weapons, and illicit proceeds, often concealed within legitimate flows both into and out of the United States.

Drugs and Evolving Smuggling Methods

Unique to the northern border, the flow of illicit drugs reflects both inbound and outbound dynamics. In 2024, Canadian law enforcement dismantled a series of fentanyl laboratories in Ontario, establishing Canada as an emerging source country rather than merely a transshipment point for illicit fentanyl. Since 2025, fentanyl-related investigations linked to Canadian production have tapered, and Canadian-produced fentanyl remains relatively low compared to seizures originating in Mexico. Even so, the fact that production exists on the Canadian side at all is a significant development. It means that HSI and our partners must now account for production, not just transit, as we assess northern-border risk.

The more dominant concern is the drug flow moving through the United States into Canada. Cartel-owned cocaine and other controlled substances are routed north for domestic consumption and onward shipment to Europe. In one 2026 HSTF case, HSI, working in partnership with the Canada Border Services Agency (CBSA) and other Canadian law enforcement agencies, seized nearly half a ton of cocaine concealed in a commercial truck at the Blue Water Bridge in Michigan. The cocaine was believed to be headed to Toronto, a major hub for distribution and international transshipment. CBSA reports approximately 10,000 pounds of cocaine seized in

[its] FY 2025–26 and about 7,700 pounds in FY 2024–25; compared with roughly 2,700 pounds in FY 2020–21, that is an increase of about 275% over the last five years. Fentanyl seizures have increased 100% in the same timeframe. These increases underscore that the northern border remains a key vector for high-value narcotics tied to cartels and transnational criminal organizations.

Weapons Trafficking and Firearms Flows

Drugs and weapons often move along the same routes and serve the same criminal markets. The northern border shares this trend, as weapons traffickers move shipments of firearms and ammunition through northern ports and rail lines. Between January 2025 and May 2026, HSI initiated 70 export-enforcement and firearms-trafficking investigations with a nexus to Canada, seizing more than 410 firearms and over 50,000 rounds of ammunition. These investigations resulted in 47 arrests, 31 indictments, and 9 convictions. While complex and often requiring multiyear efforts, they are critical to disrupting the procurement networks that arm violent criminal groups in both countries.

Critical Technology and Proliferation Threats

Beyond handheld firearms, HSI investigates violations of counter-proliferation of controlled technology and dual-use items that can enhance the capabilities of foreign militaries and hostile actors. Criminal networks and foreign procurement agents sometimes use Canada as a transshipment point to obscure the true destination of sensitive U.S.-origin goods. In one such investigation, HSI and partner agencies arrested two suspects and seized approximately $1.3 million worth of high-end Nvidia graphics processing unit servers from a freight forwarder in Texas. False documents, straw purchasers, and third-country intermediaries, including Canadian transit, were used to conceal China as the ultimate end-use location.

Human Smuggling and Exploitation

While often using similar or identical methods such as narcotics and weapons smuggling, transnational criminal organizations (TCO) engaged in human smuggling advertise online, arrange fraudulent travel documents, and provide coaching on how to avoid detection, charging substantial fees for transportation and access to particular corridors. Human smuggling is inherently dangerous and can result in serious harm or death for those being smuggled. In 2025, experts in the HSI Forensic Laboratory provided critical testimony in a federal trial in Minnesota involving a large-scale TCO that transported migrants from Canada to the Chicago area. During that conspiracy, severe winter conditions and reckless disregard for human life in 2022 led to the deaths of four migrants, including two children. This case underscores the extreme risks posed by northern-border smuggling operations and the importance of holding organizers accountable when their actions result in the loss of life.

Fraud, Online Crime, and Child Exploitation

TCO crimes also directly target and impact U.S. victims through fraud and exploitation. In one recent case, a Canada-based criminal organization was charged with operating call centers between 2021 and 2024 that targeted elderly victims in the United States by impersonating family members and officials and convincing them to send large amounts of currency. The currency was collected and converted into digital funds, which were then moved through Canadian financial channels. The scheme is believed to have defrauded U.S. victims of more than $21 million. While ongoing, this joint investigation between HSI, the Internal Revenue

Service, and Canadian police agencies has already resulted in the arrest of multiple suspects in Canada, for whom the U.S. Department of Justice is pursuing extradition.

Even more reprehensible are the criminals who use online platforms, darknet chat rooms, and encrypted messaging that are central to the exploitation of children and to the child sexual abuse material that regularly crosses the Canadian-U.S. border. In recent years, HSI has seen a dramatic increase in tips, with reports from the National Center for Missing and Exploited Children climbing into the hundreds of thousands. The HSI-led DHS Cyber Crimes Center combats this horrific threat through advanced analytics that triage priority cases, surface previously unseen material, and support rapid victim identification. Interagency liaisons from both HSI and Canadian agencies support U.S. and Canadian child exploitation centers to ensure proactive, timely sharing of leads.

In 2025, HSI partnered with the Royal Canadian Mounted Police (RCMP) to target offenders who provide livestream access to child sexual assaults. That effort resulted in the review of more than 600 potential suspects and the acceptance of 44 investigative referrals by Canadian law enforcement. In another case, an undercover online investigation targeted an offender who claimed to be producing child sexual abuse material involving children under 13. HSI worked with local authorities in the Toronto area, who subsequently arrested a suspect in a position of public trust and rescued at least one minor child.

Money Laundering, Trade Fraud, and Illicit and Terrorist Financing

The criminal activity described above generates substantial illicit proceeds that criminals seek to heavily launder or keep out of traditional financial institutions to avoid seizure. Bulk cash smuggling remains a core method, with criminal organizations transporting large amounts of currency in personal vehicles, commercial trucks, and luggage to avoid detection and reporting requirements.

Chinese money laundering organizations have become central players in these schemes. These networks operate sophisticated underground banking systems that use mirror trades, front companies, and trade-based mechanisms to convert bulk cash into seemingly legitimate funds. By pairing U.S.-based customers seeking to move money overseas with foreign customers seeking dollars, they move value across borders with little or no apparent contact with the formal banking system. Because they serve multiple criminal clients at once, including cartels and fraud rings, they are critical nodes in the illicit finance ecosystem.

To meet this challenge, HSI established the Cross-Border Financial Crimes Center (CBFCC) to lead and coordinate investigations of cross-border financial crime along the northern border in support of the HSTF. The Center works closely with the HSTF's National Coordination Center (NCC), other U.S. agencies, and international partners, including through the Five Eyes Money Laundering Community of Practice, to identify and dismantle networks that exploit U.S. and Canadian financial systems. These cases frequently combine bulk cash, Chinese-led money laundering organizations, trade fraud, and the misuse of digital assets, and they directly support the drug trafficking, human smuggling, and corruption we are confronting along the northern border.

In addition to cash and digital currencies, trade fraud remains a method to move and disguise illicit proceeds and is particularly relevant at the northern border given the volume of bilateral commerce. Illicit proceeds are often blended into legitimate trade through over- and under-invoicing, phantom or mis declared shipments, diversion of duty-free commodities, and the use of front companies. For HSI, this is both an economic security issue, because it undermines fair competition and erodes tax and tariff collections, and a public health and safety issue, because the same techniques facilitate the importation of counterfeit medical devices and pharmaceuticals. The depth of the U.S.-Canada trade partnership has unfortunately been exploited by some bad-actors to bypass U.S. tariffs and regulations, serving as a place where corrupt companies and criminal organizations attempt to mislabel their products and hide their country of origin.

Beyond standard threats, trade fraud also masquerades as fine art, gemstones, and rare antiquities dealings. These high-value items are often fraudulently introduced into American commerce via fictitious documents of origin and can be sold through auction houses or independent dealers. For example, HSI special agents in Cedar Rapids, Iowa, developed a case against a Hizballah-linked financier who was supporting terrorism by laundering hundreds of millions of dollars through art and diamonds. The investigation led to the seizure of art, diamonds, and cash valued at more than $5 million. This case demonstrates that trade-based schemes and the abuse of high-value commodities are not abstract financial crimes; they are direct funding mechanisms for organizations that threaten U.S. security and that of our allies, and they exploit the same trade lanes and financial institutions that underpin lawful cross-border commerce, including along our northern border.

International Offices, Tools, and Conclusion

In closing, the northern border represents a region of deep trust and vital economic partnership between the United States and Canada, but that same trust and integration make it an attractive target for sophisticated criminal organizations. Whether we are confronting cartel-driven drug flows, weapons and technology diversion, human smuggling and exploitation, or complex trade-based fraud and illicit finance, HSI's approach is grounded in sustained, operational partnerships with our Canadian counterparts and a persistent presence on both sides of the border.

HSI maintains six offices across Canada, led by our Country Attaché in Ottawa and Assistant Attachés in Calgary, Montreal, Toronto, Vancouver, and Halifax. These teams work every day with the Canada Border Services Agency, the Royal Canadian Mounted Police, and provincial and municipal police services to share intelligence, coordinate arrests and search operations, and run parallel financial and cyber investigations. HSI also works closely with CBP's International Operations and Advisory Directorate on Canada enforcement actions. That attaché footprint ensures that northern border threats are addressed as shared problems, not as separate U.S. or Canadian issues.

Within the United States, the HSTF framework integrates prior separate functions into one, (e.g. Organized Crime Drug Enforcement Task Force or OCDETF and Border Enforcement Security Task Forces (BEST)) to serve as the unified body in this effort while funneling information to the NCC. HSTFs allow the United States government to synchronize complex investigations across agencies and jurisdictions, treating transnational criminal organizations as integrated targets rather than isolated cases. During the formation of the HSTF, redundant task forces, including OCDETF, were consolidated into the HSTF, bringing together federal, state, local, tribal, and Canadian partners in key border communities to address day-to-day smuggling and enforcement challenges as a unified team. Together, these structures now operate as one, supported by our attaché network and strong Canadian partnerships, giving the HSTF the ability to detect, disrupt, and dismantle networks that seek to exploit our northern border while preserving the lawful trade and travel that are so important to both nations. As we confront these threats, we ask for your continued support of HSI's mission, for the HSTF framework, and our attaché presence in Canada, which together form the core of our cross-border enforcement posture. We also ask for sustained investment in the financial, cyber, and data capabilities that allow our agents to follow money, technology, and online exploitation across borders and to move quickly from warning to action while protecting privacy and civil liberties. While we have made great progress under President Trump's leadership in confronting and defeating evolving threats, both HSI and the legislative branch must reject the temptation of complacency. HSI welcomes the opportunity to continue working with lawmakers to ensure we have the necessary authorities and funding to defend the nation from these threats.

Thank you again for the opportunity to testify. I look forward to your questions.