

Ray Donovan Congressional Testimony

Good morning, Chairman Gallagher, Ranking Member Krishnamoorthi KRISH-NA-MORE-THEE, and distinguished members of the committee.

My name is Ray Donovan, and I would like to thank you for giving me the opportunity to testify before you today on the pressing issue of the fentanyl crisis and China's role in feeding this emergency striking Americans in the areas of public health, law enforcement, and national security.

In 2023, I retired after 28 years with the federal government from the Drug Enforcement Administration as the Chief of Operations, the third-highest ranking official in the DEA overseeing all enforcement operations worldwide. Prior to that post, I served as the Special Agent in Charge for the DEA's New York Division, the flagship office for DEA and central inflection point for many of the highest level narcotics, money laundering, and narco-terrorism cases globally. Prior to New York, I was the Special Agent in Charge of DEA's Special Operations Division, the central operational coordination point for all counter-narcotics operations government-wide, including other law enforcement, intelligence community, defense assets, and Five Eyes partners. Leading up to becoming the head of SOD, I led the section in DEA's Special Operations Group responsible for coordinating investigative efforts in Mexico and Central America and ran the interagency team that **twice** captured and ultimately brought to justice the notorious leader of the Sinaloa Cartel, Chapo Guzman. We were successful in reaching this goal by using a whole of government approach, supported by strong international relationships.

My extensive experience as an investigator and leader in DEA has afforded me a unique perspective of the evolution of this crisis and the role of the Chinese Communist Party (CCP) and the People's Republic of China (PRC) in supporting the intersection of the fentanyl trade, money laundering, Mexican cartels, and Chinese transnational criminal organizations.

Please allow me to share a brief history of how we arrived at this point:

DEA has historically focused investigations on source regions and countries for traditional narcotics, primarily Mexico, Central and South America and the Caribbean for transshipment. We have representatives in 90 offices globally to help partner nations fight the proliferation of the drug trade and associated money laundering. Mexican transnational criminal organizations have been DEA's primary focus in the narcotics trafficking space in recent years, specifically the Sinaloa Cartel formerly headed by the notorious Chapo Guzman, and the Cartel de Jalisco Nueva Generacion currently led by Nemesio Oseguera Cervantes aka El Mencho. These criminal organizations act as the wholesalers and logistical orchestrators of the movement of illicit narcotics over the southern border of the United States. Over the course of the last 10-plus years, we saw a significant increase in the number of "super labs," or high-volume narcotics manufacturing labs, used to mass produce synthetic narcotics in Mexico, and the

correlated increase in the adulteration of what we at DEA consider to be “traditional” narcotics, heroin, cocaine, and methamphetamine with fentanyl. When these labs were interdicted, extensive evidence of Chinese produced chemicals (blue barrels with Chinese labeling, bills of lading, etc.) were found. We also noted the labs were not only mixing fentanyl into the narcotics supply, but also pressing fentanyl into pills intentionally designed with colors and markings mimicking those of pharmaceutical synthetic opioids such as Oxycontin, Percocet, and other widely known and highly addictive opioids used to treat pain. Now, they are increasingly pressed into non-opioid pills, such as counterfeit Xanax, dramatically increasing the risk of accidental overdose.

DEA noted a sharp uptick in the use of Chinese precursor chemicals gathered from the super labs as well as a significant increase in Chinese money laundering organizations operating globally in the narcotics trafficking space. Based on these factors and other intelligence gathered regarding the fentanyl precursor chemical trade DEA responded with the creation of Operation Sleeping Giant. This operation utilized a collaborative Whole of Government approach, utilizing assets from Law Enforcement, the Intelligence Community, and the Departments of Defense, Treasury, and State, as well as the Five Eyes consortium. Operation Sleeping Giant targeted the two primary areas where Chinese criminal organizations were gaining prominence: manufacture and trafficking in fentanyl precursor chemicals and money laundering.

I have had the opportunity to review the investigation conducted by the bipartisan select committee. Based on my knowledge and experience I have determined the findings and information with respect to the involvement in this activity by Chinese chemical manufacturers and brokers supported and sanctioned by the CCP and the government of the PRC to be valid and correct.

The dominant role China plays as the primary fentanyl precursor supplier was demonstrated in early 2020, when the CCP locked down Wuhan Province, where chemical manufacturing, specifically fentanyl precursor production, is concentrated. This lockdown caused the U.S. fentanyl supply to dwindle and prices to skyrocket.

Note the facts pointing to the roles the PRC and CCP play in the fentanyl crisis:

1. The PRC directly subsidizes the exports of 97% of fentanyl precursors and deadly fentanyl analogues and other synthetic narcotics that are illegal under its own laws.
2. The PRC rewards companies that openly and notoriously export these illegal drugs with government grants and monetary awards.
3. The PRC and ranking members of the CCP hold ownership interest in some of these companies.

4. The PRC actively protects synthetic narcotic manufacturers and other PRC companies from investigation and prosecution either within China or by the international community.
5. The PRC allows this activity to continue via its controlled and actively monitored communication platforms despite regularly censoring speech that violates PRC law or speaks ill of the CCP in other contexts, AND
6. The production of synthetic narcotics and fentanyl precursors are illegal under PRC law, but those laws are not enforced effectively; AND
7. The PRC fails to mobilize the massive government surveillance and security apparatus to stop the manufacture and distribution of these substances.

The PRC has actively evaded all United States-led efforts aimed at stopping the outflow of fentanyl and fentanyl precursors from China and instead has supported synthetic drug manufacturers production and distribution, resulting in the problem continuing to grow in both size and scope.

In addition, the PRC's support of fentanyl production has paved a path for more dangerous synthetic drugs to gain a foothold in the United States. The illicit synthetic narcotics industrial complex in China doesn't solely produce fentanyl; they also produce methamphetamine, ketamine and other dangerous drugs like nitazene and xylazine. Nitazene is a chemical opioid more potent than fentanyl and 25 times stronger than street heroin. Xylazine is resistant to naloxone treatments (also called Narcan, an opioid reversal drug used to treat overdose victims) and when mixed with fentanyl, dramatically increases the risk of death and causes the user's flesh to rot.

The DEA has reported significant seizure increases of all the previously mentioned synthetic narcotics nationwide. We are under attack.

It is imperative for us to sound the alarm for Congress and the American people to be made aware that the drug crisis is not just a criminal and public health issue, but it is a threat to national security. The PRC has consistently supported and facilitated the production of fentanyl and fentanyl analogues throughout the world, with the majority AIMED at the United States.

As a former DEA Special Agent and leader, I am taken aback with the speed and effectiveness Chinese criminal organizations exhibited in partnering with Mexican transnational criminal organizations to assume control of the fentanyl distribution and money laundering trades. The assistance and complicity of the PRC and CCP show the activity is not only a law enforcement or public health issue, but a genuine threat to our national security, killing Americans at a rate of well over 100,000 per year.

I have had the honor of serving in senior positions under both Republican and Democratic administrations, most recently under President Biden. This is not a question

of politics. This is a question of humanity. We must all come together and combat this narcotics threat coming from the PRC that has taken our neighbors and loved ones from us.

I would like to thank Chairman Gallagher and Ranking Member Krishnamoorthi KRISHNA-MOOR-THEE and thank the committee for the opportunity to share the information surrounding these deadly threats and look forward to fielding any questions you may have.