



# U.S. Immigration and Customs Enforcement

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STATEMENT

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REGARDING A HEARING ON

*“Oversight of Federal Efforts to Combat the Spread of Illicit Fentanyl”*

BEFORE THE

U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON ENERGY AND COMMERCE  
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

Tuesday, July 16, 2019  
10:00 a.m.  
2123 Rayburn House Office Building

## Introduction

Chairwoman DeGette, Ranking Member Guthrie, and distinguished members of the Subcommittee:

Thank you for the opportunity to appear before you today to discuss the opioid epidemic, the proliferation of illicit fentanyl in the United States, and U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations' (HSI) strategy to combat this public safety issue through investigative and enforcement methods. HSI is the U.S. Department of Homeland Security's (DHS) primary criminal investigative agency, focused on disrupting and dismantling Transnational Criminal Organizations (TCOs) that exploit the nation's trade, travel, financial, and immigration systems. As the sole investigative agency with combined customs and immigration authorities, HSI investigates violations of and enforces more than 400 federal criminal statutes, including the *Immigration and Nationality Act* (Title 8), U.S. Customs laws (Title 19), general federal crimes (Title 18), and the *Controlled Substances Act* (Title 21).

Today, I would like to speak on our successful efforts to combat the flow of illicit fentanyl into the United States. During our 2018 fiscal year, HSI initiated 1,393 opioid-related criminal investigations, executed 5,262 opioid-related criminal arrests, and seized a total of 9,928 pounds of opioids, which consisted of 2,737 pounds of fentanyl and 7,103 pounds of heroin. In the current fiscal year, HSI has nearly doubled the number of arrests and will significantly exceed the number of pounds of fentanyl seized from 2018.

In an effort to effect maximum impact on the Chinese fentanyl threat to the United States, HSI has implemented a proactive approach with Chinese authorities to align the priorities of the Government of China with those of the United States. This collaborative effort is shaped by information sharing, such as of certified lab reports and shipping labels that surround illicit fentanyl and opioids parcels and exports. These successful efforts led China to add 32 new substances to its controlled substances list, effective September 1, 2018. In addition, on May 1, 2019, Chinese authorities passed legislation making all fentanyl and fentanyl analogues illegal. Since that time, HSI has increased its focus on urging China to secure its mail and express consignment industry, and has found fewer Chinese vendors willing to sell/export fentanyl products. HSI, alongside Department of Justice components, Customs and Border Protection (CBP), and US Postal Inspection Service (USPIS), are working with the General Administration of China Customs and China Postal Service to strengthen cooperation in addressing the shipment of illicit fentanyl and fentanyl analogues via mail.

HSI also holds a key position in the U.S. Embassy heroin and fentanyl working group in Mexico. This group consists of numerous members of the U.S. Embassy country team, and meets bi-weekly to discuss key smuggling trends and coordinate investigative efforts. Mexican TCOs are a major supplier of illicit fentanyl and fentanyl-related substances to the United States, using established smuggling routes and network systems along the Southwest Border and throughout the country. Fentanyl seized along the border can be attributed to cartels in Mexico and has been seized in pill and powder form. Mexico-sourced powdered fentanyl is often diluted before bundled in kilogram quantities, with 10 percent purity rates; and, when discovered in the

interior of the United States, is often being poly-smuggled with other narcotics, such as heroin and cocaine.

Through its Transnational Criminal Investigative Unit (TCIU), HSI works to identify and disrupt Mexico-based TCOs that manufacture and smuggle fentanyl through information sharing. TCIUs are multi-discipline units comprised of foreign law enforcement and prosecutors, customs, immigration, and intelligence officials who are vetted to ensure that shared information and operational activities are not compromised. The purpose of the TCIU is to enhance cooperation between HSI and partner nations in international investigations. HSI currently has 16 TCIUs throughout the world and is working to identify other fentanyl-source-countries through its international partnerships. In Mexico, the TCIU is located within the investigative arm of Mexico's Prosectuor General's Office, Fiscalia General de la Republica (FGR), and is further expanding to incorporate state police agencies.

The HSI Cyber Crimes Center (C3) provides support and assistance to worldwide cyber investigations targeting DarkNet illicit marketplaces, where fentanyl and opioids sales proliferate. Today, HSI has more than 700 open cybercrime investigations, and more than 200 investigations specifically targeting DarkNet illicit organizations. During the 2018 fiscal year, HSI delivered cyber training in over 25 locations worldwide to more than 5,000 state, local, federal, and international law enforcement personnel in online opioid smuggling tactics.

The Border Enforcement Security Task Force (BEST) Program is the investigative platform to carry out HSI's comprehensive, multi-layered strategy to combat TCOs involved in smuggling activity through their long-established networks and smuggling routes. BEST utilizes the "whole of government" approach as its foundation and BEST teams are strategically positioned in key land border locations, seaports, international airports and mail facilities. As of June 2019, there are 65 sanctioned BEST teams across the United States which are comprised of 2,479 task force officers.

HSI has increased its presence at international mail facilities (IMFs) and express consignment carriers (ECCs) by establishing BEST teams at IMFs within JFK and LAX, at ECCs in Memphis, Northern Kentucky, and Louisville; and, in areas hardest hit by the opioid epidemic, including Ohio, Kentucky, and West Virginia. The aforementioned expansion was in direct response to the opioid crisis and modeled after the successful BEST Memphis that was established at an ECC to specifically target daily opioid shipments. With the support of the Organized Crime Drug Enforcement Task Forces (OCDETF), BEST Memphis is maximizing fentanyl interdictions and opportunities for investigative follow-up. During the 2018 fiscal year, BEST Memphis, in collaboration with foreign and domestic law enforcement partners, initiated 204 controlled deliveries resulting in 46 criminal arrests and an additional 149 narcotics-related seizures.

Following cyber training and BEST designation, HSI Cleveland, in partnership with CBP and USPIS, initiated Operation Darkness Falls, which targets the top DarkNet Vendors (DNVs) on the Darknet Market Places. Operation Darkness Falls has led to the disruption and dismantlement of large scale DNVs, including the largest identified DNV fentanyl vendor with the most verified Darknet fentanyl transactions, MH4Life.

HSI special agents assigned to the National Targeting Center-Investigations (NTC-I) work collaboratively with partners from CBP and USPIS utilizing a myriad of intelligence, interdiction, and investigative resources to identify and interdict illicit fentanyl and opioids entering and transiting the United States. Recently, these efforts have pivoted to also include the targeting of precursor and analogue shipments between the Asian markets and Mexico. Requests for assistance from HSI offices and law enforcement partners to NTC-I have doubled over the last year.

Recently, NTC-I assisted in an investigation in which a combined total of 77.6 kilograms of fentanyl was seized during enforcement actions targeting a New Jersey-based organization involved in the importation of fentanyl from China. To date, this investigation accounts for one of the largest domestic seizures of fentanyl from China. NTC-I, in partnership with HSI Mexico City and the U.S. Drug Enforcement Administration (DEA), has also developed a precursor targeting initiative that leverages all interagency partners' equities in the targeting of fentanyl precursor shipments to Mexico.

HSI adheres to a philosophy that there is a financial component to every criminal investigation, and that illicit finance encompasses so much more than traditional fiat currency transactions. Through a value-transfer approach, HSI maintains a robust and multi-faceted financial investigative portfolio which seeks to identify, deny, disrupt and dismantle financial networks associated with criminal acts. HSI utilizes traditional investigative methods such as surveillance, undercover operations, and confidential informants, coupled with advanced forensic analysis of financial records, the block-chain, and seized electronics such as computers and phones.

HSI's financial investigative efforts generally focus on the two key payment systems which support illicit procurement of opioids: money services businesses (MSBs) and cryptocurrencies. Generally, illicit opioids that are purchased on the "indexed" or "clear net" internet are paid for through licensed mainstream MSBs. In this current fiscal year, HSI has seized nearly \$1.9 million in fentanyl-related digital currency and has over 268 open investigations involving the illicit use of cryptocurrency.

### *Conclusion*

I wish to express my gratitude for the opportunity to appear before you and to share our agency's complex strategy to combat the opioid epidemic. I thank you for the support you provide to HSI and its vast law enforcement mission. HSI will continue its steadfast commitment to maximize its full complement of authorities to battle the U.S. opioid epidemic with the cooperation of law enforcement stakeholders, and experts in the scientific, medical, and public health communities.