

Congress of the United States
Washington, DC 20515

July 31, 2023

The Honorable Alejandro Mayorkas
Secretary
U.S. Department of Homeland Security
Washington, D.C. 20528

The Honorable Janet Yellen
Secretary
U.S. Department of Treasury
Washington, D.C. 20001

Dear Secretary Mayorkas and Secretary Yellen:

The Committee on Homeland Security and the Committee on Financial Services are examining federal efforts to address the persistent and evolving threat of illicit finance by transnational criminal organizations (TCOs) and terrorists. We write to request additional information about the Department of Homeland Security's (DHS) and the Department of Treasury's efforts to track and disrupt these criminal financing activities.

Illicit financial activity is a major homeland security threat that enables corruption, terrorism, and an ever-increasing drug trade. The fentanyl crisis could not continue at its current rate without the financial support of ongoing Chinese-Mexican money laundering schemes occurring within the United States. For instance, in February 2023, Anne Milgram, the Administrator of the Drug Enforcement and Administration (DEA), testified that the use of Chinese money laundering organizations "by the [Mexican] cartels simplifies the money laundering process and streamlines the purchase of precursor chemicals utilized in manufacturing drugs."¹

On March 24, 2023, the Committee on Financial Services Subcommittee on National Security, Illicit Finance, and International Financial Institutions held a hearing entitled, "Follow the Money: The CCP's Business Model Fueling the Fentanyl Crisis". The witness panel included retired U.S. Treasury Special Agent John Cassara and retired DEA Assistant Special Agent in Charge Donald Im, who each dedicated their careers combating the illicit finance, money laundering, and drug trade with their respective agencies.² More recently, on June 7, 2023, the Homeland Security Subcommittee on Counterterrorism, Law Enforcement, and Intelligence heard testimony from Mr. Christopher Urben, who spent 24-years at the DEA working to disrupt and dismantle TCOs within the United States and around the world.³ Mr.

¹ *Countering Illicit Fentanyl Trafficking: Hearing Before the S. Comm. on Foreign Relations.*, 118th Cong. (Feb. 15, 2023) (testimony of Anne Milgram, Administrator, U.S. Drug Enforcement Administration.)

² *Follow the Money: The CCP's Business Model Fueling the Fentanyl Crisis: Hearing Before the Subcomm. on National Security, Illicit Finance, and International Financial Institutions*, 118th Cong. (Mar. 24, 2023) (testimony of John Cassara, Special Agent (retired), U.S. Department of Treasury & Donald Im, Assistant Special Agent in Charge (retired), U.S. Drug Enforcement Agency.)

³ *Transnational Criminal Organizations: The Menacing Threat to the U.S. Homeland: Hearing Before the Subcomm. on Counterterrorism, Law Enforcement, and Intelligence of the H. Comm. on Homeland Sec.*, 118th Cong. (Mar. 9, 2023) (testimony of Christopher Urben, former Assistant Special Agent in Charge, Special Operations Division, U.S. Drug Enforcement Administration.)

Urban underscored the expansive role that Chinese TCOs have taken in laundering drug proceeds for Mexican cartels.⁴

Furthermore, the Treasury Department in their February 2022 National Money Laundering Risk Assessment, outlined a several step process in which Chinese money launderers repatriate drug profits to narco-trafficking organizations “at lower fees than traditional money brokers” and “provide insurance against losses, in that they will still pay out even if the funds are lost due to theft or interdiction by law enforcement.”⁵ Then, on July 12, 2023, the Treasury’s Office of Foreign Assets Control sanctioned 10 individuals, including a number of Sinaloa Cartel members and fugitives, and a Mexico-based entity for their role in a major illicit fentanyl trafficking network.⁶

On May 22, 2023, the House of Representatives passed H.R. 1076, *Preventing the Financing of Illegal Synthetic Drugs Act*, which would, among other things, require the Comptroller General of the United States to carry out a study on the trafficking into the United States of synthetic drugs, and related illicit finance.⁷ Furthermore, on July 26, 2023 the Committee on Financial Services marked up, receiving bi-partisan support, H.R. 3244, the *Stop Fentanyl Money Laundering Act of 2023*, which was introduced by Chairman Blaine Luetkemeyer.⁸ This legislation would allow the Treasury Department to utilize its existing special measure authorities to target and thwart the money laundering facilitating fentanyl trafficking in foreign jurisdictions.

Additionally, DHS’s Homeland Security Investigations (HSI) and the Secret Service each play an active role in countering TCO financing operations. For example, HSI works to mitigate terrorist and criminal financing by combating bulk cash smuggling, which has become the preferred approach for drug trafficking organizations and other criminal networks to move illicit proceeds across the United States’ borders.⁹ The HSI Cornerstone outreach initiative has worked with the private sector to close gaps within the U.S. financial, trade, and transportation sectors that are exploited by criminal organizations.¹⁰ The Secret Service’s Cyber Fraud Task Forces also work to prevent, detect, mitigate, and investigate online financial crimes.¹¹

⁴ *Id.* at 2.

⁵ U.S. Dep’t of Treasury, National Money Laundering Risk Assessment (Feb. 2022), <https://home.treasury.gov/system/files/136/2022-National-Money-Laundering-Risk-Assessment.pdf>.

⁶ Press Release, U.S. Dep’t of Treasury, *Treasury Sanctions Illicit Fentanyl Network Run by Key Sinaloa Cartel Family Members* (July 12, 2023), <https://home.treasury.gov/news/press-releases/jy1607>.

⁷ H.R. 1076, Preventing the Financing of Illegal Synthetic Drugs Act.

⁸ H.R. 3244, Stop Fentanyl Money Laundering Act of 2023.

⁹ U.S. Immigration and Customs Enforcement, *FAQ: Bulk Cash Smuggling*, [https://www.ice.gov/partnerships-centers/bcsc/faq#:~:text=%C2%A7%205332%20\(Bulk%20Cash%20Smuggling,%C2%A7%C2%A7%205316%20and%205317](https://www.ice.gov/partnerships-centers/bcsc/faq#:~:text=%C2%A7%205332%20(Bulk%20Cash%20Smuggling,%C2%A7%C2%A7%205316%20and%205317) (last accessed July 14, 2023).

¹⁰ U.S. Immigration and Customs Enforcement, *Cornerstone*, <https://www.ice.gov/outreach-programs/cornerstone> (last accessed July 14, 2023).

¹¹ U.S. Secret Service, *Cyber Investigations*, <https://www.secretservice.gov/investigation/cyber> (last accessed July 14, 2023).

To better understand DHS's and the Treasury Department's efforts to combat the serious and evolving threat of illicit finance by nefarious actors, and to assist the Committee's continued oversight work, we request responses to the following questions as soon as possible, but no later than August 14, 2023:

1. How many public-private partnerships exist with HSI's Cornerstone Initiative? How many asset seizures have occurred as a direct result of the program? Provide an accounting of both requests.
2. Explain the collaboration between Chinese and Mexican TCOs in the laundering of drug proceeds, to include but not limited to, the Black-Market Peso Exchange laundering scheme.
3. Provide an accounting of federal investigative resources used to detect and investigate illicit finance networks.
4. Provide the total number of U.S. sanctions against chemical brokers in the People's Republic of China for precursor chemicals and Mexican suppliers of synthetic opioids.
5. How have the Financial Crimes Enforcement Networks (FinCEN) Suspicious Activity Reporting analysis aided law enforcement in combatting fentanyl smuggling and related money laundering schemes?

We request that DHS and the Treasury Department provide Committee staff a briefing about this matter, to include but not limited to, how TCOs and terrorists leverage our financial system to conduct illegal activities, no later than August 14, 2023. Please contact the Committee on Homeland Security Majority staff at (202) 226-8417 or the Committee on Financial Services Majority staff at (202) 225-7502 with any questions about this request.

Per House Rule X, the Committee on Homeland Security is the principal committee of jurisdiction for overall homeland security policy and has special oversight functions of "all Government activities relating to homeland security, including the interaction of all departments and agencies with the Department of Homeland Security." The Financial Services Committee Subcommittee on National Security, Illicit Finance, and International Financial Institutions is the principal subcommittee of jurisdiction within the Financial Services Committee on financial support networks of national security threats, including matters related to terrorist financing, money laundering, drug sale proceeds, and alternative remittance systems. This includes the activities of the Office of Terrorism and Financial Intelligence within the Treasury Department and FinCEN.

Thank you for your prompt attention to this matter.

Secretary Mayorkas
Secretary Yellen
July 31, 2023
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Sincerely,



AUGUST PFLUGER
Chairman
Subcommittee on Counterterrorism
Law Enforcement, and Intelligence
Committee on Homeland Security



BLAINE LUETKEMEYER
Chairman
Subcommittee on National Security,
Illicit Finance, International
Financial Institutions, Committee on
Financial Services



MONICA DE LA CRUZ
Member of Congress

cc: The Honorable Seth Magaziner, Ranking Member,
Subcommittee on Counterterrorism, Law Enforcement, and Intelligence
Committee on Homeland Security

The Honorable Joyce Beatty, Ranking Member
Subcommittee on National Security, Illicit Finance, International Financial Institutions
Committee on Financial Services