



**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF NATIONAL DRUG CONTROL POLICY**

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**“Leading the Strategic Response to Disrupt the  
Flow of Illicit Fentanyl Across Our Borders”**

Committee on Homeland Security

Subcommittee on Border Security and Enforcement

Subcommittee on Counterterrorism, Law Enforcement, and Intelligence

United States House of Representatives

Wednesday, July 12, 2023

Statement of Kemp L. Chester

Senior Advisor

Office of National Drug Control Policy

For Release Upon Delivery

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**Senior Advisor, Office of National Drug Control Policy**  
**Committee on Homeland Security**  
**July 12, 2023**

Chairman Higgins, Chairman Pfluger, Ranking Member Correa, Ranking Member Magaziner and Members of the Subcommittees, thank you for the opportunity to testify today on the very real challenge we confront from the production and trafficking of deadly synthetic opioids across our borders and into our communities. I am honored to join my colleagues from the Departments of Homeland Security and Justice, who are vital partners in implementing the *National Drug Control Strategy*, and in keeping our country and our communities safe.

***Introduction***

I am sure I do not need to remind anyone in this room that over a one-year period we have lost more than 109,000 Americans to a drug overdose or poisoning, more than 69 percent of which can be attributed to a synthetic opioid like illicit fentanyl and other substances that are structurally similar to fentanyl. That is someone in America dying from a drug overdose or poisoning about every five minutes, every hour, of every day.

Alongside those we have lost are those who have suffered a non-fatal overdose. It is estimated that for every fatal overdose there are 14 non-fatal overdoses – more than 1.5 million in 2022 alone. Additionally, 46 million people in America, almost 14 percent of the population, are currently suffering from substance use disorder. Too many Americans – those we have lost to overdoses, those who have overdosed but did not lose their lives, and those living with a substance use disorder – have either succumbed to drug use or carry the burden of it in some way.

This is why the President made ending the opioid and overdose epidemic a key pillar of his Unity Agenda, challenging us to reduce the number of drug overdose deaths, put quality public health services within reach for people with substance use disorder, and strengthen public safety by disrupting the drug production and trafficking pipeline that profits by harming Americans.

## *The Environment of Drug Production and Trafficking*

There was a time, not very long ago, that drug production was limited to processing poppy, or harvesting coca, or manipulating over-the-counter pharmaceuticals with crude chemicals to make methamphetamine. Those finished drugs were moved through a hierarchical drug trafficking organization to a street-level retailer, and eventually sold in a face-to-face cash transaction on a street corner somewhere in the United States. That was the dominant model of drug trafficking we saw for decades.

While that drug production and trafficking structure still exists, it has been joined by a synthetic opioid production and supply chain that is, in essence, a global business enterprise that demonstrates access to huge capital resources, conducts routine collaboration among raw material suppliers across international borders, uses advanced technology to fund and conduct business, and possesses the capacity for product innovation and strategies to expand markets.

These synthetic opioid producers and traffickers operate as free-riders on the back of the 21<sup>st</sup> century global economy that moves products, ideas, and money across borders with incredible speed, and they exploit that legitimate economic structure to sustain and enhance their illicit business. This includes key activities such as the provision of precursor chemicals, some of which are unregulated, and their finished products that can be shipped in plain sight around the world; physically dislocated payments that include the movement of funds across borders; and the internet-based sales of raw materials and finished drugs using both fiat and cryptocurrency.

And these synthetic opioids – principally fentanyl and its analogues, though there are others – that are killing Americans are manufactured outside of the United States and brought across our borders and into our communities by a variety of means. Today, an American teenager can find illicit drugs in the palm of their hand, and simply by opening a social media app.

We find ourselves in the midst of a strategic transition between two eras, where the cultivation and production of large volumes of plant-based drugs like heroin and cocaine has not ended, but the era of small volume, high-potency, synthetic drug production has clearly begun.

While we need to address the ongoing plant-based drug problem that continues to harm our citizens, we must simultaneously develop and implement the means necessary to confront the emerging synthetic opioid production and trafficking environment that is defined by complexity, dynamism, and resiliency. This requires increased effort, a more sophisticated approach, better use of the tools available to us, and the application of new tools we have not traditionally employed against the illicit drug problem. We cannot simply charge into the future by doing the exact same things we have been doing, but just trying to do them better, and we cannot address the most dynamic and complex drug production and trafficking environment in history with the same strategies that may have served us well in the past but are insufficient for the challenges we face today.

While the Administration is aggressively pursuing investments in non-intrusive inspection equipment, artificial intelligence, machine learning, and more, to prevent these drugs from crossing our geographic borders, we must bear in mind that this problem does not start at our border and it will not end at our border. It starts with the illicit synthetic opioid production in another country and ends in an emergency department or morgue somewhere in America. For the United States, it is a national security and economic prosperity problem as much as it is a public safety and public health one, and we must face it head on with the bold, comprehensive, and determined strategic approach it deserves.

Doing so requires strong leadership from the White House providing unity of both purpose and effort across the federal government; strong bilateral relationships with key countries that share responsibility to address the problem and must be part of the solution; and perhaps, most importantly, the United States' global leadership.

### ***The Administration's Strategic Approach***

The President has declared “that international drug trafficking, including the illicit production, global sale, and widespread distribution of illegal ... fentanyl and other synthetic opioids ... constitutes an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States.” In April of this year, the Administration announced its *Strengthened Approach to Crack Down on Illicit Fentanyl Supply Chains*, a whole-of-

government approach to save lives by disrupting the trafficking of illicit fentanyl and its precursors into American communities. We call this approach Commercial Disruption, and it focuses and synchronizes our national security and public safety capabilities, including innovative approaches, against criminal facilitators and enablers, and attacks four key vulnerabilities in the illicit fentanyl supply chain to maximize our impact across the drug producers' and traffickers' spectrum of capabilities:

- The precursor chemicals, including unregulated chemicals that can be used to create immediate precursors.
- The pill presses, die molds, and encapsulating machines used to create the pills that are killing far too many Americans.
- The drug producers' ability to move raw materials like precursors and manufacturing machinery around the world via commercial shipping.
- The flow of financial benefits and operating capital to individuals and groups directly and indirectly involved in the illicit drug industry.

Targeting those four critical elements will allow us to remove the advantages fentanyl producers and traffickers currently enjoy, disrupt their production and supply chains, and reduce the availability of these dangerous substances in America's communities.

As part of this approach, we are also working much more closely with our private sector partners. The vast majority of the physical and virtual terrain on which drug traffickers operate such as the dark web, e-commerce sites, mail and express consignment shippers and freight forwarders, banks, cryptocurrency vendors, legitimate chemical suppliers, and pill press and die manufacturers, are private sector entities. And some of them likely have no idea they are a constituent part of an illicit business enterprise.

We must raise a sophisticated awareness of this environment with the commercial sector around the world, and engage with them in a full partnership, so we can sift out the unwitting from the knowing and intentional actors here in the United States and abroad, and then focus our efforts on the latter in a more precise way.

## ***Bilateral Relationships with Key Countries***

A second significant aspect of addressing this challenge is maintaining close and mutually beneficial partnerships with key countries who not only play a role in preventing the global proliferation of these dangerous synthetic drugs, but will also play a role in advancing our global efforts to disrupt the global supply chain.

Mexico. We have redoubled our efforts with the government of Mexico, working alongside it as it does more to address fentanyl production and trafficking. President Biden has stressed the importance he places on this issue with President Lopez Obrador, and our two governments are working more closely than ever on the fentanyl problem to establish tangible goals, assess progress, and follow-through on mutual commitments.

Given the combination of our shared border, our two-hundred-year bilateral relationship, and the negative effects that drug producers and traffickers in Mexico have on both sides of the border, it is vitally important that our bilateral relationship be characterized by mutual respect, and a sense of the shared responsibility we have to address the shared threat of drug trafficking and its associated criminality. Further, we have strengthened all of North America in our work with Mexico and Canada through the trilateral North American Drug Dialogue.

Just as the United States does not have to lose 109,000 people to drug overdoses or poisonings every year, the people of Mexico can have a future free from an expectation of unaccountable criminality and the scourge of drug production that corrupts their towns, victimizes their families, and pollutes their natural spaces.

The People's Republic of China. As we are leading the global effort to disrupt the production and trafficking of these drugs, we look forward to the People's Republic of China (PRC) joining us in that effort.

However, no one should mistake our willingness to engage for an acceptance of the status quo, especially on an issue felt so acutely in the United States and when so many lives have been impacted. Years of seizure and law enforcement data show that unscrupulous elements within the PRC have been a major source for precursor chemical shipments, pill presses, and die molds entering the Western Hemisphere.

This is also an issue in which the interests of the United States and China align, and our past engagement on the counternarcotics issue has brought some impressive results, including the domestic scheduling of fentanyl as a class, which had an immediate impact on reducing the flow of fentanyl and its analogues directly from the PRC. The United States will work with the PRC whenever possible to fully address the grave and growing problem of illicit synthetic drug production and trafficking at the global level.

Given the gravity of this issue, it is disappointing that the PRC has chosen to not take substantive steps to counter illicit synthetic drug production and trafficking for more than a year. With leadership comes accountability, and while the PRC plays a major role in this global problem, it has thus far declined to play a constructive role in helping to solve it. Last week, as nearly 100 countries and international organizations gathered in a demonstration of deep concern and a desire for tangible solutions to the grave and growing problem of illicit synthetic drug production and trafficking, the PRC declined its invitation to participate in the virtual ministerial meeting to launch the Global Coalition to Address Synthetic Drugs. We sincerely hope that the PRC can find the political will to address this problem commensurate with its capability to do so.

India. The United States and India have been growing our counternarcotics relationship since 2020 through a bilateral counternarcotics Working Group, addressing the law enforcement, multilateral, regulatory, and drug demand reduction dimensions of this problem with a focus on tangible results and mutually beneficial outcomes.

During Prime Minister Modi's recent visit to the White House, the two leaders committed to work toward a broader and deeper bilateral *Drug Policy Framework for the 21st Century*. Under this new framework, we will look to expand cooperation and collaboration to disrupt the illicit production and international trafficking of illicit drugs, including synthetic drugs, such as fentanyl and amphetamine type stimulants, and the illicit diversion of their precursors within India's chemical industry. They also committed to a holistic public health partnership to prevent and treat illicit drug use, address workforce shortages and skilling requirements across both countries, and showcase a secure, resilient, reliable, and growing pharmaceutical supply chain as a model for the world.

The world's oldest democracy, working in close partnership with the world's largest, can not only achieve tangible and positive results, but will model for the rest of the world how great

nations can work together to counter threats, seize opportunities, and demonstrate sincere partnership in addressing one of the most significant global issues we face.

### ***Strong United States Global Leadership***

Finally, as important as our bilateral relationships are, this is a global problem, and global problems require global solutions. The United States has learned a great deal from its opioid epidemic, and no other country has the depth of experience, expertise, or political wherewithal to lead on this issue. And that leadership involves not only sharing every single lesson we have learned the hard way over the past several years with our partners, but also serving as an example of how we are navigating this complex problem with care for those suffering from the disease of addiction, while systematically dismantling the global infrastructure of those who continue to reap obscene profits through the suffering and death of Americans.

The international community has successfully scheduled nearly a dozen precursor chemicals with global partners through the United Nations Commission on Narcotic Drugs, including five fentanyl precursors at the request of the United States.

We have led in raising global awareness of the nature of the global illicit synthetic drug supply chain, and are working to make commonsense and responsible measures to disrupt the exploitation of legitimate commerce a global norm.

And we have led by example, by committing billions of dollars, more than half our federal drug control budget, to public health measures to prevent our youth from falling into the cycle of drug use and addiction, reduce the harms caused by these drugs and save lives, extend treatment services to everyone who needs and wants them, and making our communities and workplaces recovery-ready.

It is an unfortunate fact that there are three kinds of countries in the world: those who have a synthetic opioid problem and are dealing with it; those who have the problem but do not yet know it; and those who will have a problem with fentanyl or another synthetic opioid in the coming years. Too much illicit fentanyl production occurs, generating too much money, and absent decisive action this illicit market will expand exponentially around the world. It is



important for all nations to put into place, now, the protective measures that will prevent this expansion and protect their people.

On July 7, Director Gupta joined Secretary of State Blinken for the first meeting of the Global Coalition to Address Synthetic Drug Threats. This ministerial-level meeting, hosted by the United States, brought together nearly 100 countries and international organizations to accelerate efforts against illicit synthetic drugs by 1) preventing the illicit manufacture and trafficking of synthetic drugs, 2) detecting emerging drug threats and drug use patterns, and 3) promoting public health interventions and services to prevent and reduce drug use, overdose, and other related harms. This first-of-its-kind global coalition will develop concrete solutions, drive national actions, and leverage the collective effort of like-minded countries who agree that countering illicit synthetic drugs must be a global policy priority.

### ***Complementing Our Public Safety Efforts with a Strong Public Health Response***

Because there is a complex interplay between the availability of drugs in the United States and their use, our public safety efforts to reduce their presence in our communities must be closely linked with our equally strong public health efforts to reduce their use. Traffickers are not going to import products no one wants, and individuals cannot overdose on drugs that are not available for them to purchase.

Therefore, disrupting the flow of drugs into the United States is not only vital to keep drugs from harming our citizens, but is especially important as the means to relieve the pressure of the steady flow of drugs into our communities and to allow our historic investments in public health interventions to take hold. The simple truth is that if it is easier to get illicit drugs in America than it is to get treatment, we will never bend the curve.

The Administration has been working to greatly expand access to addiction treatment, harm reduction interventions, youth substance use prevention programs, and recovery support services. Much of this work is being done in partnership with Congress, and I want to thank the Members of this Committee and the Congress at large for your support of numerous pieces of legislation in helping to address this crisis. These include the bipartisan omnibus government funding bill, which included key provisions to help lower barriers to treatment and deliver

necessary tools and resources to our communities to address the overdose crisis, such as the bipartisan Mainstreaming Addiction Treatment Act and the Medication Access and Training Expansion Act. Thanks to these provisions, prescribers across the country will be able to treat their patients who have opioid use disorder with buprenorphine, a medication proven to help people achieve recovery, without obtaining additional federal licensing.

The Office of National Drug Control Policy has also funded the development of a number of model state laws to help local jurisdictions across the country expand access to naloxone, improve treatment in jails and prisons, and deploy settlement funds from the various opioid lawsuits effectively, among others. Similarly, ONDCP has worked with its partners across the government to make permanent the COVID-19-related flexibilities that expanded access to treatment, and support people in recovery.

We are seeing signs of progress. The latest report on 12-month rolling data shows the number of drug poisoning deaths in the United States flattened in 2022 after a period of sharp increase from 2019 to 2021, and the number of fatal drug overdoses has decreased from its peak of 110,378 projected for the 12-month period ending March 2022.

But that is not enough. Now is the time to redouble our efforts, accelerate our work, and move this Nation, and the world, beyond a crisis that has vexed us for the better part of a decade. People in the throes of addiction are in a fight every day, and they should expect nothing less from us as well.

### ***Conclusion***

The Administration's leadership on this critical issue, the close collaboration among partners within the United States and around the world, and the work of the Members of this Committee and your colleagues in Congress have kept this issue at the forefront of our national consciousness and are changing the trajectory of this particularly complex national security, public safety, and public health challenge. We have much work ahead of us, and your partnership will be as critical in the months ahead as it has been thus far.

On behalf of Dr. Gupta and the hard-working people at the Office of National Drug Control Policy, I would like to thank the Committee and your Congressional colleagues for your foresight and leadership on this incredibly difficult issue. Ending the opioid and overdose epidemic demands the best efforts of us all: the entirety of the federal government; states, tribes, and local communities; private sector partners and stakeholders; and the Congress, which has time and again demonstrated a strong spirit of bipartisanship on this issue.

The Office of National Drug Control Policy looks forward to continuing its work with this Committee, the Congress, and our other partners to disrupt the production and trafficking of these dangerous drugs, prevent drug overdoses and poisonings, and save American lives.



# Homeland Security Investigations

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STATEMENT

OF

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U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT  
DEPARTMENT OF HOMELAND SECURITY

REGARDING A HEARING ON

*Protecting the U.S. Homeland: Fighting the Flow of Fentanyl  
from the Southwest Border*

BEFORE THE

U.S. HOUSE OF REPRESENTATIVES  
HOUSE COMMITTEE ON HOMELAND SECURITY  
SUBCOMMITTEE ON BORDER SECURITY & ENFORCEMENT

Wednesday, July 12, 2023  
310 Cannon House Office Building  
2:00 p.m.

Chairman Higgins, Ranking Member Correa, and distinguished Members:

Thank you for the opportunity to appear before you today to discuss Homeland Security Investigations' (HSI) efforts to disrupt and dismantle transnational criminal organizations (TCOs) and combat the flow of illicit fentanyl into the United States. With more than 6,800 special agents located in hundreds of offices throughout the United States and the world, HSI investigates, disrupts, and dismantles terrorist, transnational, and other criminal organizations that threaten our nation's security. My statement today will focus on the broad spectrum of illicit activities perpetrated by TCOs, HSI's collaborative efforts to combat TCOs, and the resources needed to ensure continued success in the disruption and dismantlement of TCOs domestically and internationally.

As the principal investigative component of the Department of Homeland Security (DHS), HSI is responsible for investigating transnational crime. In collaboration with its partners in the United States and abroad, HSI special agents develop evidence to identify and advance criminal cases against TCOs, terrorist networks and facilitators, and other criminal elements that threaten the homeland. HSI works with prosecutors to arrest and indict violators, execute criminal search warrants, seize criminally derived money and assets, and take other actions with the goal of disrupting and dismantling TCOs operating throughout the world. These efforts help protect the national security and public safety of the United States.

TCOs flood the United States with deadly drugs, including illicit fentanyl and other opioids. HSI conducts federal criminal investigations at every phase of the illicit drug supply chain: internationally, where TCOs operate and manufacture illicit drugs; at our nation's borders and ports of entry (POEs), where smuggling cells attempt to exploit America's legitimate trade, travel, and transportation systems; and in communities throughout the United States. HSI combats TCOs through multiple avenues of criminal enforcement. Not only does HSI target the narcotics smuggling activities of the TCOs, it also targets the financial networks they utilize to fund and profit from their illegal activity. HSI also targets the various other illegal activities the TCOs employ to fuel their criminal organizations, including human smuggling and trafficking, cybercrime, intellectual property rights violations, and fraud.

### **Evolution of Transnational Criminal Organizations**

Criminal organizations in the 21<sup>st</sup> century do not limit themselves to a single criminal enterprise. These criminal organizations have expanded beyond narcotics smuggling and have morphed into poly-criminal TCOs involved in the associated crimes of weapons trafficking, human trafficking, human smuggling, money laundering, and other crimes—all of which HSI investigates. Rather than narrowly focusing on a single element of the TCOs, HSI combats TCOs by using its unique and broad investigative authorities to enforce over 400 federal laws. Investigative efforts must be broad in scope to fully dismantle enterprises that transcend borders.

TCOs have also evolved beyond insular entities and have sought out partnerships with competing TCOs in furtherance of their criminal activities. For example, the illicit collaboration between Chinese TCOs and Mexican cartels has created a complex criminal ecosystem that is fueling money laundering and narcotics trafficking operations, specifically illicit fentanyl, into and within the United States. Chinese money laundering organizations have developed

sophisticated networks in the United States, Mexico, China, and throughout Asia to facilitate money laundering schemes. These organizations utilize their vast global infrastructure to clean illicit proceeds for various criminal organizations, including Mexican cartels. Moreover, as Mexican cartels have taken over fentanyl production and operate on an industrial scale, they are obtaining precursor chemicals from China and synthesizing these chemicals in Mexico to produce fentanyl. Mexican cartels then smuggle the fentanyl into the United States in either powder or pill form for distribution. HSI is attacking this illicit narcotics supply chain through an intelligence-based counternarcotics operation that blends traditional investigative and analytical techniques with interagency collaboration, industry partnerships, and computer-based tools.

Chinese TCOs also facilitate the trafficking and distribution of illicit fentanyl pills by providing the Mexican cartels with the pill press equipment to make the fake oxycodone pills. They are made to look identical to prescription oxycodone but are laced with deadly fentanyl. These fake pills are the most common type of illicit fentanyl pill, and are responsible for thousands of overdose fatalities, as the user believes they are taking a real oxycodone pill. In order to manufacture these pills, Mexican cartels require industrial pill press equipment to turn powdered fentanyl into pill form. The Mexican cartels are purchasing these pill presses directly from Chinese manufacturers that are producing the equipment specifically for illicit activity. HSI is actively disrupting the pill press supply chain, and to date has seized over 1,500 pill presses and parts used to make deadly fentanyl-laced pills.

### **HSI International Efforts**

HSI's efforts to combat TCOs and illicit fentanyl begin abroad. HSI has the largest international investigative presence within DHS, comprising hundreds of HSI special agents assigned to 93 offices in 56 countries. These include offices in Mexico, where the vast majority of illicit fentanyl is produced, and throughout the Asia-Pacific region, where synthetic drug precursor chemicals often originate.

HSI special agents abroad develop and foster relationships with host government law enforcement partners to exchange information, coordinate and support investigations, and facilitate enforcement actions and prosecutions to disrupt and dismantle TCOs. HSI and its counterparts in other countries identify and disrupt sources of illicit drugs, transportation and smuggling networks, and money laundering operations. These efforts by HSI and its partners aim to prevent dangerous narcotics and other illicit goods from reaching our borders and also stop illicit outbound flows of illegally derived currency and weapons.

#### *Transnational Criminal Investigative Unit Program*

The effectiveness of our international counternarcotics efforts is greatly enhanced by HSI's Transnational Criminal Investigative Unit (TCIU) Program. TCIUs are comprised of vetted foreign law enforcement officials and prosecutors who support some of HSI's most significant extraterritorial investigations and prosecutions targeting TCOs. HSI has established 15 TCIUs around the world. These consist of more than 600 vetted and trained law enforcement officers across North, Central, and South America, the Caribbean, the Middle East, and Asia. In Fiscal Year (FY) 2022, TCIU efforts worldwide resulted in 3,800 criminal arrests and the seizure of nearly \$18.6 million and over 350,000 pounds of narcotics and

precursor chemicals.

Targeting the fentanyl precursor chemical supply chain is an integral element of HSI's approach to stopping the production of illicit drugs. HSI blends interagency and foreign collaboration, industry partnerships, financial intelligence, and computer-based tools to identify, target, and interdict precursor chemical shipments destined for Mexican cartels. Disruptions to the procurement phase can have an outsized impact on the narcotics production supply chain. Mexican cartels operate on an industrial scale when procuring precursor chemicals, and many interdiction efforts are led by investigators and prosecutors in the Mexican Attorney General's office who comprise the HSI Mexico City TCIU. In FY 2022, efforts by the TCIU resulted in more than 120 criminal arrests and the seizure of approximately \$1.1 million and 18,200 pounds of precursor chemicals. The TCIU also leads investigations targeting the labs where the chemicals are synthesized into illicit drugs.

### *National Targeting Center – Investigations*

HSI's National Targeting Center - Investigations (NTC-I) was established in 2013 in collaboration with U.S. Customs and Border Protection's (CBP) National Targeting Center to further our shared border security mission. NTC-I supports the entire border security continuum, from CBP interdictions and HSI investigations, to the joint exploitation of intelligence. Through NTC-I, HSI supports all of DHS's domestic and international offices by targeting illicit precursor chemical movements within the commercial air and maritime transportation systems.

The combination of NTC-I targeting and foreign action through HSI's TCIUs is critical to stopping the flow of illicit drugs and dismantling TCOs. Using these resources, HSI targets the supply chains responsible for foreign origin shipments of precursor chemicals destined for Mexico. Thus far, this methodology has resulted in the seizure of approximately 3.3 million pounds of dual-use precursor chemicals intended for making illicit fentanyl and methamphetamine.

### **HSI Domestic Efforts**

HSI's ability to conduct complex large-scale investigations represents one of DHS's best weapons for dismantling TCOs. Part of HSI's mandate is to turn individual border seizures and arrests into multi-jurisdictional, multi-defendant investigations to disrupt, dismantle, and prosecute high-level members of TCOs. HSI special agents work every day with CBP officers and in coordination with other federal, state, local, and tribal law enforcement partners to identify and investigate drug smuggling organizations attempting to introduce illicit contraband into the United States.

CBP's expansion of non-intrusive inspection (NII) scanning at Southwest Border POEs is poised to increase the number of CBP-origin seizures, which HSI special agents are required to investigate. To keep pace, HSI will require additional staffing to support the investigation and prosecution of individuals associated with POE seizures. Recent HSI congressional appropriations tied to NII expansion represent an important initial step. HSI is moving quickly to deploy these new resources to Southwest Border POEs receiving NII augmentation. Given the required NII expansion to all land border POEs, additional staffing will be essential to ensure

HSI retains adequate personnel to respond to these seizures and to conduct the complex investigations intended to degrade and remove TCO threats to the homeland.

### *Border Enforcement Security Task Forces*

The Jaime Zapata Border Enforcement Security Task Force (BEST) Act was signed into law in December 2012. The Act was named in honor of Jaime Zapata, an HSI special agent who, while working to combat violent drug cartels, was killed in the line of duty in Mexico. This law amended the Homeland Security Act of 2002 to formally establish the BEST program, with the primary mission of combating emerging and existing transnational organized crime by employing a threat-based/risk mitigation investigative task force model that recognizes the unique resources and capabilities of all participating law enforcement partners. In June 2022, the Bipartisan Safer Communities Act provided HSI with statutory authority to reimburse the salaries for state and local law enforcement task force officers who participate in BESTs.

BESTs eliminate the barriers between federal and local investigations, close the gap with international partners in multinational criminal investigations, and create an environment that minimizes the vulnerabilities in our operations that TCOs have traditionally capitalized on to exploit our nation's borders. There are currently 90 BESTs located across the United States, including Puerto Rico and the U.S. Virgin Islands, comprising approximately 1,000 law enforcement officers and personnel representing federal, state, local, tribal, and international law enforcement agencies, as well as National Guard units. In FY 2022, BESTs initiated more than 5,300 investigations resulting in more than 6,000 criminal arrests and seizures of more than 317,000 pounds of narcotics, more than 480,000 pounds of precursor chemicals, and more than \$206 million of illicit proceeds and assets.

### *Operation Blue Lotus*

HSI has also launched targeted enforcement campaigns to combat illicit narcotics, particularly fentanyl. Between March 13, 2023 and May 10, 2023, CBP and HSI launched Operation Blue Lotus to facilitate and increase fentanyl interdictions at and between the POEs and develop criminal cases along the Southwest Border. Focusing operations at the ports of San Ysidro and Otay Mesa, California, and Nogales, Arizona, Operation Blue Lotus aimed to curtail the flow of illicit fentanyl smuggled into the United States from Mexico, while simultaneously illuminating TCOs networks. Operation Blue Lotus successfully resulted in the combined seizures of over 8,200 pounds of fentanyl.

Building upon the success of Operation Blue Lotus, on June 12, 2023, HSI launched Operation Blue Lotus 2.0 to strategically leverage its administrative, civil, and criminal law enforcement authorities to attack fentanyl distribution. Operation Blue Lotus 2.0 focuses operations along the border and interior facilities, including express consignment and international mail locations, to combat fentanyl trafficking nodes and target the smuggling of fentanyl and other illicit narcotics in the United States.

### **Cyber-Related Efforts**

TCOs have become increasingly tech-savvy. For example, many have adopted



anonymous cryptocurrency transactions through darknet marketplaces. These transactions may involve foreign vendors, but the result is the shipment of illicit drugs to or within our country.

### *Cyber Crimes Center*

To keep pace with rapidly evolving criminal techniques, HSI created the Cyber Crimes Center (C3) to provide investigative assistance, training, and equipment to support domestic and international investigations of cyber-related crimes for DHS. C3 supports HSI's mission through the programmatic oversight and coordination of investigations of cyber-related criminal activity and provides a range of forensic, intelligence, and investigative support services across all HSI programmatic areas.

C3's cyber investigators and analysts support HSI online undercover investigations targeting market site operators, vendors, and prolific buyers of opioids and other contraband on the darknet. C3 also supports tracing and identifying illicit proceeds derived from criminal activity on the dark web and investigating the subsequent money laundering activities. Digital forensics play an ever-increasing role in investigating complex multinational narcotics organizations, and C3's Computer Forensics Unit and the HSI Computer Forensic Program are critical tools in combating the flow of drugs into the United States. C3's Computer Forensics Unit also provides forensic training and support to our federal, state, local, tribal, and international law enforcement partners.

A top priority for HSI is to improve collective law enforcement capabilities by providing training to partner law enforcement agencies. For example, C3 developed a cyber-training curriculum with a focus on darknet investigations and illicit payment networks associated with opioid smuggling and distribution. Since 2017, HSI has delivered this training course to more than 12,000 federal, state, local, and international law enforcement personnel in over 70 locations worldwide.

### **Illicit Finance – Following the Money**

One of the most effective methods for dismantling TCOs engaged in narcotics trafficking is to attack the criminal financial networks that are the lifeblood of their operations. HSI special agents work to identify and seize the illicit proceeds and instrumentalities of crime and target financial networks that transport, launder, and hide such proceeds. As a customs agency with significant access to financial and trade data, HSI is uniquely positioned to identify TCO schemes to hide illicit drug proceeds within legitimate commerce. HSI's financial efforts in FY 2022 resulted in 2,607 arrests, 1,600 criminal indictments, 1,028 convictions, and the seizure of more than \$4.2 billion in illicit currency and other assets (as valued at the time of seizure).

### *National Bulk Cash Smuggling Center*

Despite the rise of alternative stores of value, such as virtual assets, bulk cash smuggling remains a key mechanism for TCO repatriation of drug proceeds. Criminal actors often avoid traditional financial institutions, which must comply with Bank Secrecy Act reporting requirements—instead repatriating their illicit proceeds through conveyances such as commercial and private aircraft, passenger and commercial vehicles, and maritime vessels, as well as via pedestrian crossings at our land borders.

Established in 2009, HSI's National Bulk Cash Smuggling Center (BCSC) is a critical component of the agency's and overall U.S. government's efforts to combat bulk cash smuggling by TCOs. The BCSC operates strategic programs that leverage advanced data analytics, interagency partnerships, and law enforcement technology systems to identify complex money laundering networks and provide support for HSI financial investigations. The criminal intelligence functions of the BCSC provide operational analysis in support of HSI-led interdiction efforts, including port profiles highlighting cash flow activity at targeted POEs and corridor analyses to assist in planning the timing, location, and strategy for interdiction operations. The BCSC also administers a targeted, investigation-focused license plate reader program to identify larger criminal networks and a warrant-based GPS tracking program that provides valuable intelligence on the behaviors of criminal groups engaged in bulk cash smuggling. Since its inception through FY 2022, the BCSC has initiated or substantially contributed to the seizure of bulk cash totaling over \$1.73 billion.

TCOs are increasingly augmenting bulk currency smuggling with use of alternate value platforms in response to financial regulations and law enforcement efforts to identify money laundering networks. A single movement of TCO proceeds may involve bulk cash, stored value cards, money orders, cryptocurrency, wire transfers, funnel accounts, and trade-based money laundering (TBML). HSI adapts to evolving criminal methodologies by leveraging new law enforcement technologies to identify money laundering activity through these emerging alternate value platforms and seize criminal assets.

#### *Trade-Based Money Laundering*

TBML is the process of disguising criminal proceeds through international trade to hide their illicit origins. As the U.S. government's primary law enforcement agency that investigates TBML, HSI utilizes data resources—maintained by DHS encompassing trade, travel, and financial information—to identify TBML schemes. HSI has established several national initiatives that target specific TBML schemes and provides subject matter expertise, analytical support, and enforcement related support to HSI special agents. Specifically, HSI has the ability to intercept and interdict trade and individuals associated with TBML that have a nexus to the borders of the United States and provide the necessary information to initiate criminal investigations targeting this activity.

Integral to these efforts are HSI-established Trade Transparency Units (TTUs), which combat the growing threat of international money laundering by TCOs via trade-based money laundering. The TTUs accomplish this mission using partner country data sharing programs and the Data Analysis & Research for Trade Transparency Systems program. Through established partnerships, the TTUs have access to foreign trade, travel, and financial information used to support ongoing criminal investigations and to address TBML on a global scale. These partnerships are based on bilateral agreements between the United States and 19 partner countries for the sharing of trade and financial information. Through the TTUs, HSI field offices can request information pertaining to companies and individuals that would otherwise be unavailable without the bilateral agreements.

#### *Cryptocurrency*

Cryptocurrencies are increasingly used to facilitate domestic and cross-border crime. They can be exploited by any criminal organization, and this is especially true as it pertains to online distribution of fentanyl, methamphetamine, and other illicit drugs.

Cryptocurrencies are attractive to TCOs because they offer a relatively fast, inexpensive, and pseudonymous system of transactions. HSI investigations related to cryptocurrency have risen from one criminal investigation in 2011 to over 530 criminal investigations in FY 2023 to date. In FY 2022, HSI seized nearly \$4 billion (valued at the time of seizure) in cryptocurrency. This substantial increase signifies growing confidence in cryptocurrency use by criminals and criminal networks.

### **Conclusion**

Thank you again for the opportunity to appear before you today and for your continued support of HSI and our efforts to use our unique authorities and global footprint to dismantle TCOs and combat the flow of illicit fentanyl into the United States. I look forward to your questions.



TESTIMONY OF

James Mandryck  
Deputy Assistant Commissioner  
Office of Intelligence  
U.S. Customs and Border Protection  
U.S. Department of Homeland Security

For a Hearing

BEFORE

United States House of Representatives  
Committee on Homeland Security  
Subcommittee on Border Security and Enforcement

ON

“Protecting the U.S. Homeland: Fighting the Flow of Fentanyl from the Southwest Border”

July 12, 2023  
Washington, DC

## **Introduction**

Chairman Higgins, Ranking Member Correa, and distinguished Members of the Subcommittee, thank you for the opportunity to discuss U.S. Customs and Border Protection's (CBP) efforts to combat the dynamic threat of transnational criminal organizations (TCOs) and prevent the entry of dangerous illicit drugs, including fentanyl, into the United States.

The reach and influence of TCOs continues to expand across and beyond the Southwest and Northern Borders. These criminal organizations are sophisticated and operate with immense capability, capacity, and nearly unlimited resources. TCOs increasingly demonstrate the intent and ability to produce and modify synthetic drugs, making detection and identification difficult. They also continually adjust their tactics, techniques, and operational procedures to circumvent detection and interdiction by law enforcement, including transporting smaller quantities of drugs and improving concealment techniques.

As others have testified,<sup>1</sup> synthetic opioids like fentanyl – a synthetic opioid that is 80-100 times stronger than morphine – and its analogues are produced using precursor chemicals made available by criminal elements, often in the People's Republic of China. The precursor chemicals are shipped to Mexico where TCOs use these precursors to finish production. This fentanyl is either sold in powder form or pressed into pills. These drugs are then smuggled across the Southwest Border, most often through ports of entry (POEs).<sup>2</sup>

Because there is no single tool or capability that can detect all suspected threats in all situations and environments, CBP uses a multifaceted, intelligence-driven approach that combines advance targeting, sophisticated detection capabilities, specialized canines, non-intrusive inspection technology (NII), laboratory testing, scientific analysis, domestic and foreign partnerships, and information sharing. Most importantly, we also have dedicated, highly trained officers, agents, and intelligence research specialists whose experience and expertise are essential components of all CBP's efforts to combat transnational threats and prevent the entry of illegal drugs into U.S. communities.

Our enforcement approach enables the agency to nimbly shift resources and swiftly respond to emerging threats, such as the deadly threat posed by illicit fentanyl, fentanyl analogues, other synthetic opioids, and methamphetamine, as well as the precursors and other chemicals used in illicit drug production.

## **Drug Trends and Interdictions**

As noted above, most illicit drugs, including fentanyl, enter the United States through our Southwest Border POEs, hidden in passenger vehicles or belongings, concealed in commercial

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<sup>1</sup> See, e.g., Written testimony, Kemp Chester, Senior Advisor, International Relations and Supply Reduction, Office of National Drug Control Policy, for a February 1, 2023, House Energy and Commerce Committee Hearing. [https://d1dth6e84htgma.cloudfront.net/Witness\\_Testimony\\_Chester\\_HE\\_02\\_01\\_2023\\_487130aade.pdf?updated\\_at=2023-02-01T14:37:29.433Z](https://d1dth6e84htgma.cloudfront.net/Witness_Testimony_Chester_HE_02_01_2023_487130aade.pdf?updated_at=2023-02-01T14:37:29.433Z).

<sup>2</sup> <https://www.cbp.gov/newsroom/stats/drug-seizure-statistics>.

trucks, and carried by pedestrians. In Fiscal Year (FY) 2022, for example, nearly 66 percent of illicit drugs seized by weight by CBP at the Southwest Border were seized at POEs.<sup>3</sup>

CBP seizures of fentanyl have been escalating for several years.<sup>4</sup> In FY 2022, CBP seized nearly 15,000 pounds of fentanyl nationwide, with the majority – 12,500 pounds – seized at POEs. We have already exceeded that amount this fiscal year. At our POEs alone, fentanyl seizures increased more than 200 percent in FY 2022 compared to FY 2019 and FY 2020 totals combined. In FY 2023 to date, CBP seizures at POEs already exceed more than 17,600 pounds of fentanyl.<sup>5</sup> These seizures permanently removed these drugs from the illicit supply chain, kept them out of our communities, and denied drug trafficking organizations profits and operating capital.

Marijuana, methamphetamine, heroin, and cocaine remain the top-seized drugs by weight but shifting trends over recent years produced significant increases in synthetic drugs like fentanyl. Fentanyl is the most frequently seized illicit synthetic opioid, but CBP has also encountered 31 substances that are chemically similar to fentanyl, as well as 44 unique synthetic opioids that are not from the fentanyl class.<sup>6</sup>

Although our statistics measure drug seizures by weight, CBP estimates it interdicted 1.1 billion potential doses of illicit fentanyl in FY 2022. By the measure of potential doses, CBP fentanyl seizures were only second to methamphetamine, of which an estimated 16 billion doses in FY 2022 were seized.<sup>7</sup> For reference, Earth's population is approximately 8 billion people.

CBP's enforcement efforts focus on detecting and interdicting suspected illicit drugs; quickly anticipating and adapting to changing tactics and techniques used by cartels, traffickers, smugglers, and their networks; enhancing collaboration among key partners; producing actionable intelligence to target the illicit opioid supply chain; and protecting our personnel from exposure to opioids.

## **Detection and Inspection**

CBP, with the support of Congress, continues to make significant investments and improvements in our drug detection capabilities and interdiction technology. Our highly trained officers use narcotic detection canines and a variety of technologies to detect the presence of illicit drugs, including illicit opioids, in all operating environments.

CBP's canine program continues to demonstrate its significant contribution to our efforts to intercept dangerous illicit drugs and disrupt TCO activity. In FY 2022, CBP canine teams assigned to the Office of Field Operations and U.S. Border Patrol assisted in the seizure of more than \$19 million in undeclared or illicit drug-related currency, more than 400 firearms, and nearly

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<sup>3</sup> Of the 288,287 pounds of drugs CBP seized at the Southwest Border in FY 2022, 189,682 pounds were seized at POEs. Excluding marijuana, CBP seized 202,631 pounds of illicit drugs at the Southwest Border, of which 179,317 pounds (88.5 percent) were seized at POEs. <https://www.cbp.gov/newsroom/stats/drug-seizure-statistics>. CBP Air and Marine Operations also contributed to drug seizure events with other agencies. These operations resulted in the seizure of approximately 270,000 pounds of drugs in FY 2022. <https://www.cbp.gov/newsroom/stats/cbp-enforcement-statistics/air-and-marine-operations-statistics>.

<sup>4</sup> <https://www.cbp.gov/newsroom/stats/drug-seizure-statistics>.

<sup>5</sup> As of May 31, 2023.

<sup>6</sup> A complete list can be made available by CBP Laboratories and Scientific Services.

<sup>7</sup> CBP would be happy to brief the Subcommittee on its illicit drug dose estimation tool and how it derived these estimates.

290,000 pounds of drugs, including nearly 13,000 pounds of fentanyl – approximately 87 percent of CBP’s fentanyl seizures – valued at more than \$2.5 billion. The effectiveness of our canine teams is demonstrated daily. For example, in a single event on April 18, 2023, a canine team in Otay Mesa, California, aided in the seizure of 776 pounds of fentanyl pills valued at more than \$21 million.<sup>8</sup>

CBP canine teams often work alongside officers conducting other inspection activities. CBP has deployed more than 350 large-scale and 4,500 small-scale NII X-ray and gamma-ray imaging systems to detect the presence of illicit substances, including synthetic drugs such as fentanyl. This technology enables detection of these illicit substances hidden within passenger belongings, cargo containers, commercial trucks, rail cars, and privately owned vehicles, as well as express consignment carrier and international mail parcels. In FY 2022, CBP officers used large-scale NII systems to scan more than 7.6 million conveyances, which resulted in the interdiction of more than 100,000 pounds of narcotics and approximately \$2 million of undeclared U.S. currency.

Canine teams and NII technology are complementary detection and inspection capabilities that are critical to the continued success of CBP’s interdiction operations at the POEs. At the core of these efforts are specially trained officers and specialists using their expertise and experience to maximize technological capabilities and resources. Every seizure we make at the border is important. It stops the flow of drugs into our communities, contributes to investigations, and increases our awareness of emerging trends and illicit networks.

### **Advance Information and Targeting**

CBP’s interdiction efforts begin well before a conveyance or shipment arrives at a POE. Advance electronic shipping information,<sup>9</sup> actionable intelligence, and information sharing partnerships are critical components of CBP’s ability to quickly identify, target, and deter the entry of dangerous illicit drugs in all operational environments.

All advance shipment information is automatically fed into the National Targeting Center’s (NTC) Automated Targeting System (ATS), an enforcement and decision support system. At CBP’s NTC, advance data converges with law enforcement and intelligence records to facilitate the targeting of persons, conveyances, and items of cargo that pose the highest risk to our security in all modes of transportation. Advance information is a critical and effective component of CBP’s targeting and interdiction efforts. We continue to pursue solutions to expand advance information opportunities to the land POEs, where—unlike travel processes over air and sea—CBP often receives no advance traveler information, limiting traveler vetting conducted before an individual arrives at a land POE.

In addition to targeting illicit substances directly, CBP and Homeland Security Investigations (HSI) target precursor chemicals shipped through the United States to destinations in Mexico and other countries. While many of the precursor chemicals used to synthesize methamphetamines

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<sup>8</sup> <https://www.cbp.gov/newsroom/local-media-release/we-re-spilling-beans-211-million-worth-fentanyl-pills-concealed-within>.

<sup>9</sup> See section 343 of the *Trade Act of 2002* (Pub. L. 107-210), as amended; the *Security and Accountability for Every Port Act or SAFE Port Act of 2006* (Pub. L. 109-347); and the *Synthetics Trafficking and Overdose Prevention (STOP) Act* (Pub. L 107-210) of 2018.

and synthetic illicit opioids such as fentanyl have legitimate uses, CBP and HSI coordinate with the Drug Enforcement Administration (DEA) to intercept and seize precursors if they can be identified as having been brought into the United States in violation of U.S. law, such as Title 21 of the U.S. Code. CBP also targets production-related equipment such as pill presses and tableting machines. The DEA regulates pill press/tableting machines, and the HSI Diversion Coordinator works on behalf of DHS to coordinate the investigations of pill press/tableting machine imports being diverted for illicit uses. The HSI Diversion Coordinator works closely with the NTC to identify and target individuals importing and diverting pill press/tableting machines to produce illicit fentanyl and other synthetic drugs.

The increasing ability of TCOs to produce sophisticated forms of synthetic drugs and develop new ways to smuggle is a challenge to CBP's counter-narcotic efforts. In addition to CBP's advance detection and targeting efforts, CBP's laboratory testing and analysis capabilities are invaluable to the timely identification of suspect substances and the disruption of drug trafficking networks. These capabilities not only contribute to our targeting and interdiction success, but also aid our intelligence and investigative partners in their criminal prosecution efforts.

### **Analysis and Intelligence**

Just as TCOs rapidly evolve their illicit production and smuggling operations, CBP must advance its capabilities to quickly and reliably identify the dangerous substances it encounters and provide analysis for targeting and other enforcement and investigative actions.

Sound analytical methodology centers on providing timely and actionable intelligence to our frontline officers and agents, decision makers, and partners. To strengthen our intelligence posture in responding to this complex threat environment, CBP's Intelligence Enterprise (IE) was established in 2017 as a cohesive, threat-based, data-driven, and operationally-focused effort to leverage the collective intelligence capabilities and expertise across CBP's operational components.

To enhance its intelligence capacity, CBP IE established investment priorities that support a whole-of-agency approach to countering various border threats, such as the use of a common reporting platform to timely share and disseminate threat information to disparate offices. CBP's IE was also responsible for launching the CBP Watch, a situational awareness facility that provides trend analysis and real-time feedback to better support the Agency's operational frontline 24 hours a day, seven days a week.

### *Laboratory Testing*

CBP's ability to swiftly and accurately identify suspect substances is a critical part of our ability to determine new production trends and seize illicit drugs, but also a critical tool for partner investigative agencies, such as HSI, to make law enforcement-controlled deliveries that could lead to arrests and the shutting down of criminal networks. CBP officers use various field-testing devices and leverage CBP's 24/7 Narcotic Reachback program to obtain a swift, presumptive identification of a suspect substance from a CBP Laboratories and Scientific Services (LSS) scientist. CBP has also positioned Forward Operating Labs (FOL) at strategic locations where new or emerging substances enter the United States. At the FOLs, LSS can triage quickly if a



potentially new analogue of an illicit substance or designer drug is encountered and send it to the LSS INTERDICT Science Center for comprehensive testing. These newly encountered substances, particularly synthetic opioids or other significant chemicals of interest, are added to the user libraries of the handheld field-testing devices used by CBP officers and agents to rapidly screen suspected substances. Since January 2022, 170 new spectra have been added to the equipment's factory library. Since the start of the designer drug wave in 2009, LSS has identified over 550 new substances.

CBP scientists participate in weekly operational roundtable discussions with intelligence personnel and law enforcement partners from federal, state, and local agencies to share information on the latest analysis on encountered substances. Based on pollen analysis and suspected controlled substance analysis results, CBP develops intelligence products to share with CBP officers and agents, intelligence analysts, policy makers, and relevant external partners at federal, state, local, and international organizations to maintain a consistent understanding of the fentanyl threat picture nationally, not just at the borders.<sup>10</sup>

### **Collaboration and Information Sharing**

Shifting trends and sophisticated TCO tactics mean that now, more than ever, efforts to counter TCO activity require coordination and cooperation across the law enforcement community. CBP leverages collaboration with our federal, state, local, tribal, and international partners to address drug trafficking and other transnational threats across all our operational environments. This includes working closely with the Office of National Drug Control Policy's High Intensity Drug Trafficking Area program and continuous work with other laboratories and the medical community, including coroners and medical examiners, to identify emerging drug threats.

CBP works closely with key partners, including HSI, DEA, the United States Postal Inspection Service, the Federal Bureau of Investigation, and other federal, state, local, tribal, and international partners, to share information, coordinate enforcement actions, and facilitate investigations regarding intelligence and seizures. For seizures that do not meet a federal threshold, intelligence and information derived from these seizures are provided to local, state, and regional task forces for situational awareness and further investigative and prosecutorial actions.

CBP regularly hosts briefings with federal, state, local, territorial, and tribal partners regarding the current state of the border, providing a cross-component, multi-agency venue for discussing trends and threats. Engagements focus on interdictions and arrests at both the border and interior areas within the United States. These briefings also include participants from the Governments of Canada and Mexico.

Strong international partnerships are a critical part of CBP's ability to respond to the global challenges that affect our border operations. CBP works closely with our foreign partners and contributes to multilateral forums by sharing information and leveraging partner capabilities to combat transnational threats and advance our national security.

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<sup>10</sup> <https://www.cbp.gov/document/fact-sheets/cbp-fentanyl-factsheet>.

CBP also participates in joint operations and multi-agency enforcement teams composed of representatives from international and federal law enforcement agencies. Working together with state, local, and tribal agencies, these operations target drug and transnational criminal activity, and often contribute to investigations involving national security and organized crime.

Our partnerships are also invaluable to our enforcement efforts. For example, CBP and HSI recently concluded Operation Blue Lotus, a two-month, multi-agency effort led by CBP and HSI focused on narcotics smuggling attempts at POEs in Arizona and California. Through targeted inspections at border crossings, cross-border investigations, and the leveraging of advanced analytics and intelligence capabilities, approximately 8,000 pounds of fentanyl, more than 4,600 pounds of methamphetamine, more than 1,050 pounds of cocaine, and more than 72 pounds of heroin were seized – leading to more than 250 arrests by CBP and HSI. U.S. Border Patrol ran a complementary operation between POEs and at checkpoints near the border, leading to additional seizures of approximately 2,500 pounds of fentanyl, 6,500 pounds of methamphetamine, 330 pounds of marijuana, 620 pounds of cocaine, and 60 pounds of heroin.

Following the success of these enforcement efforts, DHS recently announced the next special operations of its surge campaign to target and prevent fentanyl from entering the United States.<sup>11</sup> Operation Artemis, led by CBP and supported by HSI, will leverage intelligence and investigative information derived from Operation Blue Lotus to focus on critical junctures in the illicit production and international trafficking of fentanyl and other synthetic drugs by targeting precursor chemicals, pill presses and parts, movement of finished substances, and illicit proceeds. Concurrently, Operation Rolling Wave will surge inspections at U.S. Border Patrol checkpoints along the Southwest Border, covering every sector and leveraging predictive analysis and intelligence sharing. CBP will run a parallel intelligence and analysis operation, Operation Argus, to provide trade-focused analysis in support of Artemis.

In collaboration with multiple Department of Justice components, in particular the Bureau of Alcohol, Tobacco, Firearms, and Explosives, CBP and HSI also lead Operation Without a Trace, a joint platform for our personnel to target and investigate smuggling networks to disrupt and dismantle their illegal gun trafficking operations. Since the initiative's inception in FY 2020, Operation Without a Trace has achieved significant success preventing Mexico-bound gun trafficking, resulting in the initiation of 803 investigations, the execution of 555 arrests, and the seizure of 1,213 firearms, more than 723,203 rounds of ammunition, and \$16.5 million in illicit currency.<sup>12</sup>

Finally, CBP established the Southern Border Intelligence Center in April of 2023. The Southern Border Intelligence Center, located in Tucson, Arizona, will integrate CBP's Southwest Border Intelligence Enterprise through collaboration within CBP and with the interagency into a single intelligence focal point. The Southern Border Intelligence Center will build and maintain a trans-regional intelligence understanding of the entire southern border by integrating CBP's intelligence efforts and collaborating with the interagency.

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<sup>11</sup> <https://www.dhs.gov/news/2023/06/22/next-phase-dhs-campaign-stop-fentanyl-will-focus-interdiction-and-supply-chain>

<sup>12</sup> As of March 28, 2023.

## **Conclusion**

With continued support from Congress, CBP, in coordination with our partners, will continue to deploy critical resources to our nation's borders to refine the effectiveness of our detection, interdiction, and identification capabilities and combat transnational threats and the entry of illegal drugs into the United States.

CBP will continue investing in our frontline and intelligence capabilities, which are vital to all our law enforcement efforts. CBP will also pursue new partnerships and innovative technology to aid in our layered enforcement strategy to support our fight against this ever-evolving threat.

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



# Department of Justice

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**STATEMENT OF THE  
U.S. DEPARTMENT OF JUSTICE**

**GEORGE PAPADOPOULOS  
PRINCIPAL DEPUTY ADMINISTRATOR  
DRUG ENFORCEMENT ADMINISTRATION**

**BEFORE THE**

**COMMITTEE ON HOMELAND SECURITY  
SUBCOMMITTEE ON BORDER SECURITY AND ENFORCEMENT  
UNITED STATES HOUSE OF REPRESENTATIVES**

**FOR A HEARING ENTITLED**

**“PROTECTING THE U.S. HOMELAND: FIGHTING THE FLOW FROM  
THE SOUTHWEST BORDER”**

**PRESENTED**

**JULY 12, 2023**

**Statement of George Papadopoulos  
Principal Deputy Administrator  
Drug Enforcement Administration  
U.S. Department of Justice**

**At a Hearing Entitled,  
“Protecting the U.S. Homeland: Fighting the Flow from the Southwest Border”**

**Before the House Homeland Security Committee  
Subcommittee on Border Security and Enforcement  
United States House of Representatives**

**July 12, 2023**

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Chair Higgins, Ranking Member Correa, and distinguished members of the committee: On behalf of the Department of Justice (Department), and in particular the over 9,000 employees working at the Drug Enforcement Administration (DEA), thank you for the opportunity to appear before you today to discuss DEA’s work to save lives and to combat the deadly drug poisoning epidemic in our country.

Americans today are experiencing the most devastating drug crisis in our nation’s history. This is because one drug—fentanyl—has transformed the criminal landscape. Fentanyl is exceptionally cheap to make, exceptionally easy to disguise, and exceptionally deadly to those who take it. It is the leading cause of death for Americans between the ages of 18 to 45, and it kills Americans from all walks of life, in every state and community in this country. The criminal organizations responsible for bringing fentanyl into this country are modern, sophisticated, and extremely violent enterprises that rely on a global supply chain to manufacture, transport, and sell fentanyl, and rely on a global illicit financial network to pocket the billions of dollars in revenue from those sales.

DEA has been hard at work to undertake a transformation of its own to meet this moment. DEA has acted with urgency to set a new vision, target the global criminal networks most responsible for the influx of fentanyl into the United States, and raise public awareness about how just one pill can kill. We have transformed our vision by focusing on fentanyl—the drug killing the most Americans—and the criminal organizations responsible for flooding fentanyl into our communities—the Sinaloa Cartel and the Jalisco New Generation (Jalisco) Cartel. We have transformed our plan by building an entirely new strategic layer—our counterthreat teams for the Sinaloa Cartel and the Jalisco Cartel—that map the cartels, analyze their networks, and develop targeting information on the members of those networks wherever they operate around the globe. We have transformed our execution by providing that targeting information to our 334 offices worldwide, drawing from our global intelligence and law enforcement teams here and abroad, and working as One DEA to take the networks down. And we are seeing results—as demonstrated earlier this year with the indictment of 28 members and associates of the Chapitos network of the Sinaloa Cartel; the arrest of 3,337 associates of the Sinaloa and Jalisco Cartels in the United States who were responsible for the last mile of fentanyl and methamphetamine distribution on our streets and through social media; and the indictment of four chemical companies and eight individuals in the People’s Republic of China (PRC) for providing

criminal actors in the United States and Mexico with the precursor chemicals and scientific know-how necessary to make fentanyl.

### ***The Drug Poisoning Epidemic***

In 2022, nearly 110,000 people in the United States lost their lives to drug poisonings. Countless more people are poisoned and survive. These drug poisonings are a national crisis.

A majority of the drug poisoning deaths in the United States involve synthetic opioids, such as fentanyl, that are being distributed in new forms. Fentanyl is being hidden in and being mixed with other illicit drugs such as cocaine, heroin, and methamphetamine. Drug traffickers are also flooding our communities with fentanyl disguised in the form of fake prescription pills. These fake pills often are made to appear legitimate using pill presses and marketed by drug traffickers to deceive Americans into thinking that they are real, diverted prescription medications. In reality, these pills are not made by pharmaceutical companies, but drug trafficking organizations; they are highly addictive and are often deadly. DEA lab testing reveals that 6 out of 10 of these fentanyl-laced fake prescription pills contain a potentially lethal dose.

The availability of fentanyl throughout the United States has reached unprecedented heights. In 2022, DEA seized more than 58 million fake pills containing fentanyl, and 13,000 pounds of fentanyl powder, equating to nearly 400 million deadly doses of fentanyl. This is enough fentanyl to supply a potentially lethal dose to every member of the U.S. population. These seizures occurred in every state in the country.

### ***The Drug Enforcement Administration***

As the single mission agency tasked with enforcing our nation's drug laws, DEA's top operational priority is to relentlessly pursue and defeat the two Mexican drug cartels—the Sinaloa Cartel and the Jalisco Cartel—that are primarily responsible for driving the current fentanyl and drug poisoning epidemic in the United States.

In April of this year, the Administration announced its Strengthened Approach to Crack Down on Illicit Fentanyl Supply Chains, a whole-of-government approach to save lives by disrupting the trafficking of illicit fentanyl and its precursors into American communities. This approach synchronizes all the tools of national power to use more effectively against criminal facilitators and enablers. The Administration has also increased its collaboration with key international partners to address security concerns that impact North America. For example, under the Bicentennial Framework for Security, Public Health, and Safe Communities between the United States and Mexico, the Administration established a cooperative, comprehensive, and long-term approach with specific actions to promote the safety and security of our societies.

DEA is the lead agency on the law enforcement elements in the Administration's whole-of-government response to defeat the cartels and combat the drug poisoning epidemic in our communities. DEA's role in leading the law enforcement response to the fentanyl epidemic protects the safety of agents, officers, and sources. Importantly, a unified response to the fentanyl epidemic ensures that the whole of government is moving in one direction that protects the safety and health of Americans.

DEA operates 30 field divisions with 241 domestic offices, 93 foreign offices in 69 countries, and nine forensic labs. DEA's robust domestic and international presence allows it to map and target the entire Sinaloa Cartel and Jalisco Cartel networks.

In addition, DEA has launched two cross-agency, counterthreat teams to execute a network-focused operational strategy to defeat the Sinaloa and Jalisco Cartels. The two teams are mapping, analyzing, and targeting the cartels' entire criminal networks. The teams are composed of special agents, intelligence analysts, targeters, program analysts, data scientists, and digital specialists. This network-focused strategy is critical to defeating the Sinaloa and Jalisco Cartels.

We already are starting to see results from our new strategy. As part of the network-focused strategy, DEA investigations recently resulted in charges against 28 members and associates of the Sinaloa Cartel, including leaders, suppliers, brokers, smugglers, and money launderers in multiple countries, for operating the global criminal enterprise that manufactures and traffics most of the fentanyl that comes into the United States.

DEA is simultaneously focused on American communities. We are targeting the drug trafficking organizations and violent gangs located in the United States that are responsible for the greatest number of drug-related deaths and violence. DEA's Operation Overdrive uses a data-driven, intelligence-led approach to identify and dismantle criminal drug networks operating in areas with the highest rates of violence and drug poisoning deaths. In each of these locations, DEA is working with local and state law enforcement officials to conduct threat assessments identifying the criminal networks and individuals that are causing the most harm. DEA works with state, local, tribal and Federal law enforcement and prosecutorial partners to pursue investigations and prosecutions that will reduce drug related violence and drug poisonings. Phase one of Operation Overdrive took place in 34 locations across the United States, and phase two is currently occurring in 57 locations. So far in Operation Overdrive, DEA and its partners have made over 1,700 arrests, seized over 1,300 firearms, and seized over 13 million potentially deadly doses of fentanyl.

In 2021, DEA launched the "One Pill Can Kill" enforcement effort and public awareness campaign. Through that, DEA and our law enforcement partners have seized millions of fake fentanyl-laced prescription pills and hundreds of pounds of fentanyl powder—equating to millions of potentially lethal doses of fentanyl, which could have entered our communities. Hundreds of these cases were linked to social media platforms, including Snapchat, Facebook, Instagram, and TikTok.

DEA is combating the sale of fentanyl on social media. Drug traffickers are using social media platforms to recruit associates, find customers, and sell fentanyl and other deadly drugs. In particular, drug traffickers use social media to deceptively advertise fake prescription pills—pills that look like Xanax, Percocet, or Oxycodone but actually contain fentanyl—directly to young people and teenagers. DEA has investigated more than 150 cases directly linked to the sale of fake pills containing fentanyl on social media.

DEA also works closely with families who have lost loved ones to drug poisonings. These families are often brave advocates for change, and help ensure that people in their communities are aware of the dangers of fentanyl and fake pills.

DEA is working closely with our local, state, tribal, territorial, Federal, and international counterparts to target every part of the illegal drug supply chain and every level of the drug trafficking organizations that threaten the health and safety of our communities. To succeed, we must use every tool to combat this substantial threat that is being driven by the Sinaloa and Jalisco Cartels, as well as the Chinese-sourced precursor chemicals and global money laundering operations that facilitate the cartels' operations.

### *Mexican Cartels and Drug Trafficking*

The Sinaloa and Jalisco Cartels pose the greatest criminal drug threat the United States has ever faced. These ruthless, violent, criminal organizations have associates, facilitators, and brokers in all 50 states in the United States, as well as in more than 100 countries around the world.

The Sinaloa Cartel and the Jalisco Cartel and their affiliates control the vast majority of the fentanyl global supply chain, from manufacture to distribution. The cartels are buying precursor chemicals in the PRC; transporting the precursor chemicals from the PRC to Mexico; using the precursor chemicals to mass produce fentanyl; using pill presses to process the fentanyl into fake prescription pills; and using cars, trucks, and other routes to transport the drugs from Mexico into the United States for distribution. It costs the cartels as little as 10 cents to produce a fentanyl-laced fake prescription pill that is sold in the United States for as much as \$10 to \$30 per pill. As a result, the cartels make billions of dollars from trafficking fentanyl into the United States.

The business model used by the Sinaloa and Jalisco Cartels is to grow at all costs, no matter how many people die in the process. The cartels are engaging in deliberate, calculated treachery to deceive Americans and drive addiction to achieve higher profits.

### *The Sinaloa Cartel*

The Sinaloa Cartel, based in the Mexican State of Sinaloa, is one of the oldest drug trafficking organizations in Mexico. The Sinaloa Cartel controls drug trafficking activity in various regions in Mexico, particularly along the Pacific Coast. Additionally, it maintains the most expansive international footprint of the Mexican cartels. The Sinaloa Cartel exports and distributes wholesale amounts of fentanyl, methamphetamine, heroin, and cocaine in the United States by maintaining distribution hubs in cities that include Phoenix, Los Angeles, Denver, and Chicago. Illicit drugs distributed by the Sinaloa Cartel are primarily smuggled into the United States through crossing points located along Mexico's border with California, Arizona, New Mexico, and Texas. The Sinaloa Cartel reportedly has a presence in 19 of the 32 Mexican states. It has been identified that there are currently more than 26,000 members, associates, facilitators, and brokers affiliated with the Cartel in more than 100 countries.

### *The Jalisco Cartel*

The Jalisco Cartel is based in the city of Guadalajara in the Mexican state of Jalisco, and was originally formed as a spin off from the Milenio Cartel, a subordinate to the Sinaloa Cartel. The Jalisco Cartel maintains illicit drug distribution hubs in Los Angeles, Seattle, Charlotte, Chicago, and Atlanta. Internationally, the Jalisco Cartel has a presence and influence through associates, facilitators, and brokers on every continent except Antarctica. The Jalisco Cartel smuggles illicit drugs such as fentanyl, methamphetamine, heroin, and cocaine into the United States by accessing various trafficking



corridors along the southwest border that include Tijuana, Mexicali, Ciudad Juarez, Matamoros, and Nuevo Laredo. The Jalisco Cartel's rapid expansion of its drug trafficking activities is characterized by the organization's willingness to engage in violent confrontations with Mexican Government security forces and rival cartels. The Jalisco Cartel reportedly has a presence in 21 of the 32 Mexican states. It has been identified that there are currently more than 18,800 members, associates, facilitators, and brokers affiliated with the Cartel in more than 100 countries.

### **People's Republic of China and Precursor Chemicals**

Chemical companies within the PRC produce and sell the majority of precursor chemicals that are used today by the Sinaloa and Jalisco Cartels to manufacture fentanyl and methamphetamine. These precursor chemicals from companies within the PRC are the foundation of the fentanyl and methamphetamine that are manufactured and transported from Mexico into the United States and that are causing tens of thousands of drug-related deaths in our country.

According to the State Department's 2023 International Narcotics Control Strategy Report, there are at least 160,000 chemical companies in the PRC. Chemical companies within the PRC distribute and sell precursor chemicals that are used in fentanyl and methamphetamine production around the world. Some companies within the PRC, for example, engage in false cargo labeling and ship chemicals to Mexico without tracking the customers purchasing the chemicals from the PRC and elsewhere.

In recent weeks, DEA has had productive engagements with Chinese counterparts in Beijing and Washington, D.C. focused on increasing cooperation between our countries. DEA remains ready to work with the PRC and all willing partners to reduce the flow of precursor chemicals and the deadly synthetic drugs they produce.

### **Chinese Money Laundering Operations and the Cartels**

The Sinaloa and Jalisco Cartels utilize Chinese Money Laundering Organizations (CMLOs) in the United States and around the world to facilitate laundering drug proceeds. CMLOs use mirror transfers, trade-based money laundering, and bulk cash movement to facilitate the exchange of foreign currency. The use of CMLOs by the cartels simplifies the money laundering process and streamlines the purchase of precursor chemicals utilized in manufacturing drugs.

These money laundering schemes are designed to remedy two separate issues: (1) the desire of Mexican cartels to repatriate drug proceeds into the Mexican banking system, and (2) wealthy Chinese nationals who are restricted by the PRC's capital flight laws from transferring large sums of money held in Chinese bank accounts for use abroad. To address these issues, CMLOs acquire U.S. dollars held by Mexican cartels as a means to supply their customers in the PRC.

### **Recent Enforcement Actions Against the Sinaloa and Jalisco Cartels and PRC-Based Chemical Suppliers**

#### **The Chapitos Network of the Sinaloa Cartel:**

On April 14, 2023, DEA announced indictments against the Chapitos—the leaders of the Sinaloa Cartel—and their criminal network.

The Sinaloa Cartel supplies the majority of the fentanyl trafficked into the United States, which has resulted in the United States' unprecedented fentanyl epidemic. The Chapitos, the sons of the cartel's notorious former leader Joaquin "El Chapo" Guzman, currently lead the most violent faction of the Sinaloa Cartel. El Chapo was once the world's most dangerous and prolific drug trafficker. Now his sons have stepped in to fill their father's void by flooding the United States with deadly fentanyl and leaving a wake of destruction across families and communities throughout the United States.

Following their father's arrest and subsequent extradition and conviction, we allege that the Chapitos expanded their enterprise with sophisticated fentanyl laboratories in Culiacan, Mexico. We allege that the Chapitos now run the largest, most violent, and most prolific fentanyl trafficking operation in the world. The cartel is highly organized and sophisticated, employing military-grade weapons and vehicles and hundreds of people who protect the cartel and its leadership at all costs. In addition, we allege that the Chapitos use extreme violence and intimidation, including murder, torture, and kidnapping, to ensure dominance and expand their territory.

The Chapitos pioneered the manufacture and trafficking of fentanyl, and are responsible for the massive influx of fentanyl into the United States over the past eight years. The Chapitos oversee and control every step in their fentanyl trafficking process and will stop at nothing to ensure the expansion of their operations and the flow of fentanyl into the United States. From procuring fentanyl precursors from illicit sources of supply in the PRC; to distribution in the United States, and, ultimately, reaching the hands of Americans; to the surreptitious repatriation of massive proceeds through money launderers to avoid detection, the cartel has direct involvement – and culpability. Investigations found that even when test subjects died as a result of high-potency fentanyl, the cartel sent the deadly batch to the United States anyway – knowingly poisoning Americans for their own profit.

The indictments charged 28 members of the Chapitos network. These include suppliers of fentanyl precursor chemicals based in the PRC, a broker based in Guatemala assisting with the transport of those chemicals from the PRC to Mexico, managers of clandestine fentanyl laboratories based in Mexico converting the precursor chemicals into fentanyl pills and powder, weapons traffickers and assassins perpetuating extreme violence in Mexico to protect and expand the fentanyl production operation, smugglers transporting the fentanyl from Mexico into the United States, and illicit financiers laundering the proceeds of fentanyl sales from the United States back to Mexico through bulk cash smuggling, trade-based money laundering, and cryptocurrency.

These indictments reflect the work of 32 DEA offices in the United States and abroad, as well as our law enforcement partners and other Department of Justice components, such as the U.S. Attorney's Office. As part of the investigation, the DEA conducted operations in ten countries and seized staggering amounts of illicit materials, including 2,557,000 fentanyl-laced pills, 105 kilograms of fentanyl powder, and 37 kilograms of fentanyl precursor chemicals, amounting to 22,747,441 potentially lethal doses of fentanyl.

Seven of the charged defendants were arrested pursuant to the investigation—in Colombia, Greece, Guatemala, and the United States—with the assistance of DEA's law enforcement partners in the United States and abroad. Ovidio Guzman-Lopez was arrested earlier this year by military officials in Mexico.

Simultaneously with the announcement of these indictments, the Department of State has announced up to nearly \$50 million in monetary rewards for information leading to the capture of the defendants who remain at large, and the Department of the Treasury Office of Foreign Assets Control announced sanctions against two chemical companies that operate in the PRC, and five individuals associated with those companies, for supplying precursor chemicals to drug cartels in Mexico for the production of illicit fentanyl intended for U.S. markets.

### Operation Last Mile

On May 5, 2023, DEA announced the results of Operation Last Mile, a year-long national operation targeting operatives, associates, and distributors affiliated with the Sinaloa and Jalisco Cartels who were located in the United States and responsible for the last mile of fentanyl and methamphetamine distribution on our streets and on social media.

In Operation Last Mile, DEA tracked down distribution networks across the United States that are connected to the Sinaloa and Jalisco Cartels. The Operation shows that the Sinaloa and Jalisco Cartels use violent local street gangs and criminal groups and individuals across the United States to flood American communities with huge amounts of fentanyl and methamphetamine, which drives addiction and violence and kills Americans. It also shows that the Cartels, their members, and their associates use social media applications—like Facebook, Instagram, TikTok, and Snapchat—and encrypted platforms—like WhatsApp, Telegram, Signal, Wire, and Wickr—to coordinate logistics and reach out to victims.

Operation Last Mile comprised 1,436 investigations conducted from May 1, 2022 through May 1, 2023, in collaboration with Federal, state and local law enforcement partners, and resulted in 3,337 arrests and the seizure of nearly 44 million fentanyl pills, more than 6,500 pounds of fentanyl powder, more than 91,000 pounds of methamphetamine, 8,497 firearms, and more than \$100 million. The fentanyl powder and pill seizures equate to nearly 193 million deadly doses of fentanyl removed from communities across the United States, which have prevented countless potential drug poisoning deaths. Among these investigations, more than 1,100 cases involved social media applications and encrypted communications platforms, including Facebook, Instagram, TikTok, Snapchat, WhatsApp, Telegram, Signal, Wire, and Wickr.

### Operation Killer Chemicals

On June 23, 2023, DEA announced Operation Killer Chemicals and the indictments of four chemical companies and eight individuals—all based in the PRC—for knowingly providing customers in the United States and Mexico with the precursor chemicals and scientific know-how to manufacture fentanyl. These indictments are the first-ever charges against fentanyl precursor chemical companies. Two PRC nationals were taken into custody pursuant to the investigation. DEA also seized more than 200 kilograms of precursors in these investigations alone, enough to make millions of deadly doses of fentanyl.

As alleged, these Chinese chemical companies, and the individuals working for them, not only provided customers with the ingredients for fentanyl, they also gave advice on how to mix and substitute ingredients to more efficiently make fentanyl, and employed chemists to troubleshoot and provide expert advice when customers had questions. The individuals also spoke freely about having

clients in the United States and Mexico and, specifically, in Sinaloa, Mexico, where the Sinaloa Cartel is based.

The companies went to great lengths to conceal the chemicals during transport. They falsified shipping labels and customs paperwork, claiming the shipments were “dog food” or “raw cosmetic materials” rather than fentanyl precursors. They even disguised the chemicals at a molecular level—adding a molecule to “mask” the precursors so they would not be detected as banned substances during transport, and teaching their customers how to remove that molecule after receipt.

Operation Killer Chemicals made clear that fentanyl precursors are exceptionally cheap. Fentanyl precursors cost less than one cent per deadly dose of fentanyl. In just one example, a defendant sold two kilograms of fentanyl precursors for approximately \$1,000, which can make 1.75 million lethal doses of fentanyl. The amount of fentanyl that can be made depends only on the amount of chemicals that can be purchased.

The Operation also showed that fentanyl precursors are easily bought online. Although based in the PRC, the chemical companies and individuals reached customers across the world because they advertised fentanyl precursors on social media (on Facebook and LinkedIn), used encrypted applications like WhatsApp to speak with customers and coordinate shipments, and took payment in Bitcoin and other cryptocurrencies.

## **Conclusion**

DEA will continue our relentless pursuit of the Sinaloa and Jalisco Cartels—the criminal networks most responsible for fentanyl-related deaths in our country—and we will continue to work tirelessly to defeat these cartels and dismantle every part of their global supply chain, in order to protect the American people. Thank you again for the opportunity to appear before the committee today. I look forward to answering your questions.