



TESTIMONY OF

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BEFORE

United States House of Representatives
Committee on Homeland Security

ON

*“Examining the Current Status of Iran’s Axis of Resistance and the
Implications for Homeland Security and U.S. Interests”*

March 20, 2024
Washington, DC

INTRODUCTION

Thank you, Chairman Green, Ranking Member Thompson, and distinguished Members of the Committee. My name is James Dunlap and I am the Deputy Under Secretary for Analysis within the Department of Homeland Security's (DHS or the Department) Office of Intelligence and Analysis (I&A). I direct a staff of over 250 government and contractor personnel generating all of DHS/I&A's finished intelligence products for I&A's full range of customers, including the President and senior National Security Council staff, to the DHS Secretary and senior leaders within the Department, and federal and state, local, territorial, tribal, and private sector (SLTT/PS) partners. I&A's analytic expertise includes specialties in counterterrorism and cyber threats to our nation's critical infrastructure; transborder security and transnational organized crime; and nation-state economic and counterintelligence threats.

Now, Iran's so-called "axis of resistance"—its network of proxies in the Middle East—poses a variety of threats to United States interests and homeland security. While correctly associated in the minds of many as a state sponsor of terrorism, Iran poses a threat to the United States from multiple threat vectors, and it is on these vectors that I will begin my remarks today. Here at I&A, the work of our analysts examining the threats from Iran span all four of our analytic centers. A key part of our mission in I&A is building the capacity of our SLTT/PS security partners to react to and prevent threats from developing, and as such we strive to publish intelligence on this critical threat at the SECRET level and below; indeed, with regard to many of the threat vectors I will discuss, we have been successful publishing at the UNCLASSIFIED level to maximize readership of our intelligence.

CYBER

Our Cyber Intelligence Center routinely works with the Department's Cybersecurity and Infrastructure Security Agency (CISA) to publish intelligence on the cyber threat from Iran, which continues to pose a threat to U.S. systems, networks, and information. Iranian government cyber actors employ a variety of tactics, techniques, and procedures—including social engineering, using easily accessible scanning and computer hacking tools, and exploiting publicly known software and hardware vulnerabilities—to conduct cyber espionage operations targeting the U.S. government and the defense industry, and to disrupt critical infrastructure.

The Israel-HAMAS conflict shows how Iran uses cyber operations to respond to geopolitical events while attempting to maintain plausible deniability. For example, in November 2023, Iranian Islamic Revolutionary Guard Corps (IRGC)-affiliated cyber actors—ostensibly posing as a criminal hacktivist group called the "Cyber Av3ngers"—defaced Israeli-manufactured operational technology devices in the United States, specifically devices in water and wastewater systems and other critical infrastructure sector entities (energy, food and beverage manufacturing, and healthcare). The IRGC-affiliated actors left a defacement image on the devices stating, "You have been hacked, down with Israel. Every equipment 'made in Israel' is CyberAv3ngers legal target." While the attacks did not result in disruption of services or impact public health, they are demonstrative of the Iranian regime's and its proxies' desires to target our citizens here in the United States.

IRAN'S TRANSNATIONAL REPRESSION EFFORTS IN THE HOMELAND

Our Nation State Threats Center works with our interagency partners to produce intelligence on Iran's efforts to target dissidents. Iran continues to conduct transnational repression activities within the homeland against anti-regime critics. Tactics used in the past to target dissidents and critics of the regime include assassination attempts, digital threats and harassment, family intimidation, mobility controls, spyware, and unlawful detention.

Iran has targeted Iranian dissidents in the United States to suppress anti-regime protests and calls for social and political reform in Iran. In January 2024, the U.S. Department of Justice (DOJ) indicted one Iranian and two Canadian nationals in a murder-for-hire scheme targeting two U.S. residents.

DHS I&A has not observed Iranian transnational repression activities against the United States in relation to the Israel-HAMAS conflict. However, Iran has previously targeted outspoken critics, and could target individuals critical of Iran's role in the conflict should it perceive them as a threat.

TERRORISM

Finally, I&A works regularly with our partners at the Federal Bureau of Investigation (FBI), the National Counterterrorism Center (NCTC), and other interagency partners to assess the counterterrorism threat from Iran and its proxies, including Lebanese Hizballah. I&A assesses that Iran will remain the primary state-sponsor of terrorism and continue its efforts to advance plots against individuals in the United States. Specifically, Iran maintains its intent to plot attacks against current and former U.S. government officials in retaliation for the 2020 death of IRGC-Qods Force (IRGC-QF) Commander Qassem Soleimani.

Iran relies on individuals with pre-existing access to the United States for surveillance and lethal plotting—having previously used dual nationals, members of criminal networks, and private investigators—and has attempted plots that do not require international travel for operatives.

- In August 2022, the DOJ indicted an IRGC-QF member for allegedly conspiring to assassinate a former U.S. National Security Advisor between late 2021 to mid-2022.

With regard to Lebanese Hizballah, DHS I&A does not have any indication that Hizballah is pursuing attacks in the homeland directly in response to the Israel-HAMAS conflict. We most commonly see individuals involved in financial facilitation to support Hizballah, through money laundering, although Hizballah-affiliated individuals have also been involved in attack plotting.

- The most recently disrupted homeland plot was in 2017 when an individual affiliated with Hizballah was arrested for surveilling potential government and military targets in New York City. The individual, a naturalized U.S. citizen from Lebanon, received weapons training in Lebanon before allegedly being tasked to conduct surveillance of the government and military facilities. The individual also allegedly collected intelligence on former members of the Israel Defense Forces as well as New York's LaGuardia Airport.

DHS I&A believes that lone offenders inspired by, or reacting to, the Israel-HAMAS conflict pose the most likely threat to the homeland compared to Iranian directed or supported attacks in the homeland. Since the conflict began, leaders from the IRGC, Hizballah, and Iran-aligned militant groups have issued strong statements of support for HAMAS's attack on Israel, although we have not seen this translate to operations in the Homeland directly in response to the conflict. We believe that Iran-backed militant groups and proxies such as the Houthis are regionally focused and do not have the intent or capability to target the homeland.

HAMAS itself has not conducted attacks in the United States, as the group historically has been focused on opposition to Israel rather than supporting or directing attacks in the West. However, in recent years, a small number of individuals in the United States have been arrested and convicted for attempting to provide material support to HAMAS.

- In September 2020, the FBI arrested two individuals who allegedly sought to overthrow the U.S. government and enact violence against police officers, among other targets, whose claimed motivation was Boogaloo ideology. Although they possessed no direct ties to HAMAS, the individuals believed they could act as mercenaries for the group, who they believed shared and could help advance their anti-U.S. government goals.

Thank you very much for the opportunity to appear here today and I look forward to answering your questions.

STATEMENT FOR THE RECORD

ELIZABETH RICHARD

Coordinator for Counterterrorism

U.S. Department of State Bureau of Counterterrorism

HOUSE HOMELAND SECURITY COMMITTEE

“Examining the Current Status of Iran’s Axis of Resistance and the Implications for Homeland Security and U.S. Interests”

Written Statement

Wednesday, March 20, 2024

10:00 AM

Chairman Green, Ranking Member Thompson, distinguished members of the committee, thank you for the opportunity to testify on the critical issue of countering Iran and Iran-backed threats to the United States. The Department of State is actively engaged in a comprehensive effort to address the multifaceted threats posed by the Islamic Republic of Iran to the United States homeland and to U.S. personnel and facilities.

Iran-Backed Threats to the United States

The threats posed by Iran-backed terrorism are among the most pressing challenges we face to international peace and security. Today, I will focus on Iran-supported terrorism against the U.S. homeland or U.S. personnel and facilities abroad and how the Bureau of Counterterrorism addresses those threats.

Iran has been designated as a State Sponsor of Terrorism since 1984 and has long been directly involved in attack plotting against the U.S. homeland and U.S. personnel and activities, mainly but not exclusively via Iran’s Islamic Revolutionary Guard Corps’ (IRGC) Quds Force. For decades, the Quds Force has engaged in many assassination attempts, terrorist plots, and other violence against those whom the Iranian regime views as enemies, including through ongoing plots against U.S. citizens and former United States government officials. In the past few years, we have seen a rise in plotting attacks against American citizens or on American soil, including a disrupted plot targeting a former U.S. National Security Advisor in 2022.

Iran also continues to support a range of proxies, who are engaged in terrorist plots and activities in the Middle East and beyond. Hamas would not have been able to carry out its devastating October 7 terrorist attack without Iran’s long-time assistance, funding, and training. Hamas’ terrorist attack on Israel was a sobering reminder of the enduring threat of terrorism enabled by Iran and our imperative to protect American citizens, as well as our partners and allies, from this threat. Approximately 1,200 people were killed and over 3,400 wounded by Hamas during its October 7 attack, including approximately three dozen American citizens. And among the

hundreds taken hostage by Hamas, a handful are also American, and we are doing everything in our power to ensure that they are returned.

In addition to Hamas, Iran's support for terrorist groups, such as Hizballah, various Iran-aligned militia groups in Iraq and Syria, and the Houthis in Yemen, resulted in repeated attacks and hostage taking against U.S. personnel and facilities in the Middle East – from the Marine Corps barracks bombing in Beirut over 40 years ago to the death of three American servicemen and the wounding of dozens more in Jordan this past January. Iran-backed groups not only directly threaten the U.S. homeland and American personnel and facilities, but as we have seen in the past few months, also destabilize global commerce. We must remain vigilant against and disrupt this plotting and destabilizing activity. As Secretary Blinken stated at a United Nations Security Council Ministerial Meeting last October regarding Hamas, we know where Iran-backed terrorism leads to death, destruction, suffering, and darkness.

In addition to Iran-backed attacks, Iran's development, procurement, and proliferation of unmanned aerial vehicles (UAVs), missiles and missile-related technology remains one of the greatest challenges to international peace and security. We see the horrific impact of Iran's provision of missiles and UAVs to designated terrorist organizations and militant proxies that directly threaten the security of U.S. personnel and installations as well as our allies, partners, and interests. We see the destructive result of Iran's transfer of lethal UAVs to Russia that have been used in Russia's war, striking civilian infrastructure, and killing civilians in Ukraine.

The Hamas attack on October 7, enabled by Iran, has also triggered a wave of reported anti-Semitic and Islamophobic attacks around the world. In Senate testimony earlier this month, Avril Haines, the Director of National Intelligence, highlighted the “generational impact” that the Gaza conflict, instigated by Hamas, will have on terrorism. She stated that both al-Qa’ida and ISIS, inspired by Hamas, “have directed supporters to conduct attacks against Israeli and U.S. interests.” Furthermore, she emphasized the Hamas attack “is inspiring acts of antisemitism and Islamophobic terror worldwide.”

In the face of these challenges, it is crucial that we take a strong stance against hate and violent extremism. We must ensure that the conflict in Gaza does not expand further, because Iran and its terrorist proxies would benefit from global instability. As we navigate complex global threats, addressing these issues remains a critical priority for our broader efforts to preserve a rules-based international order.

Countering Iran-Backed Terrorist Threats to the United States

Countering threats posed by Iran to the United States homeland and U.S. personnel and facilities abroad requires a comprehensive strategy, integrating diplomatic, financial, and informational tools to disrupt Iran-backed threats. To counter Iranian and Iran-backed threats, the Department of State is taking a multi-pronged approach, including:

1. Strengthening Alliances and Partnerships

Working closely with our allies and partners in the Middle East and beyond to present a united front against Iran's aggressive actions. This includes security assistance, joint military exercises, and intelligence sharing to counteract Iranian influence and threats. At the forefront of our strategy is the reinforcement of diplomatic engagements and alliances. We are working closely with our partners around the globe to isolate Iran multilaterally and diplomatically until it ceases its support for terrorism. Through the Countering Transnational Terrorism Forum, at the United Nations, and elsewhere, we advocate for stringent sanctions against Iranian entities involved in terrorist activities, aiming to cut off the financial and material support that fuels these groups.

The State Department has been leading diplomatic campaigns to press other governments to take action to crack down on Iran-backed terrorism. We have achieved some good results and will continue the effort. Over the past several years, 16 countries have designated, banned or restricted Hizballah, which is not only an important symbolic declaration, but also constrains Hizballah's ability to operate freely in these locales. Since October 7, a number of governments have designated both Hamas and individual leaders and other members as terrorists – an important step in ensuring that Hamas is held responsible for the October 7 attacks.

2. Economic Sanctions

Sanctions are another powerful tool to constrain Iran's finances and support networks. The State Department implements and enforces stringent economic sanctions against the Iranian government, IRGC, and affiliated entities to limit their access to the financial resources needed to fund their malign activities. Our targeted sanctions are designed to dismantle the complex financial networks that underpin Iran's support for terrorism. The Department of State, in coordination with the Treasury Department, continuously works to identify and disrupt individuals, entities, and countries that facilitate the funding of terrorism.

For example, the Administration has recently sanctioned individuals who were part of a criminal network that attempted to assassinate U.S.-based dissidents and Iranian regime opponents at the behest of Iran's Ministry of Intelligence and Security. Additionally, under counterterrorism authority Executive Order (E.O.) 13224, the Administration designated a procurement network facilitating the illegal export of U.S. goods and technology to end users in Iran, including the Central Bank of Iran; the IRGC –Quds Force deputy commander; and companies involved in shipping over \$100 million in Iranian commodities on behalf of Iran's Ministry of Defense and Armed Forces Logistics.

3. Supporting Counterterrorism Capacities Globally

Our defense of the U.S. homeland does not stop at our own physical border. Recognizing that no country can face its terrorism challenges alone, the United States is committed to enhancing the counterterrorism capabilities of our allies and partners. Through training, joint exercises, and the provision of counterterrorism equipment, we help build the resilience of partner nations, enabling them to better prevent and respond to terrorist threats. This collaborative approach not only strengthens our collective security but also sends a clear message that we stand united against the forces of terror. For years, the Bureau of Counterterrorism has dedicated funding to counter Iran-backed terrorism. We have used this funding to bolster our partners' ability to address the Iranian terrorist threat in the Middle East, Europe, South America and elsewhere.

The Bureau of Counterterrorism is also working to improve border security abroad and counter terrorist travel by encouraging and assisting our foreign partners to employ effective threat-based security systems, expand information sharing on terrorist threats, and strengthen transportation and traveler screening procedures. By enhancing the U.S. government's understanding of the terrorist threat and adding layers to our shared defenses against terrorism we are identifying and neutralizing terrorist threats before they reach our borders.

4. Countering Disinformation

We also must expose and counter Iran's disinformation campaigns aimed at undermining the U.S., destabilizing the Middle East, and inspiring attacks in the United States and against U.S. personnel and installations around the world. In the age of information, the battle against terrorism extends into the digital realm. Iran-backed groups often exploit social media and the internet to spread propaganda, recruit followers, and incite violence. In response, we have bolstered our efforts to counter these narratives. Through strategic communications and public diplomacy, we aim to discredit the violent ideologies that feed terrorism, offering instead a narrative of peace, stability, and mutual respect among nations.

Conclusion

The threats posed by Iran are complex and evolving, requiring a dynamic and multifaceted response from the United States and our allies. Through a combination of diplomatic, economic, and military strategies, we are committed to countering Iran's aggressive actions and ensuring the safety and security of the United States. Protecting the United States homeland and U.S. personnel and facilities abroad against terrorist threats is our top priority. Thank you again, I look forward to answering your questions.



Department of Justice

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

**CARRIE THOMPSON
CHIEF OF INTELLIGENCE
DRUG ENFORCEMENT ADMINISTRATION**

**BEFORE THE
HOUSE HOMELAND SECURITY COMMITTEE**

**FOR A HEARING ENTITLED
“Examining the Current Status of Iran’s Axis of Resistance and the
Implications for Homeland Security and U.S. Interests”**

PRESENTED

MARCH 20, 2024

**Statement of Carrie Thompson
Chief of Intelligence
Drug Enforcement Administration
U.S. Department of Justice**

**At a Hearing Entitled,
“Examining the Current Status of Iran’s Axis of Resistance and the Implications for
Homeland Security and U.S. Interests”**

**Before the House Homeland Security Committee
March 20, 2024**

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Chair Green, Ranking Member Thompson, and distinguished members of the Committee: On behalf of the Department of Justice (Department), and in particular the nearly 10,000 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 defeat the cartels that are responsible for 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 and their illicit finance networks—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.

Our efforts are yielding results. In the last year alone, our investigations have led to the indictment of 28 members and associates of the Chapitos network of the Sinaloa Cartel and the extradition of Ovidio Guzman Lopez; the arrest of 3,337 associates of the Sinaloa and Jalisco Cartels in the United States responsible for the last mile of fentanyl and methamphetamine distribution on our streets and through social media; and, charges against 12 companies and 24 individuals in the People’s Republic of China,

for providing customers in the United States and Mexico with the precursor chemicals and scientific know-how necessary to make fentanyl and other dangerous drugs.

But, we are just beginning. The nearly 10,000 employees that I have the privilege of working with at DEA are the most committed and mission-driven people in federal law enforcement. We are laser-focused on one goal—to save American lives.

The Drug Poisoning Epidemic

In 2022, more than 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 fake pills are not made by pharmaceutical companies but by drug trafficking organizations, and they are highly addictive and potentially deadly. DEA lab testing reveals that today 7 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. DEA seized more than 79 million fake pills containing fentanyl in 2023 and nearly 12,000 pounds of fentanyl powder. Together, that is more than 380 million deadly doses of fentanyl seized in 2023.

The Drug Enforcement Administration

Mission

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.

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.

Counterthreat Teams

In addition, DEA has launched three cross-agency counterthreat teams to execute a network-focused operational strategy to defeat the Sinaloa and Jalisco Cartels and their illicit finance networks. These 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.

As part of the network-focused strategy, DEA investigations resulted in charges against 28 members and associates of the Chapitos network 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.

Operation Overdrive

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 took place in 57 locations. Phase Three is currently taking place in 32 locations. So far in Operation Overdrive, DEA and its partners have made over 1,800 arrests, seized over 1,400 firearms, and seized over 13 million potentially deadly doses of fentanyl.

"One Pill Can Kill"

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.

Social Media

DEA is combatting 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 oxycodone, Xanax, or Adderall but actually contain fentanyl—directly to young people and teenagers. DEA has investigated hundreds of cases directly linked to the sale of fake pills containing fentanyl on social media, including on Snapchat, Facebook, Instagram, and TikTok.

Families and Law Enforcement Partners

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 are ruthless, violent, criminal organizations that have associates, facilitators, and brokers in all 50 states and around the world.

The Sinaloa Cartel, 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 People's Republic of China (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.

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 in countries around the world. 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.

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. These precursor chemicals from companies within the PRC are the building blocks for the fentanyl that is manufactured and transported from Mexico into the United States, and that is causing tens of thousands of drug-related deaths in our country.

Chinese Money Laundering Operations and the Cartels

The Sinaloa and Jalisco Cartels increasingly 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 has made the money laundering process less expensive—and drug trafficking more profitable—for the cartels.

These money laundering schemes are designed to remedy two separate issues: (1) the desire of Mexican cartels to repatriate drug proceeds from the United States into Mexico, and (2) the desire of wealthy Chinese nationals to repatriate restricted funds from China into the United States. The CMLOs aid both groups by providing U.S. dollars held by Mexican cartels in the U.S. to PRC-based customers who need funds in the U.S.

The Nexus between Drug Trafficking and Terrorist Organizations

There is a clear connection between the drug trade and the financing of terrorist organizations and rogue state actors, including the Iranian regime. Members and affiliates of Hezbollah's money laundering network have been known to collaborate with South American drug cartels, particularly in the tri-border area of Argentina, Brazil, and Paraguay, to facilitate the smuggling of drugs into Europe and the Middle East. The Taliban in Afghanistan has been heavily involved in the production and trafficking of opium and heroin, where they have used the profits to fund their insurgency and terrorist activities. The Assad regime in Syria has been associated with the production and trafficking of a synthetic drug called Captagon, known for its stimulant and euphoric effects.

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, Attorney General Merrick Garland, Deputy Attorney General Lisa Monaco, DEA Administrator Milgram and three US Attorneys 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 by Mexican authorities 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 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 are responsible for the massive influx of fentanyl into the United States in recent years. The Chapitos oversee and control every step in their fentanyl trafficking process: 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 repatriation of massive proceeds through money launderers to avoid detection.

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. As part of the investigation, the DEA conducted joint 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. Ten defendants have been arrested to date with the assistance of DEA's law enforcement partners in the United States and abroad. In particular, Mexican military officials arrested Ovidio Guzman-Lopez and extradited him to the United States on September 15, 2023. We are greatly appreciative of

Mexican authorities' efforts to bring Guzman-Lopez to justice, as the ten members of the Mexican military heroically gave their lives during the operation to capture him.

At the same time as the announcement of these indictments, the Department of State announced up to nearly \$50 million in monetary rewards for information leading to the capture of the defendants who remained 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 Killer Chemicals

On June 23, 2023, DEA Administrator Anne Milgram joined Attorney General Merrick Garland, Deputy Attorney General Lisa Monaco, and US Attorney for the Eastern District of New York Breon Peace and US Attorney for the Southern District of New York Damian Williams to announce 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 were 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.

Operation Chem Capture

On October 3, 2023, Attorney General Merrick Garland, Homeland Security Secretary Alejandro Mayorkas, Deputy Attorney General Lisa Monaco, Deputy Treasury Secretary Wally Adeyemo, DEA Administrator Anne Milgram, and Chief Postal Inspector Gary Barksdale announced eight indictments charging eight companies and 12 individuals. These companies and individuals—all based in the PRC—were charged with crimes relating to fentanyl and methamphetamine production, distribution of synthetic opioids known as nitazenes, and sales resulting from precursor chemicals. In addition, according to the indictment, one company exported to the United States and Mexico large quantities of fentanyl precursors and non-opioid additives, like the animal tranquilizer xylazine. These additives make the deadliest drug we have ever faced even deadlier. The indictments marked the second set of prosecutions to charge China-based chemical manufacturing companies and nationals of the PRC for trafficking fentanyl precursor chemicals into the United States. During this multi-agency operation, DEA seized more than 80 kilograms of synthetic chemicals, enough to make more than 48 million potentially lethal doses.

Operation Chem Capture once again showed that these synthetical chemicals are cheap—a deadly dose costs mere cents—and sold online on public websites and through encrypted applications like WhatsApp, WeChat, and Wickr. The chemicals were shipped through common carriers, by air and by ground through the U.S. Postal Service, UPS, and FedEx, and were carefully packaged to deceive customs inspectors. The PRC-based companies accepted payment in every form—Western Union, MoneyGram, PayPal, Alibaba, bank transfers, 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 with our interagency and international partners 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 you today. I look forward to answering your questions.



Department of Justice

STATEMENT OF
ROBERT WELLS
ASSISTANT DIRECTOR
COUNTERTERRORISM DIVISION
FEDERAL BUREAU OF INVESTIGATION

BEFORE THE
COMMITTEE ON HOMELAND SECURITY
UNITED STATES HOUSE OF REPRESENTATIVES

AT A HEARING ENTITLED
“Examining the Current Status of Iran’s Axis of Resistance and
the Implications for Homeland Security and U.S. Interests”

PRESENTED MARCH 20, 2024

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**Presented
March 20, 2024**

Good morning Chairman Green, Ranking Member Thompson, and distinguished members of the Committee. My name is Robert Wells and I am the Assistant Director for the FBI’s Counterterrorism Division. I am honored to be here representing the FBI’s counterterrorism personnel who tackle some of the most complex terrorism threats here in the United States and throughout the world.

Thank you for inviting me to join you this morning. I appreciate the opportunity to speak with you about our current threat environment, specifically as it relates to Iran and its proxies.

TERRORISM THREAT ASSESSMENT

As I’m sure you’ve heard from Director Wray, we are currently in a heightened terrorism threat environment. Since the HAMAS attack against Israel, we’ve seen almost every major terrorist organization in the world, including Al Qaeda, AQAP and ISIS, call for terrorist attacks against the United States. We’ve also seen an uptick in threats against the Jewish community here in the US and abroad. We remain concerned about threats from lone actors or small cells radicalized to violence online. In addition, we are very focused on the threat posed by the more traditional foreign terrorist organizations and the state-sponsored terrorism threat from Iran.

IRAN THREAT OVERVIEW

Iran continues to plot attacks against former government officials in retaliation for the death of IRGC-QF, Commander Qassem Soleimani. They also have continued to provide support to their proxies and terrorist organizations throughout the world, to include Lebanese Hizballah.

The FBI believes Iran is capable of a variety of attack options against US targets, to include cyber operations intended to sabotage public and private infrastructure, and targeted assassinations of individuals who are deemed to be a threat to the regime or its stability.

The FBI continues to use intelligence to identify threats related to Iran's lethal capabilities targeting US persons. We work closely with other US Government agencies and foreign partners to address the threat to US interests from Iran and its proxies.

There have been several examples of Iran's intention to carry out lethal attacks in the United States. For instance, in 2022, an Iranian IRGC-QF Officer, Shahram Poursafi was charged related to his attempt to arrange the murder of former National Security Advisor, John Bolton. Poursafi attempted to pay individuals in the United States \$300,000 to carry out the murder in the Washington, DC area. Thankfully, Poursafi attempted to pay one of our confidential human sources to carry out the attack. This incredible investigative work by our Washington Field office resulted in charges against Poursafi. Even though Poursafi remains at large abroad, this investigation highlighted Iran's incredibly bold plot to murder a former US Government official.

In 2023, three members of an Eastern European criminal organization were charged for plotting the murder of a US citizen, who has been targeted by the Government of Iran for speaking out against the regime's human rights abuses. The Victim was targeted for exercising the rights to which every American citizen is entitled. An attempted assassination on US soil shows how far Iranian actors are willing to go to silence their critics.

These brazen attempted attacks on US soil by Iran are not new. You may also recall that in September 2011, Mansour Arbabsiar was arrested for plotting to murder the Saudi Ambassador to the United States on US soil. This plot was directed and approved by the IRGC-QF.

Based on the examples I just described, it's clear the Iranians are determined to carry out attacks in the United States, whether it be to avenge the death of Soleimani, to silence one of their critics, or to kill the Ambassador of an ally nation. The FBI's mission is to work with our partners in the US and throughout the world to prevent attacks like this.

In January 2024, fourteen foreign nationals were intercepted by a US military vessel during their alleged transportation of suspected Iranian-made weapon parts to Houthi rebel forces in Yemen. Four of these individuals were recently brought to the United States to face charges outlined in a criminal complaint unsealed in February. Tragically, two Navy SEALs lost their lives in the pursuit of this mission. The disruption of these individuals prevented Iranian-made weapon parts from getting into the hands of the Houthis, who could have used the weapons to target US forces.

POST OCTOBER 7 – IRAN & HAMAS

The persistent threat from Iran came into sharper focus following the October 7 HAMAS attack against Israel. Despite their praise for the attack and threat to join the conflict should Israel invade Gaza, Iran will likely still rely on their proxy networks to action retaliatory attacks focused in the region, in the near term. We assess that Iran IRGC will continue to provide training, weapons, and financial support to HAMAS.

HIZBALLAH

The FBI remains concerned Hizballah, Iran's primary strategic partner, could conduct retaliatory attacks against former US officials, not only overseas but also within the US.

Since its inception in 1982, Hizballah has been involved in numerous anti-US terrorist attacks. Historically, Hizballah has sent operatives to build terrorist infrastructures worldwide, and are likely to continue conducting intelligence collection, financial activities, and procurement efforts worldwide to support their terrorist capabilities.

CONCLUSION

In summary, the threat from Iran and its proxies remains persistent and the FBI continues to engage with our partners to ensure protection of the American people and US interests, both at home and abroad. Thank you for the opportunity to speak with you today and I look forward to answering your questions.