

Testimony of
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STATEMENT OF
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REGARDING A HEARING ON
"LAW ENFORCEMENT RESPONSES TO MEXICAN DRUG CARTELS"
BEFORE THE
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AND THE
SENATE CAUCUS ON INTERNATIONAL NARCOTICS CONTROL
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INTRODUCTION

Chairman Durbin, Chairwoman Feinstein, Ranking Member Graham and Ranking Member Grassley, and distinguished Members of the Crime and Drugs Subcommittee and the Caucus on International Narcotics Control:

On behalf of Secretary Napolitano and Acting Assistant Secretary Torres, I would like to thank you for the opportunity to discuss U.S. Immigration and Customs Enforcement's (ICE) efforts to combat cross-border smuggling organizations and the violence related to their enterprises. ICE has the most expansive investigative authority and largest force of investigators in the Department of Homeland Security (DHS), and we protect national security and uphold public safety by targeting transnational criminal networks and terrorist organizations that seek to exploit vulnerabilities at our borders. Recognizing that partnerships are essential, ICE works closely across agency and international boundaries with our law enforcement partners at the foreign, federal, tribal, state and local level creating a transparent border and united front to disrupt and dismantle criminal organizations.

ICE's expertise in combating smuggling organizations that exploit vulnerabilities in the sea, air, and land environments has proven essential in countering the bi-lateral smuggling of narcotics, illicit money, and other dangerous goods, people, and materials that threaten the well-being of the United States. Our law enforcement presence extends beyond our borders. ICE has agents in attaché offices in embassies and consulates worldwide. I am proud of these agents who work with their foreign counterparts to combat crime that originates overseas but may eventually cross the Nation's borders.

Let me share with you an example of the mutual security benefits we continue to derive through our partnerships with Mexican law enforcement agencies such as Secretaria de Seguridad Publica (SSP). In August 2008, ICE agents provided confidential information to SSP through our Assistant Attaché in Hermosillo, Mexico about a residence allegedly used to store weapons and narcotics and which was believed to be a safe house for security personnel ("hit men") for the Vicente Carrillo Fuentes drug trafficking organization (DTO) operating in Nogales, Sonora. SSP executed a search warrant at this residence that resulted in six arrests, the seizure of police uniforms, a large amount of U.S. currency, 12 weapons, and four stolen U.S. vehicles. The six people arrested are suspected of being involved in two separate crimes: first, an armed confrontation on August 5, 2008, in Nogales, Sonora where a civilian was injured after a grenade was detonated during a shootout between two DTOs, and second, the murder of two Mexican nationals whose bodies were found with threatening messages from rival narcotics traffickers.

DHS recognizes that southbound weapons smuggling is a grave concern amid the growing violence along our border with Mexico. This violence requires a comprehensive, bilateral effort and on January 30, 2009, Secretary Napolitano responded by issuing a Border Security Action Directive which focused the wide-ranging authorities of the Department on the rampant violence along our southern border. The Secretary emphasized the necessity of a broad, multi-agency response to attack the flow of weapons and money that continues to fuel the violence. ICE contributes to that fight through two principal bilateral initiatives: Operation Firewall to address bulk cash smuggling; and Operation Armas Cruzadas, to detect, disrupt and dismantle weapons smuggling networks. Particularly in Armas Cruzadas, ICE-led Border Enforcement Security Task Forces (BESTs) function as critical enablers in coordinating a comprehensive, multi-agency approach to fighting weapons smuggling. These DHS task forces include important partners such as Customs and Border Protection (CBP), Alcohol, Tobacco, Firearms and Explosives (ATF) and other foreign, federal, state and local task force officers. When it comes to countering the illicit weapons trade in particular, we closely coordinate our efforts with ATF, as they possess long-standing expertise in gun trafficking investigations and in engagement with Federal Firearms Licensees.

Armas Cruzadas:

The rampant border violence along the United States/Mexico border is a direct result of criminal organizations attempting to exert their control over not only the democratically elected officials of the Mexican government but also rival criminal organizations. For instance, many of the instruments of this violence are weapons smuggled from the United States into Mexico.

Criminal organizations commonly use straw purchasers with clean criminal histories to purchase firearms and turn them over to smugglers. The challenge in countering the smuggling activity is compounded by the reliance on the technique called "ant trafficking," where small numbers of weapons are smuggled through multiple ports-of-entry, on a continued basis.

In June 2008, ICE formally launched Operation Armas Cruzadas to combat transnational criminal networks smuggling weapons into Mexico from the United States. As part of this initiative, the United States and the Government of Mexico (GoM) synchronize bilateral interdiction, investigation and intelligence-sharing activities to identify, disrupt, and dismantle these networks engaged in weapons smuggling. Key components of Armas Cruzadas include training for BEST task force officers and our partners in ICE's long-standing authorities under the Arms Export Control Act, as well as newly-acquired export authority under Title 18, United

States Code, Section 554 (Smuggling goods from the United States). This statute augments the broad arsenal of cross-border criminal authorities available to ICE investigators, and is particularly useful in targeting weapons smuggling. Another important Armas

Cruzadas component is industry outreach, including presentations to groups involved in the manufacture, sale, or shipment of firearms and ammunition along the southwest border. This industry outreach includes a collaborative initiative between ICE and Mexico's Procuraduria General de La Republica (PGR) prosecutors to produce bilingual posters identifying potential penalties for weapons smugglers under U.S. export and Mexican gun trafficking laws. The posters solicit the public for information related to these schemes, and are displayed in shops and agencies in the border region, including ports-of-entry. The Government of Mexico has also distributed these posters within Mexico.

In addition to outreach, more rapid exchange of information is essential to success in confronting the southbound weapons flow. Armas Cruzadas strengthens bilateral communication through deployment of ICE Border Liaisons to sustain cooperative working relationships with foreign and domestic government entities; and also through a Weapons Virtual Task Force, comprised of a virtual online community where U.S. and Mexican investigators can share intelligence and communicate in a secure environment. In order to more seamlessly investigate the networks that span our common border, BESTs, ICE attaché offices, a U.S.-vetted GoM Arms Trafficking Group, and the Border Violence Intelligence Cell exchange cross-border weapons-related intelligence. The Border Violence Intelligence Cell, housed at the El Paso Intelligence Center (EPIC), along with the ATF weapons desk, serves as ICE's central point for analyzing all-source intelligence and trends in firearms smuggling. In December of last year, this cell, in conjunction with DHS intelligence components, produced a strategic assessment of southbound weapons smuggling that guided increased weapons investigation and interdiction operations along the Southwest Border.

Let me share an example of how ICE partners with others, such as ATF and local investigators, in combating weapons smuggling. ICE, ATF, and the San Antonio Police Department initiated an investigation of Ernesto Tornel Olvera-Garza of Monterrey, Mexico who first began trafficking in hunting rifles in June 2005. During the course of the investigation, agents learned that between 2006 and the time of his arrest in October 2007, he trafficked in high-powered, high-capacity handguns and assault rifles. Since his temporary visa did not allow him to legally buy guns in the United States,

Mr. Olvera-Garza instead paid people in the United States to buy guns for him and lied about who the guns were for. Mr. Olvera-Garza organized and led the gun-smuggling conspiracy, which included at least nine "straw purchasers" who purchased firearms on his behalf. More than 50 weapons were purchased and smuggled to Mexico as part of this ring. One of Mr. Olvera-Garza's smuggled pistols was recovered in Mexico after it was used in a running gun battle where two Mexican soldiers were killed. Mr. Olvera-Garza has pleaded guilty and is pending sentencing.

Since the initiation of Operations Armas Cruzadas, DHS has seized 420 weapons, 110,894 rounds of ammunition and arrested 104 individuals on criminal charges, resulting in 58 criminal indictments and 42 convictions to date.

Operation Firewall:

Another, and one of the most effective methods to deal with violent, transnational criminal organizations is to attack the criminal proceeds that fund their operations. ICE targets those individuals and organizations exploiting vulnerabilities in financial systems to launder illicit proceeds and pursue the financial component of every cross-border criminal investigation. The combination of successful financial investigations, Bank Secrecy Act (BSA) reporting requirements, and Anti-Money Laundering (AML) compliance efforts by traditional and non-traditional financial institutions has forced criminal organizations to seek other means to transport illicit funds across our borders. As we have hardened these formal financial systems, the smuggling of bulk currency out of the United States, especially along the Southwest Border, has continued to rise. ICE, as the investigative agency with jurisdiction over all border crimes, can investigate bulk cash smuggling (BCS) crimes, which are predicated on the failure to file a Currency and Monetary Instrument Report (CMIR).

The ICE Office of Investigations (OI), along with the ICE Office of International Affairs (OIA) and CBP, coordinates with our state, local, and foreign partners on BCS operations. These operations disrupt the flow of bulk cash that can be used by terrorist groups, drug traffickers, and other criminal organizations. ICE, in concert with CBP, also provides money laundering training and BCS interdiction equipment to our law enforcement partners in the United States and abroad.

ICE has a number of initiatives to address BCS. Operation Firewall focuses on the threat of BCS via commercial and private passenger vehicles, commercial airline shipments, airline passengers, and pedestrians. Since 2005, Operation Firewall efforts have been enhanced to include jump team surge operations targeting the movement of bulk cash destined for the southwest border for smuggling into Mexico. ICE and CBP have conducted various Operation Firewall operations with Mexican customs and the ICE-trained Mexican Money Laundering Vetted Unit. Many Operation Firewall seizures result in criminal investigations to identify the source of the funds and the responsible organizations.

ICE's experience in conducting international money laundering investigations has identified numerous smuggling routes and methodologies used by criminal organizations to launder illicit proceeds. This experience enables ICE, CBP, and our domestic and international partners to concentrate resources. Initially, Firewall operations in Mexico focused on the targeting of commercial flights from Mexico City to Central and South America. In 2008, based on our experience, we expanded Mexico Firewall operations to target shipments in containers departing from the seaport of Manzanillo and the airports of Toluca, Mexicali, Cancun, and Guadalajara. Throughout operations in Mexico, ICE and CBP personnel have trained our Mexican law enforcement partners on passenger analysis and investigative techniques proven effective in the United States.

Operation Firewall produced immediate results. On the first day of operations in 2005 at the Benito Juarez International Airport in Mexico City, Mexican authorities seized \$7.8 million en route to Cali, Colombia concealed inside deep fryers, rotisseries, and voltage regulators. Other notable seizures include \$7.3 million seized inside rolls of fabric and plastic and \$4.7 million concealed inside air conditioning equipment and metal piping destined for Colombia.

Since its inception, Operation Firewall has resulted in the seizure of over \$178 million including over \$62 million seized overseas, and 416 arrests.

On June 26, 2008, Rafael Ravelo, a member of a Mexican based narcotics trafficking organization, was sentenced to 126 months of incarceration and the forfeiture of \$1,147,000. This sentence was the result of the ICE-led Operation Doughboy, an investigation that was initiated prior to Operation Firewall, based on a bulk cash smuggling interdiction. This joint U.S./Mexico investigation involved the monitoring of 18 phone lines of the heads of a Mexican narcotics trafficking organization and began when ICE agents in 2003 successfully linked a \$149,000 bulk cash seizure by the Texas Department of Public Safety to the narcotics trafficking organization.

Border Enforcement Security Task Force (BEST):

As I mentioned before, the principal investigative platform for both Operations Armas Cruzadas and Firewall are the Border Enforcement Security Task Forces (BESTs). These task forces were specifically created to address border violence.

In July 2005, in response to increased violence in Nuevo Laredo, Mexico and Laredo, Texas, ICE, CBP and other federal, state, and local law enforcement agencies, including Mexican agencies, expanded the ongoing Border Crimes Initiative by creating an international, multi-agency initiative, Operation Black Jack. This initiative used the respective authorities and resources of its members to dismantle cross-border criminal organizations. In its first six months, its target-driven focus led to the dismantling of a murder/kidnapping cell operating on both sides of the border, including the seizure of high-powered fully automatic weapons and live grenades; the components to make over 100 improvised explosive devices (IEDs), such as pipe bombs and grenades; and over \$1 million in U.S. currency.

Based on the success of Operation Black Jack, DHS established the first BEST in Laredo, Texas in January 2006. Since that time, we have established 12 BESTs: eight on the Southwest Border; two on the Northern Border; and two at seaports. BEST participants include: ICE (as the lead agency); CBP; ATF; the Drug Enforcement Administration (DEA); the Federal Bureau of Investigation (FBI); the U.S. Coast Guard; the U.S. Attorney's Office; and other federal, state, local and foreign law enforcement.

The BESTs are arrayed along the Southwest Border in high-threat smuggling corridors in: Arizona - Tucson (March 2006), Phoenix (March 2008), and Yuma (March 2008); Texas - El Paso (October 2006) and Rio Grande Valley (March 2007); and California - San Diego (November 2006) and Imperial Valley (June 2008). In early 2008, the first Northern Border BESTs initiated operations in Blaine, Washington (February 2008) and Buffalo, New York (March 2008). Each BEST concentrates on the prevalent threat in its geographic area, including: cross-border violence; weapons smuggling and trafficking; illegal drug and other contraband smuggling; money laundering and bulk cash smuggling; human smuggling and trafficking; transnational criminal gangs; and tunnel detection. Recently, we established BESTs at the seaports of Los Angeles, California (October 2008), and Miami, Florida (November 2008) to focus on maritime threats including the importation of contraband; commercial fraud; cargo theft; unlawful exportation of controlled commodities and munitions; stolen property; alien

smuggling; and exportation of illicit proceeds. These BESTs will target internal conspiracies of corrupt transportation employees who participate in the smuggling of contraband and humans. Crucial to our success is the cooperation of our international partners. At BESTs on the Southwest Border, we have the participation of the Mexican law enforcement agency, SSP. On the Northern Border and in the northern BESTs, we have Canadian law enforcement agencies such as the Canada Border Services Agency, the Royal Canadian Mounted Police, the Ontario Provincial Police, the Niagara Regional Police Service, and the Toronto Metropolitan Police Service. In addition, we have the participation of the Argentinean customs agency at our Miami BEST. Through the interaction and coordination of all the member agencies, BESTs provide for immediate and international enhanced information sharing on border violence due to geographic proximity to the U.S. borders.

Through BESTs, we have dismantled arms trafficking, bulk-cash, alien and narcotics smuggling organizations and their hostage-taking and murder/kidnapping cells in the United States and Mexico. Since July 2005, the BESTs have been responsible for 2,034 criminal arrests, 2,796 administrative arrests, 885 indictments, and 734 convictions. In addition, BESTs have seized approximately 7,704 pounds of cocaine, 159,832 pounds of marijuana, 558 pounds of methamphetamine, 39 pounds of crystal methamphetamine, 1,023 pounds of ecstasy, 213 pounds of heroin, 97 pounds of hashish, 22 pounds of opium, 515 weapons, 745 vehicles, six properties, and \$22.7 million in U.S. currency and monetary instruments.

I would like to share a few of our successes with you: the discovery and repatriation by the El Paso BEST of one of Mexico's top ten most wanted fugitives; the arrest by the Laredo BEST of a weapons trafficker supplying cartels with assault rifles used to murder Mexican police officer Navarro Rincon and others; the arrest by the Laredo BEST of a member of the Mexican Mafia in possession of approximately 897 pounds of smuggled marijuana after he attempted to run over a Texas Department of Public Safety officer; and the arrest by the LA Seaport BEST of an arms trafficker and seizure of 38 military style weapons.

CONCLUSION

In conclusion, ICE is committed to stemming the cross-border criminal activity and associated violence through the deployment of the BESTs, Operation Armas Cruzadas, and Operation Firewall. Partnering with others, we are using a broad range of authorities, including the most sophisticated investigative tools available, such as certified undercover operations and electronic surveillance operations, to disrupt and dismantle these networks.

I thank the Subcommittee and the Caucus Members for their support of ICE, CBP, DHS and our law enforcement mission. I would be happy to answer any questions that you may have at this time.