

STATEMENT OF
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DRUG ENFORCEMENT ADMINISTRATION
BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON COMMERCE, JUSTICE, SCIENCE
AND RELATED AGENCIES

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Chairman Wolf, Ranking Member Fattah, and Members of the Subcommittee:

Good morning, and thank you for inviting me to testify on behalf of the President's Fiscal Year (FY) 2012 Budget request for the Drug Enforcement Administration (DEA). I am honored to be appearing before you once again this year and I am proud to be doing so in the official capacity of DEA's Administrator. As the leader of DEA, an organization of almost 10,000 employees dedicated to a vital mission, I would like to express our collective appreciation for the support that this subcommittee has shown us over the years. Furthermore, I welcome the opportunity to continue our partnership and to share with you DEA's recent accomplishments and our future plans to help protect the American people.

DEA was established in July 1973 by President Nixon; his Executive Order created a single, unified command to combat illicit drug trafficking. Now, almost 40 years later, drug trafficking has changed in many ways. Today's drug traffickers exploit new and evolving technologies to communicate, launder ill-gotten gains, and facilitate the smuggling of drugs and weapons. President Obama has proposed a FY 2012 budget that provides the critical resources necessary to confront and dismantle these criminal organizations. For FY 2012, DEA requests \$2,364,104,000 for its Salaries and Expenses (S&E), Construction, and Diversion Control Fee Accounts. Additionally, DEA will receive an estimated \$486,390,000 in reimbursable funding from the Organized Crime Drug Enforcement Task Force program, the Asset Forfeiture Fund, and other agencies. Including fee funded and reimbursable positions, DEA will have a total of 11,119 authorized positions, including 5,318 Special Agents, who will staff 227 domestic offices and 82 foreign offices in 62 countries.

Despite a budget environment that is growing increasingly austere, I am happy to report that DEA continues to have tremendous success disrupting and dismantling the world's major drug trafficking organizations and I am proud of our many recent accomplishments. Our investigations range from those that target the world's "Most Wanted" drug traffickers who manage sophisticated organizations with operations that span the globe, to those that focus on local or regional traffickers who significantly impact the surrounding community, frequently bringing with them associated gang activity and violence.

One of our more high profile, international investigations was the recent extradition of Viktor Bout. After more than two years of legal proceedings, Mr. Bout, one of the most notorious international arms dealers in recent memory, was extradited on November 16, 2010 from Thailand to stand trial on terrorism charges in New York. Mr. Bout was arrested in Thailand in March 2008, putting an end to his massive weapons-trafficking business. Mr. Bout is being charged with agreeing to sell millions of dollars worth of weapons to individuals he believed were associated with the Fuerzas Armadas Revolucionarias de Colombia (FARC), a Colombian narco-terrorist organization. During a covertly-recorded meeting in March 2008, Bout stated to two DEA confidential sources that he could arrange to airdrop the arms to the FARC in Colombia, and offered to sell two cargo planes to the FARC that could be used for arms deliveries. Mr. Bout agreed to arrange this sale with the specific understanding that the weapons were to be used to attack U.S. helicopters in Colombia. Mr. Bout is now being held in a high-security prison pending trial.

DEA is also making a difference on the state and local level through investigations such as *Operation Baker's Dozen*, a major case coordinated by the Special Operations Division. This operation has resulted in several successful takedowns, including one targeting the California-based West Park Gang. This investigation culminated in May 2010 when law enforcement officers from DEA, the Federal Bureau of Investigation, Immigration Customs and Enforcement, and several local law enforcement agencies conducted the gang-related raids. These raids resulted in 35 arrests and the seizure of more than 30 pounds of illegal narcotics, \$564,000, and 23 firearms. The arrests were based on charges of conspiracy to distribute methamphetamine, street terrorism, and firearms violations, and produced potential witnesses and information related to multiple ongoing homicide investigations. In February 2011, also under the umbrella of *Operation Baker's Dozen*, DEA announced that nearly 800 law enforcement officers from DEA, the Bureau of Alcohol, Tobacco, Firearms, and Explosives, and the Los Angeles Police Department carried out raids targeting the 38th Street Gang, an organization allegedly controlled by the Mexican Mafia prison gang. The takedown resulted in the arrest of 57 defendants, many of whom are named in a federal racketeering indictment that alleges large-scale drug trafficking, violent crimes, and extortion of both drug dealers and legitimate businesses. One-day seizure totals included seven kilograms of cocaine, 23 firearms, and \$250,000.

I am also pleased to inform you that DEA has had much success in its long-term objective of denying drug traffickers the revenue they seek through their illegal activities. Between FY 2005 and FY 2010, DEA denied drug trafficking organizations a cumulative total of \$15.8 billion in revenue through the seizure of both assets and drugs.¹ In FY 2010 alone, DEA denied drug traffickers \$3 billion in revenue. But we not only take their money, we follow the money trail back to the command and control centers where we attack the masterminds directing the organizations.

DEA works many of its biggest cases hand-in-hand with our state and local counterparts, and we share a portion of this revenue with these partners. In FY 2010 alone, the

¹ Revenue denied is defined as the monetary value of currency, property and drugs seized.

Department of Justice Equitable Sharing Program shared \$342 million in seized assets with state and local law enforcement for their participation in joint investigations with DEA.

FY 2012 President's Budget

The FY 2012 President's Budget supports DEA's base requirements and focuses on high priority programs. Since FY 2007, DEA has used Zero Based Budgeting (ZBB) to allocate funding to our various programs based on a review of current program requirements and agency priorities, rather than simply on prior year allocations. The goal of ZBB is to provide sufficient base resources to support program costs for the full year, while at the same time identifying program inefficiencies and improvements so we can redirect funding to our highest priorities.

The FY 2012 President's Budget demonstrates the restraint and the discipline called for in these tough times. For example, DEA's request of \$69,489,000 for base adjustments and program increases for our S&E and Construction accounts is offset by \$47,057,000 in efficiency, consolidation, and program realignment proposals. While these offsets represent difficult decisions, they are justified and necessary to fund the priorities highlighted in the following discussion. The FY 2012 request also includes a cancellation of \$30,000,000 in unobligated prior year balances.

Mexican Cartels and the Southwest Border

Project Deliverance is one of our recent Southwest Border operational successes. This DEA-led operation targeted the transportation infrastructure of Mexican drug trafficking organizations in the United States and culminated on June 9, 2010 with the arrest of 429 individuals in 16 states in a single day. Over the course of 22 months, this operation resulted in a total of 2,266 arrests, including a Consolidated Priority Organization Target (CPOT), and the seizure of \$154 million and 74.1 tons of drugs. More than 300 federal, state, local and foreign law enforcement agencies contributed investigative and prosecutorial resources to this operation. Our collaborative efforts inflicted a debilitating blow to the network of shadow facilitators and transportation cells controlled by the major Mexican drug cartels.

Also key to DEA's efforts along the Southwest Border is our close relationship with the Government of Mexico. Under the leadership of President Felipe Calderon, cooperation between the U.S. and Mexico is at an all-time high. In particular, we are grateful for the extradition partnership the U.S has developed with Mexico. Extraditions are an important tool that can be used to ensure criminals are brought to justice in this country. In 2009 and 2010, Mexican authorities extradited 107 and 94 individuals, respectively, to the United States, including several high ranking cartel members. DEA has also worked with the Government of Mexico to restructure the Mexican Sensitive Investigative Unit (SIU) Program. The SIU is composed of individuals from Mexico's Ministry for Public Security and Office of the Attorney General. Every member has been vetted and trained by DEA and assigned to autonomous groups that are tasked with pursuing a specific

Mexican cartel. The Mexican SIU plays an important role in Western Hemisphere drug enforcement efforts and they are working to increase collaboration with counterparts in Colombia through an exchange of SIU personnel.

One of DEA's best known and most significant contributions to Southwest Border enforcement is our El Paso Intelligence Center (EPIC). This all-threats tactical operations and intelligence center currently houses employees from 27 federal, state, local, and foreign agencies, directly supporting the efforts of the Departments of Justice and Homeland Security and the Joint Interagency Task Force-South. EPIC also has information sharing agreements with police agencies in 49 states that give state and local police access to real-time intelligence from 14 databases. As its customer base has grown over the years, EPIC has experienced significant increases in intelligence contributions, database queries, system users, and on-board staffing commitments from partner agencies. Included in the FY 2012 President's Budget is a request for \$10,000,000 in no-year construction funding for modular buildings, which will allow increased participation at EPIC by partner agencies and improve the sharing and receipt of information, provide resources for the development of new intelligence initiatives, and enhance the support for and communication with law enforcement agencies on the Southwest Border and worldwide.

To continue targeting the production, distribution, and financial networks of Mexican cartels, we need to keep pace with the new communications technologies used by these organizations. Due to changes in the volume and complexity of today's communications services and technologies, DEA and other law enforcement agencies are sometimes unable to access, intercept, collect and process wire or electronic communications to which we are lawfully authorized. To address these challenges, the Department of Justice is establishing a Domestic Communications Assistance Center (DCAC) to serve as a hub for the management of knowledge and technical expertise regarding lawful electronic surveillance. This center will also facilitate the sharing of solutions and know-how among federal, state, and local law enforcement agencies and improve our relationships with the communications industry. The FY 2012 budget requests \$1,519,000 for eight DEA positions to support the Department's efforts to develop these new electronic surveillance capabilities.

Finally, I would be remiss if I did not take this opportunity to thank the Subcommittee for the \$33,700,000 in supplemental funding you provided to DEA for Southwest Border enforcement last August. We truly appreciate your support for these very important efforts. This funding is being used for helicopter cameras; Operation All Inclusive and other ongoing enforcement operations; SIUs throughout the Western Hemisphere; license plate readers; communications intercepts; and intelligence programs. The supplemental also funds 50 new positions, including 35 Special Agents. These resources will enable DEA to expand our initiatives related to the Southwest Border, including our strong partnerships with both state and local law enforcement agencies and foreign counterparts in South and Central America. The FY 2012 request includes \$32,600,000 in base adjustments required to continue the Southwest Border enforcement efforts that were

originally funded through regular and supplemental appropriations in FY 2009 and FY 2010.

Prescription Drug and Precursor Chemical Diversion

As highlighted in the President's 2010 National Drug Control Strategy, the diversion and abuse of controlled prescription drugs are among the greatest concerns we face today. Over the last several years, national surveys have shown that a significant number of Americans are abusing prescription drugs for nonmedical purposes. According to the 2009 National Survey on Drug Use and Health, seven million people over the age of 12 used prescription medications for non-medical reasons during the past month. The survey also found that 2.6 million people aged 12 or older used psychotherapeutics non-medically for the first time, which equates to approximately 7,000 new prescription drug abusers every day. Furthermore, the Centers for Disease Control's 2009 National Youth Risk Behavior Survey revealed that 1 in 5 high school students say they have taken a prescription drug that was not prescribed for them; including OxyContin, Percocet, Vicodin, Adderall, Ritalin, or Xanax.

To address these troubling statistics, DEA's Diversion Control Program is tasked with preventing, detecting, and investigating the diversion of pharmaceutical controlled substances and listed chemicals from legitimate channels, while simultaneously ensuring an adequate and uninterrupted supply of these substances is available to meet legitimate medical, commercial, and scientific needs. Through its Diversion Control Program, DEA regulates more than 1.3 million registrants, a population that grows at a rate of more than two percent per year.

Last year, DEA launched an innovative campaign to address the increased abuse and theft of controlled prescription drugs. On September 25, 2010, DEA, together with more than 3,000 government, community, public health, and law enforcement partners across the country, hosted a nationwide prescription drug "Take-Back" initiative. This campaign addressed a vital public safety and health issue because medicines that languish in homes are highly susceptible to diversion, misuse, and abuse. More than 4,000 sites in all 50 states were established to collect potentially dangerous expired, unused, or unwanted prescription drugs for destruction; the service was free and anonymous. The results were impressive: the American public turned in over 121 tons of prescription drugs for disposal. I want to thank Congress for their role in recognizing the importance of this effort by passing the Secure and Responsible Drug Disposal Act of 2010. This law will provide Americans with safe, environmentally sound ways to dispose of unused or expired prescription drugs. DEA will be holding its second nationwide prescription drug Take-Back Day on April 30, 2011.

To enhance our diversion control efforts, DEA has expanded the use of Tactical Diversion Squads (TDS) which combine Special Agents, Diversion Investigators, and state and local task force officers to focus on the law enforcement activities of the Diversion Control Program. As of December 31, 2010, DEA had 37 TDS's dispersed among the domestic divisions, with a total of 294 authorized task force officer positions.

We are also increasing our focus on regulatory oversight, including the modification of chemical and regulatory work plans to increase the frequency of scheduled investigations and broaden the pool of registrants that are subject to scheduled regulatory investigations. To continue these efforts in FY 2012, DEA's DCFA request includes 124 positions, including 50 Special Agents and 50 Diversion Investigators, and \$30,885,000 to enable DEA to continue fulfilling both the enforcement and regulatory control responsibilities of the Diversion Control Program.

Afghanistan and Narco-terrorism

DEA supports the U.S. policy goals in Afghanistan and helps carry out the U.S. Counternarcotics Strategy through close partnerships with the Departments of State and Defense. DEA's presence in Afghanistan reduces the amount of illicit drugs that are trafficked from the country, and helps develop the capacity of the Afghans to conduct counterdrug operations themselves. DEA is also periodically called upon to support U.S. efforts against insurgents and terrorism, all of which aid in the long-term stabilization of the country and the region.

DEA continues to work bilaterally with our Afghan law enforcement counterparts to identify, investigate, and bring to justice the most significant drug traffickers in Afghanistan and the region. Together, we have increased the size of the Afghan-staffed SIU, Technical Investigative Unit, and National Interdiction Unit. In FY 2010, DEA completed a significant expansion effort in Afghanistan. DEA now has 82 permanent positions assigned to Afghanistan, including 62 agents. Of these 82 positions, 69 positions are funded through transfer funding from the Department of State. DEA's Foreign-Deployed Advisory and Support Teams also deploy to Afghanistan on a temporary basis; the teams consist of 10 positions each and rotate through every 120 days. We are also planning to improve the long term investigative capabilities of these units through coordination with the Afghan Threat Finance Cell and the expansion of a Joint Wire Intercept Program in FY 2011.

Our efforts to target the organizations that are financing terrorism with drug proceeds are paying off. For example, on February 10, 2011, DEA and the Department of the Treasury announced the identification of The Lebanese Canadian Bank (LCB) as a financial institution of primary money laundering concern under Section 311 of the USA PATRIOT Act for the bank's role in facilitating the money laundering activities of an international narcotics trafficking and money laundering network. The announcement also exposed links between the terrorist organization Hezbollah, LCB, and the international narcotics trafficking and money laundering network. Through DEA-led operations, it was discovered that this network moves illegal drugs from South America to Europe and the Middle East via West Africa. It also launders hundreds of millions of dollars monthly through accounts held at LCB, as well as through other money laundering operations involving consumer goods throughout the world, including used car dealerships in the United States.

Only a few days later, on February 14, 2011, federal prosecutors in New York unsealed indictments against seven defendants who were charged with conspiring to provide various forms of support to DEA confidential sources whom they believed to be representatives of the Taliban in Afghanistan. Some of these defendants allegedly agreed to receive, store, and move ton-quantities of Taliban-owned heroin through West Africa, portions of which they understood would then be sent to the United States. Certain defendants also allegedly agreed to sell substantial quantities of cocaine that the Taliban could then sell at a profit in the United States. Additionally, some of the defendants allegedly agreed to sell weapons to the Taliban, including surface-to-air missiles to be used to protect Taliban-owned heroin laboratories against attack by the United States. Five of the defendants were arrested in Monrovia, Liberia on February 10 and 12, 2011, and were transferred by the Government of Liberia to the custody of the United States. The two remaining defendants were arrested in Bucharest, Romania on February 10, 2011, where they remain pending extradition to the United States.

DEA's unique, single mission focus gives us the ability to tie drug trafficking to both criminal activities in the U.S. and to narco-terrorism threats that originate in foreign countries. The challenges are enormous, but as the world's premier drug enforcement organization, we approach them with confidence and with an unwavering commitment to keeping our nation safe from the harmful effects of dangerous drugs. With your support and the backing of the American people I know we cannot fail. Mr. Chairman and Members of the Subcommittee, this concludes my formal remarks. I would be pleased to answer any questions you may have.