



Department of Justice

STATEMENT OF

DEREK S. MALTZ
SPECIAL AGENT IN CHARGE OF THE
SPECIAL OPERATIONS DIVISION
DRUG ENFORCEMENT ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON TERRORISM, NONPROLIFERATION, AND TRADE
COMMITTEE ON FOREIGN AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

ENTITLED

“NARCOTERRORISM AND THE LONG REACH OF U.S. LAW ENFORCEMENT, PART II”

NOVEMBER 17, 2011

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INTRODUCTION

Chairman Royce, Ranking Member Sherman and distinguished Members of the Subcommittee: On behalf of the Drug Enforcement Administration (DEA) and Administrator Leonhart, I would like to thank you for this opportunity to speak with you today regarding the ties between drug trafficking and narcoterrorism, and the actions DEA is taking with our law enforcement partners to disrupt and dismantle these criminal organizations that threaten our citizens, and our U.S. personnel and interests abroad.

I would also like to thank you for the continued support you provide DEA in our efforts to address these threats. As the Special Agent in Charge of the Special Operations Division (SOD) since 2005, I have had the privilege of working with numerous local, state, federal and international law enforcement agencies that participate at SOD, and have witnessed the amazing results that can happen when law enforcement, both our U.S. agencies and our foreign counterparts, share operational intelligence and coordinate efforts against our common enemies.

BACKGROUND

As pernicious and threatening as the consequences of transnational narcotics trafficking are, the immediate impact of international narcoterrorism crimes fall into an especially grievous category, since the objective of these crimes goes well beyond the mere accumulation of illegal revenues. In the case of international narcoterrorism crimes, the illegal proceeds are used to corrupt government officials, undermine institutions, and fuel and facilitate terrorism -- direct, violent, and often deadly attacks on peace keepers, diplomats, government officials and, frequently, innocent civilians. Due to the immediate and dire consequences of international narcoterrorism crimes, DEA does not have the luxury of adopting a reactive response to this existing criminal threat. Rather, in the case of international narcoterrorism crimes, only a proactive investigative response can protect the lives and property of innocent victims while simultaneously addressing the threat posed to national security.

DEA is mandated to conduct investigations into violations of Title 21 of the United States Code and as such does not investigate purely terrorism-related offenses. That being said, the nexus between drug trafficking and terrorism is well established.

The most recent example of the alleged assassination plot of the Saudi Arabian Ambassador to the U.S. illustrates the extent to which terrorist organizations will align themselves with other criminals to achieve their goals. In this case, it is alleged that Manssor Arbabsiar approached someone he believed to be a member of an extremely violent Mexican drug trafficking organization. Arbabsiar approached this individual because he believed that people in the narcotics business are willing to undertake criminal activity in exchange for money. Luckily, the individual who was allegedly approached was a DEA informant and the plot was thwarted. The example also illustrates the power of U.S. law enforcement and the Intelligence Community to work closely together and share information in a timely manner. The American people expect this from their government, and this is exactly what DEA and the Federal Bureau of Investigation (FBI) did. The success of this operation was not only based on DEA's identification of the international terror threat and subsequent cooperation with the FBI, but also on DEA's unique expertise and ability to direct complex international narcotics undercover operations.

Recognizing the dangerous mix between terrorism and drugs, the U.S. Congress provided federal law enforcement with an effective statutory tool to address international narcoterrorism in the form of 21 U.S.C. § 960a. Section 960a makes it a violation of U.S. law, with enhanced criminal penalties, to engage in narcotics related crimes anywhere in the world knowing or intending that something of value will be provided to support a terrorist act or terrorist organization. DEA, working closely with federal prosecutors, has utilized this statute, in concert with other law enforcement tools, to identify, investigate, indict, and incarcerate some of the most treacherous narco-terror and transnational criminal groups around the globe. Since 2008, several individuals have been convicted on 960a charges, while others have been indicted and are pending trial. For example, on May 15, 2008, Khan Mohammed, an Afghan national, was convicted in the U.S. District Court for the District of Columbia on charges in violation of 21 U.S.C. 959 and 21 U.S.C. 960a. This was the first conviction in U.S. federal court of narcoterrorism since the statute was enacted in March 2006. During the investigation, Mohammed expressed a willingness to conduct jihad and a desire to "kill the infidels" utilizing proceeds from opium trafficking. It was revealed that Mohammed previously engaged in terrorist rocket attacks against Afghan government targets, and was also identified as the Taliban's operations coordinator for the Chaprahar District, Nangarhar Province, Afghanistan.

The nexus between drug trafficking and terrorism has been recognized by federal prosecutors as well. DEA has brought several of our narcoterrorism cases to the U.S. Attorney's Office for the Southern District of New York for prosecution, and over time it has become abundantly clear that there is a real connection between drug cases and terrorism investigations. The U.S. Attorney's Office in the Southern District of New York created a combined Terrorism and International Narcotics Unit to target and prosecute global transnational threats. The U.S. Attorney's Office for the Eastern District of Virginia has also similarly restructured their office to combine units for maximum impact.

DEA's core principle is to secure our nation and protect our citizens, and we do that by having an intelligence, threat-driven, integrated focus. Criminal networks are generating large amounts of money through drugs and are using these proceeds to fuel violent attacks against Americans

and our allies. DEA, and all entities that are responsible for protecting U.S. citizens, must stay focused on this critical mission.

DEA'S GLOBAL REACH

Although DEA works tirelessly every day to target the criminal cells within the U.S. that traffic the illicit drugs that are killing our children and destroying families, I want to also stress our efforts to disrupt and dismantle the command and control elements that are the driving forces behind these organizations--elements that operate beyond our borders. DEA leverages our global network of resources, and is able to access these targets on their turf, often in their own countries, and in many cases, bring them to the U.S. to face justice.

Currently, DEA has conclusively linked about 39% (19 of 49) of the State Department designated Foreign Terrorist Organizations (FTOs) as having confirmed links to the drug trade. Recent investigations and emerging trends indicate an increasing number of FTOs are involved in drug trafficking. The reason is clear: drug trafficking is the most lucrative criminal enterprise in the world. The United Nations Office of Drug Control (UNODC) Drug Report estimates that narcotics generate approximately \$320 to \$350 billion annually. Recently UNODC reports that in 2009 organized crime world-wide may have laundered around \$1.6 trillion, of which approximately one-fifth of the amount is being generated from illicit narcotics. This sum represents approximately 2.7% of the global gross domestic product. While terrorist organizations frequently cite ideological or religious beliefs as the motivation to recruit followers and gain power, they also become entrenched in criminal activity to support their efforts. This activity includes drug trafficking, money laundering, bribery/ corruption of government officials, weapons trafficking, cybercrime, and many other illegal activities.

DEA is the single point of contact for U.S. drug related matters in the foreign environment. We are extremely proud of our close, cooperative relationships with State and Local law enforcement, as well as our Federal counterparts. I would also like to highlight another critical aspect to our success—our outstanding relationships with our law enforcement counterparts overseas. DEA has the largest federal criminal law enforcement presence overseas, with 83 offices in 62 countries, and works closely with host governments in assessing drug threats, gathering drug-related intelligence, and targeting major drug trafficking organizations. DEA understands the importance of establishing relationships of trust with host nation governments in order to accomplish DEA's mission, and it is through these collaborative relationships that we have been able to disrupt and dismantle the organizations that profit from the global drug trade and that use those profits to fuel terrorist activity.

In addition to our overseas presence and relationships with our foreign counterparts, DEA has a vast world-wide human/confidential source network, a robust judicial intercept program, and talented and dedicated personnel that have the heart and drive to pursue this critically important and often dangerous mission. For these reasons, DEA is extremely well positioned to act quickly, effectively, and proactively to reach beyond our U.S. borders to identify, investigate, indict, and incarcerate those that threaten the safety and interests of our country's citizens. These critical resources are magnified exponentially when there is close coordination and open sharing of counternarcotics and counterterrorism intelligence, among law enforcement agencies and the

Intelligence Community. This synergistic relationship is one of the reasons SOD was established in 1994.

Recognizing the benefits of interagency cooperation and intelligence sharing, DEA officially established SOD, a multi-agency center, which utilizes sophisticated technology and investigative intelligence resources of its participating law enforcement and intelligence agencies to target the command and control communications of major drug trafficking organizations. Since 1994, the participating partner agencies at SOD have increased dramatically- from just four initially, to over twenty¹ today, because of the changing threats to this country and the growing awareness that leveraging our collective expertise and resources can dramatically increase our success in combating our nation's threats. As the threats have evolved, we collectively have evolved and have expanded our focus.

In response to the September 11th terrorist attacks, DEA established the Counter-Narcoterrorism Operations Center (CNTOC) within SOD. The CNTOC is a multi-agency section with the primary mission of coordinating all DEA investigations and intelligence related to narcoterrorism and money laundering linked to terrorist organizations by sharing intelligence with our domestic and foreign offices. The CNTOC is DEA's single point of contact for all terrorism information generated from DEA's global operations and capabilities. When DEA receives non-drug related terrorism leads, CNTOC coordinates and disseminates that information with the FBI and other relevant United States Government (USG) agencies that hold primary investigative responsibility for that information.

Within SOD, DEA has also established two field enforcement groups that investigate narco-trafficking and narcoterrorism activities. This allows us to focus investigative resources on the criminal organizations with the greatest potential impact on U.S. national security interests. Since being established, these groups have worked in close coordination with DEA domestic and foreign field offices and law enforcement counterparts to indict numerous Consolidated Priority Organization Targets (CPOTs). CPOTs are the command and control elements of major international drug trafficking organizations and/or money laundering enterprises that significantly impact the United States drug supply.

This structure has resulted in several notable successes, most recently the bringing to justice of several terrorism targets, including arms trafficker Monzer Al Kassar and Viktor Bout. Other notable successes include Haji Juma Khan, who was reputedly Afghanistan's biggest drug kingpin with ties to the Taliban and the leader of one of the largest drug trafficking organizations in the Central Asia region,² Haji Bagcho, an Afghan heroin kingpin who was one of the first defendants ever extradited to the United States from Afghanistan,³ and Khan Mohammed, who intended to ship heroin to the United States and use profits from that trade to assist the Taliban.

¹ DEA, CIA, FBI, ICE, IRS, NDIC, USMS, SOCA, DIA, JIATF-S, ATF, SOCOM, JIATF-W, USPIS, CBP, SOUTHCOM, NORTHCOM, DOJ/NDDS, FDA, State, DSS, USSS, IC, and Treasury.

² <http://www.justice.gov/dea/pubs/pressrel/pr102408.html>

³ <http://www.justice.gov/dea/pubs/pressrel/pr062909.html>

A dangerous double threat, Khan Mohammed would use the profits to purchase rockets to attack American and coalition soldiers who were risking their lives to stabilize Afghanistan.⁴

Monzer Al Kassar

Syrian national Monzer Al Kassar was one of the world's most significant and notorious criminals, participating in or supporting terrorist acts spanning decades. Al Kassar, also known as "The Prince of Marbella," amassed considerable wealth from his drugs and arms trafficking activities while living opulently in Marbella, Spain. Kassar is believed to have supplied weapons to the terrorists that hijacked the Achille Lauro in October 1985. During the hijacking, the terrorists killed Leon Klinghoffer, a wheelchair-bound U.S. citizen.

Kassar was arrested in June 2007 by Spanish authorities, pursuant to a U.S. request for his arrest for purposes of extradition. Kassar was indicted in the Southern District of New York for conspiring to sell a multi-million dollar amount of weapons to the Revolutionary Armed Forces of Colombia (FARC)—weapons that would be used to kill Americans in Colombia. The arrest shattered the myth that Al Kassar was untouchable and neutralized an international munitions empire that armed and funded insurgents and terrorists across the globe.

Kassar was extradited to the United States in June 2008, and was later convicted and sentenced to 30 years' incarceration. This operation exemplifies what DEA does best: maximizing our limited resources while working closely with foreign counterparts and leveraging our vast array of confidential sources to infiltrate the highest levels of the world's most significant and notorious criminal organizations. DEA and the Attorney's Office for the Southern District of New York were publicly recognized by Leon Klinghoffer's daughters for our efforts to bring Kassar to the U.S. to face justice for his crimes.⁵

Viktor Bout

Just this month, DEA and the prosecutorial team from the United States Attorney's Office in the Southern District of New York have brought another notorious criminal to justice. Russian national Viktor Anatolyevich Bout, known as the "Merchant of Death," was one of the world's most prolific arms traffickers. Before embarking on a career as an international arms dealer, Bout was a Soviet military officer, retiring in 1993 following the collapse of the Soviet Union. Bout was arrested in March 2008 by Thai authorities pursuant to a U.S. request for extradition, for various Title 18 violations to include "Conspiracy to Provide Material Support or Resources to a Foreign Terrorist Organization." Bout was extradited on November 16, 2010 and his trial commenced on October 17, 2011. On November 2, 2011, Bout was found guilty on all charges, and faces a minimum mandatory sentence of twenty-five years to life imprisonment.⁶

Operation Relentless

In 2010, DEA conducted a highly sensitive undercover operation in Monrovia, Liberia. In an unusual and dramatic sting operation, the son of the Liberian President, who is the Director of the West African nation's National Security Agency and one of Liberia's highest officials, donned a wire and pretended to accept bribes to ensure safe passage of \$100 million worth of

⁴ <http://www.justice.gov/dea/pubs/pressrel/pr052008.html>

⁵ <http://www.justice.gov/dea/pubs/states/newsrel/2009/nyc022509.html>

⁶ <http://www.justice.gov/dea/pubs/states/newsrel/2011/nyc110311.html>

drugs into Liberia from cocaine trafficking networks in Venezuela and Colombia. Through working with our counterparts in Colombia, DEA had identified the source of the cocaine to be the FARC.

The unprecedented cooperation from the Liberian counterparts, to include complete support from the President of Liberia, the Liberian Minister of Defense, DEA Lagos Country Office and the U.S. Embassy in Monrovia allowed this operation to take shape and led to the arrest of several defendants. This case was the first time in more than 30 years that the Liberian government had expelled defendants to the United States on narcotics charges. Earlier this year, the defendants were tried and convicted in federal court in the Southern District of New York.⁷

In order to disrupt and dismantle these organizations, DEA utilizes a two-pronged approach: investigate the drug trafficking, while simultaneously conducting a parallel financial investigation into the organization's assets. I would like to highlight one investigation that demonstrates the importance of crippling the financial infrastructure of these organizations, and how this can have a devastating impact on their operations. This is also another example of how agencies working together, utilizing their unique expertise, can produce outstanding results in these complex, global investigations.

On February 10, 2011, the Department of the Treasury and DEA announced the identification of The Lebanese Canadian Bank (LCB) SAL together with its subsidiaries as a financial institution of primary money laundering concern under Section 311 of the USA PATRIOT Act (Section 311) for the bank's role in facilitating the money laundering activities of the Ayman Jouma international narcotics trafficking and money laundering network, which was targeted for economic sanctions by the Department of the Treasury under the Foreign Narcotics Kingpin Designation Act on January 26, 2011. This network moves illegal drugs from South America to Europe and the Middle East via West Africa and launders hundreds of millions of dollars monthly through accounts held at LCB, as well as through trade-based money laundering involving consumer goods throughout the world, including through used car dealerships in the United States. We have reason to believe that LCB managers are complicit in the network's money laundering activities. This action also exposed Hezbollah's links to LCB and the international narcotics trafficking and money laundering network. This was the first time a 311 action in this manner was done in conjunction with law enforcement on a drug case. In practical terms, Section 311, where appropriate, enables the Treasury Department to cut off foreign financial institutions from the U.S. financial system on the grounds that they facilitate transnational organized crime or other illicit activity. Essentially, this action has shut down the LCB and has disrupted the flow of Hezbollah related drug trafficking proceeds and other funds.

SUMMARY

As drug trafficking organizations and terrorist organizations become increasingly intertwined in mutually profitable relationships, it is more important than ever for law enforcement and the intelligence community to tear down the walls compartmentalizing "counter-terrorism" investigative information from "counter-narcotics" investigative information. When viewed separately, counter-terrorism and counter-narcotics information may appear as unrelated, seemingly random dots on a page. However, when viewed together, a different picture may

⁷ <http://www.justice.gov/dea/pubs/states/newsrel/2010/nyc060110.html>

emerge, and the information could be quickly de-conflicted and overlaps could be easily identified. The most efficient and effective way to “connect the dots” is the open sharing of intelligence among law enforcement and the Intelligence Community.

Though we have come a long way in sharing information and working jointly on investigations, there is still more to be done to fully coordinate, identify overlaps, and leverage our varying expertise to accomplish our shared goal—to protect our country from those that would do us harm. In order to truly maximize the U.S. Government’s efforts on those who threaten our country’s security, law enforcement must combine efforts, and fully coordinate and share intelligence. In the words of President Obama, “Terrorists increasingly turn to crime and criminal networks for funding...Combating the lethal nexus of transnational crime, drug trafficking, and terrorism requires a multilateral approach.”⁸ SOD has established itself as a law enforcement center that can immediately de-conflict investigative information, coordinate operations by connecting the dots, and mitigate threats through its multi-agency resources and global capabilities – and we have numerous successes behind us exemplifying the results that can be attained through multi-agency cooperation. With over twenty participating agencies, proven de-confliction mechanisms, and classified programs for exploiting investigative information, SOD is uniquely positioned for coordination and maximization of law enforcement resources to address narcoterrorism.

Thank you for the opportunity to appear before you today to discuss these important issues. I will be happy to answer any questions you may have.

⁸ April 28, 2011 letter from President Barack Obama to attendees of the Trans-Atlantic Symposium on Dismantling Transnational Illicit Networks