



# Department of Justice

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BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HEARING ENTITLED

“THE RISE OF MEXICAN DRUG CARTELS  
AND U.S. NATIONAL SECURITY”

PRESENTED

JULY 9, 2009

Chairman Towns, Ranking Member Issa, and Members of the Committee, I appreciate the opportunity to appear before you today to discuss the important role of the Department of Justice (the Department) in addressing the alarming rise of violence in Mexico perpetrated by warring Mexican drug trafficking organizations and the effects of that violence on the United States, particularly along our Southwest Border. The responsibility for this ongoing violence rests with a limited number of large, sophisticated and vicious criminal organizations – not individual drug traffickers acting in isolation. Their illicit drugs are destined for communities throughout the United States, Mexico and Europe. They generate billions of dollars of proceeds annually. These organizations use violence to protect trafficking routes, to retaliate against individuals thought to have betrayed them, and to intimidate both Mexican law enforcement and Mexico's citizens. Drug-related murders in Mexico doubled from 2006 to 2007, and more than doubled again in 2008 to approximately 6,200 murders. Almost 10 percent of the murders in 2008 involved victims who were law enforcement officers or military personnel. To date in 2009 there have been approximately 3,500 drug-related murders in Mexico. During the last decade the surrogates of Mexican drug cartels have expanded their presence across the United States and dominate the US drug trade. Project Reckoning and Operation Xcellerator, which were highly successful and captured 750 Gulf and Sinaloa cartel, nonetheless reflect the depth of their control within the United States.

I want to share with you the Department's strategy to systematically dismantle the Mexican drug cartels, which currently threaten the national security of our Mexican neighbors, pose an organized crime threat to the United States, and are responsible for the scourge of illicit drugs and accompanying violence in both countries. Let me begin by emphasizing the priority that this issue commands at the highest level of the Department's leadership, including the

Attorney General himself. Most recently, on June 5<sup>th</sup>, in Albuquerque, New Mexico, Attorney General Holder, Department of Homeland Security (DHS) Secretary Napolitano, and Office of National Drug Control Policy (ONDCP) Director Kerlikowske released President Obama's *National Southwest Border Counternarcotics Strategy* (Strategy), designed to stem the flow of illegal drugs and their illicit proceeds across the Southwest Border and to reduce associated crime and violence in the region.

This Strategy directs Federal agencies to increase coordination and information sharing with State and local law enforcement agencies, intensifies national efforts to interdict the southbound flow of weapons and bulk currency while stopping illicit contraband from being trafficked north, and calls for continued close collaboration with the Government of Mexico in efforts against the drug cartels. The Strategy is an important component of the Administration's national drug control policy and complements the Administration's comprehensive efforts to respond to threats along the border.

In his remarks on the Strategy, Attorney General Holder stated, "Drug trafficking cartels spread violence and lawlessness throughout our border region and reach into all of our communities, large and small." He further noted, "By focusing on increased cooperation between the U.S. and Mexican governments as well as enhanced communication within U.S. law enforcement agencies, the *National Southwest Border Counternarcotics Strategy* we introduce today provides an effective way forward that will crack down on cartels and make our country safer."

Another important component of the Department's efforts to neutralize the powerful Mexican drug cartels is the Mérida Initiative, a partnership between the Government of Mexico and the United States. The Mérida Initiative presents new opportunities for expert collaboration

on many fronts. With Mérida funded programs coordinated by the Department of State, the Department plans, among other things: (1) to place two experienced federal prosecutors in Mexico to work with their counterparts in prosecutorial capacity-building; (2) to assign a forensics expert in Mexico; (3) to assist Mexican law enforcement and our interagency partners in strengthening and developing vetted teams and task forces that can work with U.S. federal law enforcement agencies to attack the cartels across the range of their criminal conduct; (4) to advance fugitive apprehension with U.S. law enforcement agencies and extradition with our Criminal Division experts; (5) to assist Mexico in developing an asset management system to deal with the assets seized and forfeited in criminal cases; (6) to assist Mexican law enforcement and prosecutorial offices in strengthening their internal integrity; (7) to assist Mexican law enforcement officials and prosecutors in enhancing evidence collection, preservation and admissibility; and (8) to provide expert consultations on victim assistance and witness protection issues. At the same time, as an operational matter, the Department continues to work closely with Mexico as it addresses the issue of cartel-related public corruption, including through investigative assistance.

### **Overview of the Department of Justice's Mexico and Border Strategy**

The Department's strategic approach – built on its proven track record in dismantling transnational organized criminal groups, such as the mafia in the 1980s and 1990s – confronts the Mexican cartels as criminal organizations, rather than simply responding to individual acts of criminal violence. Pursued vigorously, and in coordination with the efforts of other U.S. Government agencies and with the full cooperation of the Government of Mexico, this strategy can and will neutralize the organizations causing the violence.

The Department's strategy to identify, disrupt, and dismantle the Mexican drug cartels has five key elements and supports the *National Southwest Border Counternarcotics Strategy*. First, the strategy employs extensive and coordinated intelligence capabilities. The Department pools information generated by our law enforcement agencies and federal, state and local government partners, and then uses the product to promote operations in the United States and to assist the efforts of the Mexican authorities to attack the cartels and the corruption that facilitates their operations. Second, through intelligence-based, prosecutor-led, multi-agency task forces that leverage the strengths, resources, and expertise of the complete spectrum of federal, state, local, and international investigative and prosecutorial agencies, the Department focuses its efforts on investigation, extradition, prosecution, and punishment of key cartel leaders. As the Department has demonstrated in attacking other major criminal enterprises, destroying the leadership and seizing the financial infrastructure of the cartels undermines their very existence. Third, the Department of Justice, in concerted efforts with the Department of Homeland Security, pursues investigations and prosecutions related to the trafficking of guns and the smuggling of cash and contraband for drug-making facilities from the United States into Mexico. Much of the violence and corruption in Mexico is fueled by these resources that come from our side of the border. Fourth, the Department uses traditional law enforcement approaches to address the threats of cartel activity in the United States. These threats include the widespread distribution of drugs on our streets and in our neighborhoods, battles between members of rival cartels on American soil, and violence directed against U.S. citizens and government interests. This component of the Department's strategy will inevitably include investigations and prosecutions of U.S.-based gangs that forge working relationships with the Mexican drug trafficking organizations (DTOs). Fifth, the Department prosecutes criminals responsible for

federal crimes involving trafficking, smuggling, money laundering, kidnapping and violence. The ultimate goals of these operations are to neutralize the cartels and bring the criminals to justice.

The strengths of the Department's strategy are illustrated by the tremendous successes of Operation Xcellerator and Project Reckoning in the U.S. Government's battle against the Mexican cartels. DEA's Special Operations Division (SOD) focuses the entire USG counternarcotics community against those drug organizations and leaders that are determined to pose the greatest threat to the United States. A few months ago, Attorney General Holder announced the arrest of more than 750 individuals on narcotics-related charges under Operation Xcellerator, a multi-agency, multi-national effort coordinated by the SOD that began in May 2007 and targeted the Mexican DTO known as the Sinaloa Cartel. This cartel is responsible for bringing tons of cocaine into the United States through an extensive network of distribution cells in the United States and Canada. Through Operation Xcellerator, federal law enforcement agencies—along with law enforcement officials from the governments of Mexico and Canada and state and local authorities in the United States—delivered a significant blow to the Sinaloa Cartel's operations in the United States. For example, authorities seized over \$61 million in U.S. currency, more than 12,000 kilograms of cocaine, more than 1,200 pounds of methamphetamine, approximately 1.3 million Ecstasy pills, and other illegal drugs. Also significant was the seizure of 191 firearms, 4 aircraft, and 3 maritime vessels.

Similarly, the Department's Project Reckoning, announced in September 2008, was a 15-month operation, also coordinated by SOD, that severely damaged the Gulf Cartel. It was one of the largest and most successful joint law enforcement efforts between the United States and Mexico. Project Reckoning resulted in over 600 arrests in the U.S. and Mexico, plus the seizure

of nearly 20,000 kilos of cocaine, tens of thousands of pounds of marijuana, thousands of pounds of methamphetamine, hundreds of firearms, and \$76 million in currency. Perhaps most importantly, Project Reckoning led to the indictment of a triumvirate of Gulf Cartel leaders.

Operation Xcellerator and Project Reckoning applied the classic law enforcement tools that the Department has successfully wielded against other large, sophisticated criminal enterprises to target the largest threats from the cartels. Neither would have been possible without the development and effective sharing of tactical and strategic intelligence between and among federal agency partners and the Government of Mexico and its law enforcement and special military components. They reflected multi-agency, bi-national efforts, coordinated by SOD and led by prosecutors and investigators from the Organized Crime Drug Enforcement Task Forces (OCDETF), a program that coordinates and channels elements of the federal government – including the Drug Enforcement Administration (DEA), FBI, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the U.S. Marshals Service (USMS), U.S. Attorney’s Offices, and the Department’s Criminal Division, as well as Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP), and the Internal Revenue Service (IRS) Criminal Investigations Division. In all, more than 200 Federal, state, local, and foreign law enforcement agencies contributed to the success of Operation Xcellerator and Project Reckoning. These multi-year investigations will result in extraditions and federal prosecutions in numerous states by various U.S. Attorney’s Offices and the Criminal Division’s Narcotic and Dangerous Drug Section.

We believe the Administration has the right strategy for stopping the violence spawned by the cartels. But despite recent successes by the Administration, we also recognize that there is much more work to do. Indeed, I recently spent several days on the Southwest Border with my

counterpart at DHS, Assistant Secretary Alan Bersin. There I saw firsthand the acute challenges that our brave law enforcement personnel confront on a daily basis. Drug trafficking organizations remain powerful and continue to evolve and are determined to find new methods to bring illegal drugs and illicit goods into the United States, while also sending cash and guns back to Mexico. This smuggling pattern fuels the cycle of violence in Mexico and is a threat to the United States. As a result, the Department is working closely with our other federal partners, State, local, and tribal officials, and the Government of Mexico to address these issues and root out these criminal enterprises. Additionally, on a positive note, on June 18, 2009, ICE and DEA, entered into an Interagency Cooperation Agreement which will greatly enhance the government's ability to combat the flow of illegal drugs into the United States by strengthening the sharing of drug intelligence and the coordination and deconfliction of drug enforcement investigations. By utilizing ICE's expertise in investigating the unlawful import and export of contraband, and harnessing DEA's expertise in enforcing the controlled substances laws, the agencies can most effectively dismantle and disrupt trafficking organizations like those which are engaged in illegal drug and weapons trafficking, cash smuggling and violence along the Southwest border.

### **The Dimensions of the Current Threat**

The Mexican drug cartels pose a national security threat to Mexico and an organized crime threat to the United States. Drug-related violence, including kidnappings and increasingly gruesome murders, has skyrocketed in recent years in Mexico, particularly along the border with the United States. Mexican drug traffickers and their enforcers are also engaging in other violent crimes, including kidnappings and home invasion robberies – primarily in Mexico but increasingly in U.S. communities as well. Although violence in Mexico has existed over the



years, the bloodshed has escalated in recent months to unprecedented levels as the cartels use violence as a tool to undermine public support for the Mexican Government's vigorous counter-drug efforts. Traffickers display the bodies of their tortured victims to intimidate government officials and the public alike.

A significant portion of this increase in violence actually reflects progress by the governments of Mexico and the United States in disrupting the activities of the drug cartels. After President Calderon and Attorney General Medina Mora took office in 2006, and with support from the United States, the Government of Mexico undertook a comprehensive program to break the power of the narco-traffickers, making record seizures of drugs, clandestine laboratories, and currency. Mexican law enforcement agencies have arrested many high-level drug cartel members who are being extradited in record numbers to face prosecution in the United States. This unprecedented pressure from the Government of Mexico has led to the retaliatory violence directed at Mexican law enforcement and the Mexican government as a whole. As the Department and our federal agency partners have worked with Mexican authorities to disrupt and dismantle successive iterations of the most powerful cartels, their successors have escalated the fighting among themselves for control of the lucrative smuggling corridors along the Southwest Border.

The violence in Mexico has direct and serious effects in the United States. According to the National Drug Intelligence Center's (NDIC) *2009 National Drug Threat Assessment* (NDTA), within the realm of DTOs, Mexican drug trafficking organizations represent the "greatest organized crime threat to the United States," with cocaine being the leading drug threat. Mexican and Colombian DTOs generate, remove and launder between \$18 billion and \$39 billion in wholesale drug proceeds in the United States annually, a large portion of which is

believed to be smuggled in bulk across the border back into Mexico; as noted above, this currency further fuels the drug trade and its attendant violence. Additionally, Mexican DTOs obtain firearms, including handguns and rifles from sources in the United States for use in DTO operations on both sides of the U.S.–Mexico border. These organizations and their violent paramilitary enforcement groups rely on such firearms and ammunition to control lucrative drug smuggling corridors along the border. We look forward to working in collaboration with Mexican authorities to build their capacity to assess all the weapons seized and provide better definition of arms trafficking across our shared border.

### **Intelligence-Based Targeting Is the Foundation for a Successful Response**

For more than a quarter-century, the principal law enforcement agencies in the United States have recognized that the best way to fight the most sophisticated and powerful criminal organizations is through intelligence-based, prosecutor-led task forces that leverage the strength, resources, and expertise of the complete spectrum of federal, state, local, and international investigative and prosecutorial agencies. It was this approach, for example, that fueled the ground-breaking Mafia prosecutions in the United States and Italy in the late 1980s and 1990s. The Department is applying these same intelligence-driven tactics that broke the back of the Mob to fighting the Mexican drug cartels.

The Department works through several programs to develop a full range of strategic, operational, and tactical intelligence against the Mexican cartels.

First, since 2003, the Department has worked with the drug enforcement community to develop the Attorney General’s Consolidated Priority Organization Target (CPOT) list of international “Most Wanted” drug kingpins. Of the approximately 55 worldwide cartels currently on the list, 20 of them are Mexican enterprises. The CPOT list is produced through the

cooperative effort of the member agencies of the OCDETF Program, and is the product of their shared information. Indeed, over the last several years lawyers and agents assigned to SOD have been coordinating on a number of cases concerning Mexican CPOT targets. This list helps the Department and our federal agency partners focus critical resources on the greatest threats.

Second, the Department leads three multi-agency intelligence centers and an operational center that provide tactical, operational, and strategic support in targeting the largest and most dangerous Mexican cartels and focusing law enforcement resources. The El Paso Intelligence Center (EPIC) currently involves the participation of more than 20 agencies. EPIC provides critical, case-specific tactical intelligence to law enforcement consumers. For example, if a highway patrol officer stops a vehicle in the middle of the night, EPIC may have information about the vehicle, driver, or passengers that can be provided in real time. EPIC focuses specifically on the Southwest Border but also tracks broader tactical data. The ATF's "Gun Desk" at EPIC serves as a central repository for all intelligence related to firearms along the Southwest Border. In addition, the FBI, already a contributing member at EPIC, is in the process of increasing its participation there by creating its Southwest Intelligence Group (SWIG). The SWIG will be used to coordinate information and intelligence relating to the Southwest Border and to better disrupt and dismantle the ongoing violent criminal activity. The SWIG head will also serve as an Assistant Deputy Director of EPIC.

SOD, also led by DEA, is best described as an operations center, rather than an intelligence center, because its functions go beyond the gathering and processing of intelligence. It provides operational targeting, support, and coordination for long-term, multi-agency investigations. It passes leads that have been developed from intelligence sources to field investigators and coordinates the resulting investigations. SOD targets the command and control

communications of major drug trafficking and narco-terrorism organizations. Special emphasis is placed on those major drug trafficking and narco-terrorism organizations that operate across jurisdictional boundaries on a regional, national, and international level, and the operations coordinated by SOD include OCDETF investigations. Operation Xcellerator and Project Reckoning were OCDETF investigations that were both initiated and coordinated through SOD. The transnational nature of narcotics trafficking requires a combined Federal, State and local agency response directed at stopping the flow of narcotics into our communities, often brought together through the OCDETF Program and coordinated through SOD. SOD also plays a critical role in deconflicting these operations.

The OCDETF Fusion Center (OFC) is a comprehensive data center containing drug and related financial data from DEA, ATF, FBI, IRS, the USMS, the U.S. Coast Guard, CBP, NDIC, EPIC, the Financial Crimes Enforcement Network (FinCEN), the Department of State's Bureau of Consular Affairs, and other key players in the international drug enforcement world. The OFC provides critical law enforcement intelligence support for long-term and large-scale investigations, complementing the mission of SOD by providing non-communications intelligence at an operations level. The OFC conducts cross-agency and cross-jurisdictional integration and analysis of drug related data to create comprehensive pictures of targeted organizations through its fused database, Compass. Using the protocols established by SOD, the OFC passes actionable leads to field investigative units.

The third Department-led intelligence center is NDIC, which provides policy makers and resource providers with strategic drug intelligence. In addition to producing the *NDTA*, NDIC produces regional and subject-specific threat assessments. These include OCDETF Regional Assessments, including the Southwest Region. NDIC provides Document and Media

Exploitation (DOMEX) support to field agents and prosecutors to facilitate the analysis of seized evidence. NDIC also provides DOMEX training and software to foreign law enforcement partners, including Mexico.

The work being done at these intelligence and operations centers is remarkable, and their activities form a key component of our multi-layered approach to dismantling this criminal threat. Again, it is worth noting that the recently executed Interagency Cooperation Agreement between ICE and DEA formalizes the partnership and cooperation between these agencies at EPIC, SOD, and the OCDETF Fusion Center. The Agreement recognizes the importance of DHS and DOJ working together to maximize coordination and deconfliction of drug enforcement investigations to enhance the government's ability to effectively dismantle and disrupt trafficking organizations like those which are engaged in illegal drug and weapons trafficking, cash smuggling and violence along the Southwest border.

### **Focused Law Enforcement Initiatives**

The Department's efforts are focused on three underlying aspects of the Southwest Border threat: drugs, guns, and illegal drug proceeds. These efforts include an integrated and coordinated operational response from Department law enforcement components in coordination with one another and federal agency counterparts.

#### **1. Movement of Drugs**

DEA has the largest U.S. law enforcement presence in Mexico with 11 offices in that country. DEA Mexico primarily focuses its resources on the command and control infrastructure of the Mexican cartel leaders with the goal of removing the top layers of cartel leadership, who are essential to the operation of these criminal enterprises. To achieve this goal, DEA Mexico works closely with Mexican law enforcement to help fight this criminal threat. Project

Reckoning and Operation Xcellerator are recent examples of this successful partnership. DEA also sponsors the Sensitive Investigative Units, elite vetted units of Mexican law enforcement and military which undergo robust background investigations and polygraph examinations.

DEA also targets the cartels through its “Drug Flow Attack Strategy” (DFAS), an innovative, multi-agency strategy, designed to significantly disrupt the flow of drugs, money, and chemicals between the source zones and the United States by attacking vulnerabilities in the supply chains, transportation systems, and financial infrastructure of major DTOs. DFAS calls for aggressive, well-planned and coordinated enforcement operations in cooperation with host-nation counterparts in global source and transit zones around the world.

Department law enforcement components cooperate with other federal agencies on EPIC’s “Gatekeeper Initiative.” A “Gatekeeper” is a person or group whose role is “to facilitate the taxation and protection of contraband loads (including illegal aliens) and to enforce the will of the cartel through bribery, intimidation, extortion, beatings, and murder.” These Gatekeepers control territory along the border and are key to cartel smuggling operations in both directions. The Gatekeeper Initiative combines the statutory expertise and authorities of its multi-agency members – DEA, FBI, the USMS, IRS, ICE, ATF, and CBP – to: (1) establish multi-district investigations of the Gatekeepers and their organizations operating along the Southwest Border, including the identification and investigation of corrupt law enforcement officials on both sides of the border; (2) identify additional activities of the Gatekeepers in other regions and pass investigative leads to those jurisdictions; (3) disrupt drug trafficking patterns along the Southwest Border by attacking the smuggling of major cartels; and (4) target the illegal purchase and distribution of firearms by Gatekeepers.

Within the United States, DEA has worked with DHS to implement its “License Plate Reader Initiative” in the Southwest Border region to gather intelligence, particularly on movements of weapons and cash into Mexico. The system uses optical character recognition technology to read license plates on vehicles in the United States traveling southbound towards the border. The system also takes photographs of drivers and records statistical information such as the date, time, and traffic lane of the record. While still in the developmental stages, this information can be compared with DEA and DHS databases to help identify and interdict vehicles that are carrying large quantities of cash, weapons, and other illegal contraband toward Mexico. DEA and other law enforcement agencies will soon be able to submit queries to the database, obtain near real-time responses, and place alerts on suspect license plates.

## **2. Trafficking of Guns**

ATF, in collaboration with other law enforcement entities, such as ICE and CBP, seeks to identify, investigate, interdict, and eliminate the sources of illegally trafficked firearms and the networks for transporting them.

Since 2006, Project Gunrunner has been ATF’s comprehensive strategy to combat firearms-related violence by the cartels along the Southwest Border. It includes special agents dedicated to investigating firearms trafficking on a full-time basis and industry operations investigators (IOIs) responsible for conducting regulatory inspections of Federal Firearms Licensees (FFLs) along the Southwest Border. For instance, from Fiscal Year 2004 through February 17<sup>th</sup> of this year, Project Gunrunner has referred for prosecution 795 cases involving 1,658 defendants; those cases include 382 firearms trafficking cases involving 1,035 defendants and an estimated 12, 835 guns.

Congress has recently allocated an additional \$25 million in support of Project Gunrunner. These funds will allow ATF to open five new field offices staffed with special agents and IOIs. With these additional resources, ATF can identify and prioritize for inspection those FFLs with a history of noncompliance who represent a risk to public safety, as well as focus on primary retailers and pawnbrokers who sell the firearms of choice for drug cartels. In addition, the funds will be used to send additional special agents to consulates in Mexico.

The tracing of firearms seized in Mexico and the United States is an essential component of the strategy to curtail firearms trafficking along the Southwest Border. When a firearm is traced, specific identifying information – including the make, model, and serial number – is entered into the ATF Firearms Tracing System (e-Trace), which is the only federal firearms tracing system. Using this information, ATF can establish the identity of the first retail purchaser of the firearm and then investigate how the gun came to be used in a crime or how it came to be located in Mexico. Furthermore, analyses of aggregate trace data can reveal trafficking trends and networks, showing where the guns are being purchased, who is purchasing them, and how they flow across the border. As a complement to the Mérida Initiative efforts, ATF received \$4.5 million in asset forfeiture funds from Treasury's Asset Forfeiture fund to initiate a Spanish version of ATF's e-Trace to Mexico. ATF is working with Mexican officials to increase their current usage of the e-Trace system, which will further improve with deployment of Spanish e-Trace in December of this year.

As part of President Obama's commitment to President Calderon on his recent trip to Mexico, ATF will also work to bridge the Integrated Ballistic Identification Systems that stores digital photos and arms-related information related to criminal investigations. This will allow the sharing of digital images, ballistic markings, and other arms-related information to help



identify leads in violent crimes both in Mexico and in the United States. Our efforts will be further enhanced by the President's commitment to urge the Senate to provide its advice and consent in order to ratify the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials.

Last week I spoke at the Violent Crime and Arms Trafficking Summit hosted by ATF in Albuquerque, New Mexico. The conference brought together leaders from around the U.S. government to refine enforcement strategies, analyze operational and prosecutorial challenges, and advance our national policy to disrupt the illegal flow of firearms to Mexico. This is an issue that we can and must address, and I look forward to continuing to work hand-in-hand with my counterparts and colleagues in our government, as well as State, local, and tribal officials, and our important partners in the Mexican government.

### **3. Bulk Currency Shipments and Money Laundering**

The spike in violence in Mexico among the cartels stems from fights over market share and profits as the Mexican and U.S. governments have, by working together, succeeded in applying greater pressure against them. In addition to removing the leadership ranks of the cartels, the Department is waging a war to seize and forfeit their assets as well. Again, as with any other criminal enterprise, the Department places a high priority on attacking and dismantling the financial infrastructure of the Mexican DTOs. Every OCDETF-approved investigation must include a financial component designed to identify and ultimately forfeit the illegal assets of the targeted organization.

Additionally, the Department has established a "Bulk Currency Money Laundering Initiative," an OCDETF Southwest Region Strategic Initiative that investigates bulk currency movement along transportation routes in the Southwest. Although we do not know the exact

amount of bulk cash flowing back across the U.S. border to the Mexican DTOs, NDIC estimates that Mexican and Colombian DTOs generate, remove, and launder approximately \$18-\$39 billion annually in gross wholesale proceeds from their distribution of illicit drugs in the United States, a large portion of which is believed to be smuggled in bulk across the border back into Mexico. State and local agencies, which encounter the vast majority of currency seizures on the highways, often lack the resources necessary to conduct follow-up investigations that will lead to the identification and prosecution of the major drug organizations that own the smuggled currency. Again, we have worked in partnership with other federal agencies with primary responsibility for securing the U.S. border. This Strategic Initiative is designed to enhance all the federal, state, and local agencies' efforts through coordination and cooperative investigation. Federal agencies currently participating in this initiative include ATF, DEA, FBI, ICE, CBP, IRS, the USMS, and the U.S. Attorney's Offices.

Between 2007 and 2008, \$2.9 billion was forfeited under the Department's Asset Forfeiture Program. Under the National Asset Forfeiture Strategic Plan, asset forfeiture is integrated into every appropriate investigation and prosecution, recognizing that asset forfeiture is a powerful law enforcement tool that strips criminals of their illicit wealth.

Finally, under the Mérida Initiative, discussed above, the Department is sharing its expertise with Mexican investigators and prosecutors to strengthen Mexico's own asset forfeiture laws and authority.

### **Federal Prosecution Along The Border**

The United States Attorneys have over 540 prosecutors in the five Southwest Border districts, handling national and district-level priorities including narcotics trafficking, firearms trafficking, violent crimes, and immigration offenses. Although the Assistant U.S. Attorneys

(AUSAs) in these 5 border district offices comprise only 11 percent of the nation's AUSAs, in FY 2008, they were responsible for 35 percent of all felony cases, 68 percent of all felony immigration cases, and 35 percent of all non-OCDEF narcotics cases filed in U.S. District Courts nation-wide. Each of the Southwest Border United States Attorney's Offices works closely with federal, state, and local investigative agencies on the initiatives described above. The United States Attorney's Offices are on the front lines of the national effort to prosecute both large-scale criminal enterprise cases involving significant trafficking organizations as well as other criminal offenses arising at the border with Mexico. The United States Attorneys also coordinate with Mexican prosecutors to share evidence in appropriate cases to ensure that justice is achieved either in U.S. or Mexican courts.

During the past three years, U.S. Attorney's Offices and the Department's Criminal Division have seen a significant increase in the number of international fugitives returned to face justice in the United States through international extradition. Colombia and Mexico have extradited fugitives to the United States during this time in unprecedented numbers. Some of those extradited were significant cartel leaders, including major figures of the Tijuana and Gulf Cartels. For example, Osiel Cardenas Guillen, leader of the Gulf Cartel, was extradited from Mexico in January 2007. In December 2008, Mexico extradited Juan Diego Espinosa Ramirez, "El Tigre," a Colombian associate of the Sinaloa Cartel. In February of 2009, Mexico extradited Miguel Caro-Quintero to the United States to face federal narcotics trafficking and racketeering charges brought by the Department; Caro-Quintero is the former head of the now-defunct Sonora Cartel and was responsible for trafficking thousands of metric tons of cocaine and marijuana to the U.S. in the 1980s and 1990s. In March of this year, the Mexican government announced the arrest of Vicente Zambada-Niebla, a top Sinaloa cartel figure, who has been indicted on federal

narcotics charges in the U.S. In April, the Mexican army arrested Vicente Carrillo-Leyva, second in command of the Juarez Cartel and the son of the late Amado Carrillo-Fuentes, the original Juarez Cartel head.

To build upon these successes, and to handle the growing number of cases involving international extraditions and foreign evidence more effectively, the Department is in the process of establishing an OCDETF International Unit within the Criminal Division's Office of International Affairs, which will focus on OCDETF cases involving the highest-level Mexico-based targets. The Unit will expand the current level of cooperation with our foreign counterparts in the arrest, extradition, and successful prosecution of cartel leaders and their subordinates.

In addition, through its regional fugitive task forces and district-based violent offender task forces, the USMS works with state and local police agencies on both sides of the border to locate and arrest offenders who have committed drug crimes or drug-related crimes of violence in the United States and subsequently fled abroad, as well as those who have been charged in the United States but remain resident in other countries. These USMS-led task forces place a high priority on apprehending cartel-related fugitives both domestically and internationally. In FY 2008, USMS arrested 269 violent cross-border felony fugitives, and it currently has 200 cross-border violent felony fugitive arrests for FY 2009.

The USMS also leads the Mexico Investigative Liaison (MIL) Program, which focuses a coordinated effort on international fugitive matters along the Southwest Border. The purpose of this district-based violent crime initiative is to enhance the effectiveness of the USMS's apprehension of violent cross-border fugitives wanted in Mexico or the United States. The 42 Deputy U.S. Marshals currently assigned to the MIL program work under the auspices of the

USMS Foreign Field Office in Mexico City. This program enhances international fugitive efforts by establishing and maintaining contact with USMS Mexican counterparts and sharing real-time law enforcement intelligence information.

**Responding to the Threat with Additional Resources**

Although the elements of the Department’s proven prosecutor-led, intelligence-based strategy are in place, in order to be more effective in combating the Mexican cartels, the Department has taken the following steps to buttress our law enforcement resources along the Southwest Border and in Mexico.

- **Increased DEA presence on the border.** DEA is forming four additional Mobile Enforcement Teams to specifically target Mexican methamphetamine trafficking operations and associated violence, and anticipates placing 16 new positions in its Southwest Border field divisions. Twenty-nine percent (1,171) of the DEA’s domestic agent positions are now allocated to the DEA’s Southwest Border field divisions.
- **Re-allocation of 100 ATF personnel to Southwest Border.** Based on ATF intelligence, analysis of firearms trace data, and firearms trafficking patterns, ATF is deploying 105 employees, including 68 agents, to work on a temporary detail called Gunrunner Impact Teams. The personnel will be located primarily in Houston and South Texas. The FY 2009 Budget and Recovery Act include additional new funding for Project Gunrunner as well. In particular, \$10 million in American Recovery and Reinvestment Act funding is being used to hire 37 ATF employees to open, staff, equip, and operate new Project Gunrunner criminal enforcement teams (in McAllen, Texas; El Centro, California; and Las Cruces, New Mexico), and to assign two special agents to each of the U.S. consulates in Juarez and Tijuana to provide direct support to Mexican officials on firearms-

trafficking-related issues. ATF will also open new Gunrunner field offices in Phoenix, Arizona, and Houston under the FY 2009 Budget and will add 30 additional ATF personnel in those areas.

- **USMS Fugitive Apprehension and Violent Crime Response.** Over the last nine months, the USMS has deployed an additional 94 Deputy U.S. Marshals to district offices and sent two additional deputies, with another two to arrive by the end of the year, to assist the Mexico City Foreign Field Office in order to step-up efforts along the Southwest Border. In addition, new Criminal Investigators have been placed in the asset forfeiture field units along the Southwest Border. These new positions will support U.S. Attorneys' Offices and investigative agencies in the investigation of cartels and other large-scale investigations. To assist in securing the Mexican side of the border, USMS is providing training courses to our Mexican law enforcement counterparts, resulting in increased intelligence and operational reciprocity as it relates to fugitive investigations and violent crime initiatives. USMS has trained and equipped approximately 250 Mexican law enforcement officers since 2001, resulting in a 240 percent increase in the number of violent felony fugitives arrested.
- **OCDETF augmentation of its Strike Force capacity along the Southwest Border.** In order to foster the enhanced intelligence sharing and coordination necessary to achieve the optimum intelligence-driven, strategic enforcement approach against the most enduring and elusive targets, OCDETF has established Co-Located Strike Forces in key cities across the country, including San Diego and Houston. These Strike Forces operate as true task forces, whose multi-agency members are housed in a common office separate and distinct from any of their parent agencies. Through constant, daily interaction with

each other, while still enjoying the resources and support of their parent agencies, the members of the OCDETF Co-Located Strike Forces have achieved great success against the major Colombian and Mexican cartels. OCDETF is expanding the staffing of its San Diego and Houston Strike Forces. Within the last year, OCDETF has also established two new Strike Forces, one in Phoenix and one in El Paso. In addition, OCDETF is adding one full-time financial analyst contractor for each of the Strike Forces and has plans to place an NDIC DOMEX team with each Strike Force.

- **Increased FBI focus.** The FBI is enhancing its efforts to disrupt drug activity and to dismantle gangs that may have connections to the violent Mexican drug cartels by participating on OCDETF task forces. In addition, to address the surge in kidnappings, the FBI is working closely with Mexican police officials on a Bilateral Kidnapping Task Force. This task force investigates cases along the border towns of Laredo, Texas, and Nuevo Laredo, Mexico. Aside from operational task forces, each of the FBI's border offices has Border Liaison Officers who travel to Mexico on a weekly basis to liaison and coordinate with law enforcement partners. These tools provide local law enforcement on both sides of the border with a rapid response force to immediately pursue, locate and apprehend violent crime fugitives who commit their crimes and flee across the international border to elude capture.
- **Increased funding to combat criminal narcotics activity stemming from the Southern border.** The American Recovery and Reinvestment Act includes \$40 million, to be administered by the Department's Office of Justice Programs, to assist with state and local law enforcement to combat narcotics activity along the Southern border and in

High Intensity Drug Trafficking Areas, including the \$10 million that is required by statute to be allocated to Project Gunrunner.

- **Public relations campaign.** ATF is doing a public education campaign in Houston and San Antonio, Texas, this summer on illegal straw purchasing of firearms. This will include press conferences, radio, TV, billboards, and seminars with people who have federal licenses to sell firearms.

### **Conclusion**

Thank you for your interest in the Department's efforts to combat the alarming rise of violence in Mexico along the Southwest Border and our views about the most effective ways to address the current threat. In order to attack the full spectrum of the drug cartels' operations – drug trafficking, kidnapping, bribery, extortion, money laundering and smuggling of profits, and trafficking and use of dangerous firearms – we must employ the full spectrum of our law enforcement agencies' resources, expertise, and statutory authorities. By continuing to work together, building on what we have done well so far, and developing new ideas to refresh our strategies, we can rise to the current challenge. Again, thank you for your recognition of this important issue and the opportunity to testify here today. I will be happy to answer any questions you may have.