

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

April 12, 2013

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

Good morning. Thank you for allowing me the opportunity to testify on behalf of the President's Fiscal Year (FY) 2014 Budget request for the Drug Enforcement Administration (DEA). It is my pleasure to appear before you today, and I look forward to discussing the valuable and courageous work of the DEA employees stationed across the United States and around the world.

Over the years, your support has provided DEA with the vital resources necessary to disrupt and dismantle the largest drug trafficking organizations in the world. DEA has aggressively managed our resources to ensure that every dollar you provide is used in the most efficient manner possible. As you are well aware, the current budget climate is significantly different from previous years, but whatever the climate, I assure you DEA will make the most of the resources we're given. Your support for the mission of the DEA is more vital than ever.

Today, I will highlight some of DEA's recent achievements as well as the most important resource and operational challenges we face today.

### **Recent Accomplishments**

The efforts of DEA, and its Federal, state, local, and international law enforcement partners are having a real impact. According to the *National Survey on Drug Use and Health*—the Nation's largest, longest-running, and most comprehensive survey on drug use—the overall rate of drug use in America has dropped by roughly 30 percent over the past three decades.<sup>1</sup> More recently (since 2006), the number of past month (current) users of cocaine and methamphetamine have declined 44 percent and 40 percent respectively.<sup>2</sup> The *Monitoring the Future* study, the most important youth survey on drug

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<sup>1</sup> Past month illicit drug use among persons aged 12 or older, *National Survey on Drug Use and Health* (formerly the *National Household Survey on Drug Abuse*), 1979 to 2011.

<sup>2</sup> Past month cocaine and methamphetamine use among persons aged 12 or older, *National Survey on Drug Use and Health*, 2006 to 2011.

use in America, has shown that the overall rate of illicit drug use among high school seniors has fallen by 35 percent since 1979.<sup>3</sup>

During the past year, we have reached significant judicial outcomes on several significant cases. In April 2012, Viktor Bout, a notorious international arms trafficker, was sentenced to 25 years in prison on four separate terrorism offenses. DEA led the investigation that resulted in Bout's arrest and conviction. In June 2012, Haji Bagcho, an Afghan drug lord and one of the world's largest heroin traffickers, was sentenced to life in prison for drug trafficking and narco-terrorism. In August 2012, DEA announced the seizure of \$150 million in connection with a Hezbollah-related money laundering scheme. In October 2012, Manssor Arbabsiar pled guilty in U.S. court to conspiring with Iranian military officials to murder the Saudi Arabian Ambassador to the U.S.; this plot was discovered by DEA and successfully investigated with the cooperation of the FBI. Just last week, on April 4, DEA announced the arrest of seven alleged narco-terrorists who trafficked drugs in West Africa and elsewhere, benefiting terrorist organizations in Colombia.

### **FY 2014 President's Budget**

DEA's FY 2014 President's Budget was carefully formulated and takes into account the difficult budget environment we currently face as a nation. This budget request focuses on the continuation of established and successful enforcement initiatives. For FY 2014, DEA requests \$2,428,869,000 for its Salaries and Expenses (S&E) and Diversion Control Fee Accounts (DCFA). In addition, DEA will receive an estimated \$557 million in reimbursable funding from the Organized Crime Drug Enforcement Task Force (OCDETF) program, the Asset Forfeiture Fund, the Department of State, and other agencies.

DEA's FY 2014 request provides funding for two significant Department of Justice (DOJ) program realignments, which will improve the efficiency of federal drug law enforcement. In FY 2012, Congress directed DOJ to close the National Drug Intelligence Center (NDIC) and reassign its high priority functions to other DOJ components. As a result, key NDIC functions and 57 positions were transferred to DEA during FY 2012. DEA's FY 2014 request includes \$8 million to support these transferred positions and functions.

In addition, the FY 2014 President's Budget transfers funding for land mobile radios back to DEA and other components from a centrally managed DOJ account. While DOJ is currently modernizing the Federal Bureau of Investigation's (FBI) radio system to create a shared network, law enforcement components continue to rely on legacy radio systems, which require annual operation and maintenance costs associated with circuits, leases, and systems. DEA's FY 2014 request includes \$16.3 million for these costs.

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<sup>3</sup> Long-term trends in 30-day prevalence of illicit drug use in grade 12, *Monitoring the Future*, University of Michigan, 1979 to 2012.

DEA's FY 2014 request includes the elimination of 514 vacant positions, including 50 special agent positions, considered "hollow positions". After the elimination of these vacant positions, DEA will have a total of 10,699 positions, including 5,303 special agents, including fee funded and reimbursable positions, and will utilize an estimated 9,639 Full Time Equivalents (FTE) in FY 2014.

DEA's FY 2014 request also contains \$12 million in program offsets. These include savings realized from increased efficiencies and reduced spending, including costs related to publications, travel, advisory contracts, and information technology (IT) devices. Additionally, the FY 2014 offsets include savings realized from collaborating on IT contracts and potentially through sharing contracts with other components. Finally, the FY 2014 President's Budget proposes the cancellation of \$10 million in prior year unobligated balances from DEA's S&E Account.

### **DEA's Financial Position**

Implementing the budget cuts mandated by the FY 2013 sequester requires DEA to make adjustments to our resource management strategy. Because DEA cannot make immediate reductions in funding for mandatory items such as rent, utilities, security, legal obligations, Department of State charges, and other reimbursable agreements, we are absorbing the sequester reductions by continuing the hiring freeze, cutting contracts, and limiting certain operational expenditures.

The sequester is forcing DEA to make many difficult choices. Fortunately, we have processes in place for dealing with resource shortages and making the most of the resources we have been provided. In FY 2007, DEA initiated the Zero Based Budget (ZBB) process as a way to allocate funding to program offices based on a review of current program requirements and agency priorities, rather than prior year allocations. ZBB ensures that priority programs and mandatory bills are fully covered and allocates any remaining funding to its highest priorities. DEA uses ZBB to conduct a thorough review of its base resources on an annual basis and it is serving our agency well during this sequester period.

Furthermore, DEA has been an active participant in the Administration's Campaign to Cut Waste. As part of this Campaign, the Administration has moved to cut wasteful spending and programs that do not work, strengthen and streamline what does work, leverage technology to transform Government operations to save money and improve performance, and make Government more open and responsive to the needs of the American people. In this context, DEA has achieved significant savings by mandating that its employees purchase the lowest available fare for all official travel. This policy applies to temporary duty travel, permanent change of station travel, home leave, rest and recuperation, and invitational travel. As a result of this policy, DEA reduced its travel expenditures in FY 2012 by over \$6.5 million, a 36 percent reduction.

## **DEA's Focus on the Most Significant Drug Trafficking Organizations**

As a single mission agency with the Federal responsibility for coordinating U.S. drug enforcement activities worldwide, DEA focuses on the organizations and principal members of organizations involved in the growing, manufacture, or distribution of controlled substances. This entails targeting the world's "Most Wanted" drug traffickers, identified as Consolidated Priority Organization Targets (CPOTs) as well as other Priority Target Organizations (PTOs). There are currently 67 CPOTs, a designation conferred by the OCDETF member agencies. A PTO is a DEA designation given to drug trafficking organizations with an identified hierarchy engaged in the highest levels of drug trafficking and drug money laundering operations with a significant international, national, regional, or local impact upon drug availability. DEA's ultimate objective is to dismantle CPOTs and PTOs so that reestablishment of the same criminal organization is impossible and the source of the drugs they distribute is completely eliminated.

Since we started tracking CPOTs in FY 2003 there have been a total of 166 CPOTs identified by DOJ. Cumulatively, 125, (75 percent) have been indicted, 93 (55 percent) have been arrested, and 50 (30 percent) have been extradited. FY 2012 was a very successful year. Four CPOTs were extradited to the U.S., four were arrested overseas and are pending extradition, six were arrested and are in custody outside of the U.S., and one CPOT was killed in a gun battle with Mexican law enforcement authorities. Also during FY 2012, DEA disrupted or dismantled 3,120 domestic and foreign PTOs, of which 524 were linked to CPOT organizations. This number represents a 3 percent increase over the 3,030 PTOs disrupted or dismantled in FY 2011 and a 16 percent increase over the 2,683 PTOs disrupted or dismantled in FY 2010. Overall, DEA's flagship PTO program has been highly successful and DEA is achieving its ultimate objective by dismantling these powerful criminal networks.

Although CPOTs and PTOs operate around the world, DEA has placed a special emphasis on Mexican drug trafficking organizations because they control the smuggling of drugs into the U.S, as well as drug distribution in most U.S. cities, and their influence is growing. Drug-related violence in Mexico continues at high levels as Mexican cartels compete for control of drug smuggling routes and the transportation corridors along the Southwest Border. For example, the vast majority of methamphetamine trafficked in the U.S. was produced in large labs operated by Mexican drug trafficking organizations operating on both sides of the Southwest border. DEA focuses on identifying and attacking these organizational structures through communications exploitation, following the money, and gathering information from cooperating sources.

DEA's successes against CPOT and PTO targets would not be possible without the strong working relationships we maintain with our Federal, state, local, and tribal law enforcement counterparts. DEA-led task forces and Federal interagency efforts act as force multipliers, drawing on the expertise and assistance of other agencies. DEA currently leads 194 state and local task forces, with a total onboard strength of 1,800 special agents and nearly 2,200 task force officers. DEA is also the lead agency in 78 percent of all OCDETF investigations, and participates in 88 percent of the OCDETF

investigations. Through these OCDETF investigations, DEA and other participating agencies identify, disrupt, and dismantle the most serious drug trafficking and money laundering organizations and those primarily responsible for the nation's drug supply.

### **Information Sharing and De-confliction**

Intelligence sharing, de-confliction, and cooperation between Federal, state, and local law enforcement partners is the key to combating transnational organized crime. To accomplish this, DEA uses primarily the Special Operations Division (SOD). With 26 law enforcement agencies represented at SOD, its mission is to bring together the law enforcement strategies and operations of the participating agencies to dismantle drug trafficking organizations by exploiting their command and control communications. SOD facilitates coordination and communication among offices with overlapping investigations to ensure tactical and strategic intelligence is shared between DEA and SOD's participating agencies. SOD not only serves as the de-confliction point for domestic and international drug investigations, it also plays a vital role in coordinating many of the Department's violent crime and international organized crime investigations.

***Project Below the Beltway*** is one example of DEA's recent success in disrupting Mexican cartels. This two and a half year operation, culminating in December 2012, targeted the Sinaloa and Juarez Cartels and violent street gangs and their distribution network in America. Comprised of investigations in 79 U.S. cities and several foreign cities within Central America, Europe, Mexico, South America, and elsewhere, ***Project Below the Beltway*** resulted in 3,780 arrests and the seizure of 6,100 kilograms of cocaine, 10,284 pounds methamphetamine, 1,619 pounds of heroin, 349,304 pounds of marijuana, \$148 million dollars in U.S. currency, and \$38 million dollars in other assets. SOD coordinated ***Project Below The Beltway***, which involved the participation of the FBI, Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI), the Internal Revenue Service (IRS), Customs and Border Protection (CBP), the United States Marshals Service, the Office of Foreign Asset Control, and numerous state and local law enforcement entities.

### **El Paso Intelligence Center (EPIC)**

In addition to SOD, DEA also leads EPIC, a multi-agency tactical law enforcement intelligence center that focuses on supporting law enforcement efforts in the Western Hemisphere with a significant emphasis on the Southwest Border. EPIC houses employees from 25 Federal, state, and local agencies plus representatives from Mexico and Colombia. Through its 24-hour Watch function, EPIC provides immediate access to participating agencies' databases to law enforcement agents, investigators, and analysts. This function is critical in the dissemination of relevant information in support of tactical and investigative activities, de-confliction, and officer safety. EPIC offers significant, direct tactical intelligence support to Federal, state, local, and tribal law enforcement agencies, especially in the areas of clandestine laboratory investigations and highway interdiction efforts. EPIC also has information sharing agreements with police agencies in all 50 states and provides support to associate members in the international law enforcement community. Increasingly, EPIC is becoming the central repository for

nation-wide Federal, state, local and tribal seizure information related to drugs, weapons, and currency.

DEA's FY 2012 appropriation included \$10,000,000 in construction funding for an expansion and renovation project at EPIC. DEA appreciates the Committee's support for this critical infrastructure improvement. The architectural concept design was completed in January 2013. When completed, this project will facilitate enhanced interagency collaboration, allow for the participation of more member representatives, and improve the level of services provided to EPIC's numerous customers.

### **Financial Investigations**

DEA places a high priority on financial drug investigations by targeting the financial infrastructure of major drug trafficking organizations and members of the financial community who facilitate the laundering of their proceeds. By seizing drug proceeds, DEA prevents drug trafficking organizations from using these funds to fuel the next round of drug production, further corrupting and destabilizing emerging economies and democracies. During FY 2012, DEA denied total revenue of \$2.8 billion from drug trafficking and money laundering organizations through asset and drug seizures. This includes nearly \$750 million in cash seizures. Between FY 2005 and FY 2012, DEA has denied more than \$21.5 billion in revenue from drug trafficking organizations, \$5.8 billion of which was cash.

DEA also addresses the threat that drug proceeds represent as a means of financing terrorist organizations. On August 20, 2012, DEA announced the seizure of \$150 million in connection with a civil money laundering and forfeiture complaint filed in December 2011. This complaint alleged a massive, international scheme in which entities linked to Hezbollah, including the now defunct Lebanese Canadian Bank (LCB), used the U.S. financial system to launder narcotics trafficking and other criminal proceeds through West Africa and back into Lebanon. From approximately January 2007 to early 2011, at least \$329 million was transferred by wire from LCB and other financial institutions to the U.S. for the purchase of used cars that were then shipped to West Africa. Cash from the sale of the cars, along with the proceeds of narcotics trafficking, were funneled to Lebanon through Hezbollah-controlled money laundering channels. LCB played a key role in these money laundering channels and conducted business with a number of Hezbollah-related entities.

### **International Partnerships**

Because of the international nature of drug trafficking, strong partnerships with foreign counterparts are vital in drug law enforcement. As DEA is not authorized to operate unilaterally overseas, cooperation with the Departments of State and Defense as well as foreign law enforcement agencies is essential to DEA accomplishing its mission. DEA has 86 offices in 67 foreign countries and more than 700 onboard employees stationed overseas. DEA's cooperative partnerships with foreign nations also help these nations develop more self-sufficient, effective drug law enforcement programs, which ultimately

benefits the United States. As part of this effort, DEA conducts training for host country police agencies at the DEA training facilities in Quantico, Virginia and on-site in the host countries. In addition, the U.S. has extradition relationships with many nations and DEA makes use of these arrangements whenever possible.

A key element of DEA's international efforts is the Sensitive Investigative Unit (SIU) program. DEA's SIU program helps build effective and trustworthy host nation units capable of conducting complex investigations targeting major drug trafficking organizations. The SIUs also work closely with host nation prosecutors to ensure that criminal investigations lead to effective prosecutions. SIUs consist of host nation investigators who are polygraphed, trained, equipped, and guided by DEA. DEA currently has 12 SIUs, which are comprised of over 900 host-nation law enforcement officials. The program provides DEA with a vetted and focused investigative force multiplier and a global transnational enforcement and intelligence network.

DEA supports the U.S. Government's Counternarcotics Strategy for Afghanistan through close partnership with the Departments of State and Defense. DEA also works to help the Government of the Islamic Republic of Afghanistan establish a capable, independent counternarcotics law enforcement presence to enforce the rule of law. This includes working bilaterally with host nation counterparts to identify, investigate, and bring to justice the most significant drug traffickers in Afghanistan and neighboring countries. DEA has made significant strides in achieving its objectives for Afghanistan and continues to carry out its strategic objectives. In particular, we have seen significant progress with the specialized vetted units we have established with the Counternarcotics Police-Afghanistan (CNP-A). DEA is carefully monitoring the continuing military drawdown and the scheduled conclusion of combat operations in Afghanistan at the end of 2014 and will adjust its activities and operations there to be commensurate with U.S. foreign policy missions going forward and the subsequent availability of resources to provide for the safety and security of our personnel and those of our host nation partners.

### **Prescription Drug Abuse**

Prescription drug abuse is the Nation's fastest-growing drug problem. In 2010, approximately 38,329 unintentional drug overdose deaths occurred in the U.S., the equivalent of one death every 14 minutes. Of this number, 22,134 deaths were attributed to prescription drugs, and 75.2 percent of these deaths (16,651) were attributed to opioid overdoses, which equates to one death every 19 minutes due to opioid overdoses.<sup>4</sup> According to the 2011 National Survey on Drug Use and Health (NSDUH), 6.1 million people over the age of 12 used psychotherapeutic drugs for non-medical reasons during the past month. This represents 27 percent of illicit drug users and is second only to marijuana in terms of popularity. There are more current users of psychotherapeutic

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<sup>4</sup> CDC Drug Overdose Deaths in the United States, 2010, published October 2012

drugs for non-medical reasons than current users of cocaine, heroin, and hallucinogens combined.<sup>5</sup>

In recent years, due to the overwhelming abuse of prescription psychotherapeutic drugs, more specifically opiates, the United States has seen a spike in new initiates of heroin abuse. Law enforcement agencies across the country have confirmed this and are reporting to DEA that they are beginning to observe young people who became addicted to opioid prescription drugs yet cannot continue to pay for them and who have turned therefore to heroin—a cheap alternative to prescription opioids.

When pain clinics replaced the internet as the primary source of pharmaceutical drug diversion in late 2008, DEA commenced a two-pronged reorganization of the Diversion Control Program to expand Tactical Diversion Squads (TDSs) throughout the United States with full criminal law enforcement authorities, and allow Diversion Investigators to focus on regulatory enforcement of the Controlled Substances Act (CSA). By March 25, 2011, there were 37 operational TDS's throughout the U.S.; by March 25, 2013, there were 51, with 7 more TDS's authorized. The TDS's and Diversion Groups have brought their skills to bear on Florida-based pain clinics that replaced internet pharmacies as the primary pharmaceutical drug diverters. As the pill mill threat is driven out of Florida towards the north and northwest, DEA is targeting the diversion by continuing to establish and use the TDS's proven law enforcement skills, the Diversion Groups' regulatory expertise, and educating pharmacists.

DEA continues to work with its law enforcement partners to address rogue pain clinics in Florida and elsewhere. DEA's *Operation Pill Nation* that began in February 2010 and the follow-up investigation *Operation Pill Nation II* that began in 2011 have resulted in 89 administrative actions, 67 Immediate Suspension Orders, 11 Orders to Show Cause, 11 surrendered DEA registrations, 41 Clinic closures, and over 90 arrests including the arrest of 43 physicians. In addition, over \$19 million in assets have been seized as a result of these operations.

In addition to its enforcement efforts, DEA is continuing its very successful National Prescription Drug Take-Back Initiative. On September 29, 2012, DEA, working with more than 3,900 state and local law enforcement partners, conducted the fifth National Prescription Drug Take-Back Day. More than 244 tons of unwanted or expired prescription drugs were collected at over 5,263 sites nationwide. As a result of all five National Take-Back Initiatives, the DEA, in conjunction with its state, local and tribal law enforcement partners, has removed a total of 2 million pounds (1,018 tons) of medications from circulation. DEA has scheduled another National Prescription Drug Take-Back Day for April 27, 2013.

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<sup>5</sup> *National Survey on Drug Use and Health: Volume I. Summary of National Findings*, published September 2011.

## Synthetic Drugs

The last threat I want to highlight is the one represented by the burgeoning array of synthetic drugs. In recent years, a growing number of dangerous products have been introduced into the U.S. marketplace. These include synthetic cannabinoids (commonly referred to as “Spice” or “K2”) and synthetic cathinones (commonly referred to as “bath salts” or “glass cleaners”). Synthetic cannabinoids are so termed for their THC-like pharmacological properties, and have been identified in varying mixture profiles and amounts laced on plant material or related products. Synthetic cathinones are derivatives of cathinone, a central nervous system stimulant, which is an active chemical found naturally in the khat plant. These substances are often labeled “not intended for human consumption” as a means to thwart prosecution pursuant to the federal Controlled Substance Analogue Enforcement Act. These insidious substances are often marketed directly to teenagers and young adults as a “legal” alternative to other illicit substances such as marijuana. In reality, they are incredibly dangerous, with users having unpredictable and sometimes deadly reactions to these substances.

On July 9, 2012, President Barack Obama signed the Food and Drug Administration Safety and Innovation Act (FDASIA – P.L. 112-144), which amended several provisions of the CSA. We commend Congress for passing this important legislation. While the FDASIA controlled 26 different synthetic drugs under Schedule I of the CSA, the U.S. still faces a significant threat from these and numerous other emergent synthetic substances. As of January 31, 2013, the National Forensic Laboratory Information System (NFLIS), a DEA-sponsored program that collects drug chemistry results from cases analyzed by state, local, and federal forensic laboratories, shows U.S. law enforcement encountering 51 different synthetic cannabinoids, 31 different synthetic cathinones, and 76 other synthetic compounds.

Despite the enforcement challenges involved with synthetic drugs, DEA has had notable success in targeting this threat. *Operation Log Jam* was the first-ever, nationwide law enforcement action against the industry responsible for the production and sale of synthetic drugs. This DEA-initiated, multi-jurisdictional investigation targeted a group of manufacturers, wholesalers, sub-distributors, and retail distributors involved in the illegal distribution of synthetic cannabinoids and synthetic cathinones. This two-day operation targeting suppliers and sellers of synthetic cannabinoids and cathinones took place in July 2012 and encompassed over 300 search warrants, the seizure of over 5.3 million packets of cannabinoids, 1,900 pounds of cannabinoid powder, and over \$40 million in U.S. currency. *Operation Log Jam* was led by DEA with assistance from ICE, the IRS, the U.S. Postal Inspection Service, CBP, the FBI, and the Food and Drug Administration’s Office of Criminal Investigations, as well as countless state and local law enforcement members in over 109 U.S. cities.

## Conclusion

Targeting the world’s most prolific and dangerous drug traffickers is a dynamic and evolving mission. Not only as the DEA Administrator, but also as a career special agent,

I can tell you that DEA is making a difference in our communities, and our dedicated workforce feels the same. The men and women of DEA take pride in their accomplishments. By taking harmful drugs off of the street, dismantling major drug organizations, and seizing the profits associated with this trade, we are making our nation a safer place to live and do business. We will not stop until the job is finished.

Mr. Chairman and Members of the Subcommittee, this concludes my formal remarks. I would be happy to answer any questions you may have.