



U.S. Immigration and Customs Enforcement

STATEMENT

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U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT
DEPARTMENT OF HOMELAND SECURITY

REGARDING

“An Unsecure Border and the Opioid Crisis: The Urgent Need for Action to Save Lives”

BEFORE THE

U. S. HOUSE OF REPRESENTATIVES
COMMITTEE ON HOMELAND SECURITY, SUBCOMMITTEE ON BORDER AND
MARITIME SECURITY

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10:00 a.m.
Phoenix, Arizona

Chairman McSally, Ranking Member Vela, and distinguished members:

Thank you for the opportunity to appear before you today to discuss the opioid crisis in the United States, particularly along the border here in Arizona, and the efforts of U.S. Immigration and Customs Enforcement (ICE) to target, investigate, disrupt, and dismantle the criminal networks responsible for the manufacturing, smuggling, and distribution of dangerous opioids.

As the largest investigative agency within the U.S. Department of Homeland Security (DHS), ICE Homeland Security Investigations (HSI) enforces more than 400 federal criminal statutes to include the Immigration and Nationality Act under (Title 8), U.S. customs laws under (Title 19), general federal crimes under (Title 18), and the Controlled Substances Act under (Title 21). HSI Special Agents use this authority to investigate all types of cross-border criminal activity and work in close coordination with U.S. Customs and Border Protection (CBP), the Drug Enforcement Administration (DEA), the United States Postal Inspection Service (USPIS) and our state, local, tribal and international partners in a unified effort, to target the Transnational Criminal Organizations (TCOs) that are supplying illicit substances, to include opioids, to the United States.

Today, I would like to highlight our efforts to reduce the supply of illicit opioids, such as heroin, fentanyl, and fentanyl analogues from coming into the United States along the Southwest border in Arizona and the operational challenges we encounter.

Introduction to Illicit Opioid Smuggling

The United States is in the midst of an opioid epidemic that is being fueled by the smuggling and trafficking of heroin, illicit fentanyl, and fentanyl analogues. Based on investigative efforts, United States law enforcement has identified China and Mexico as primary sources of the U.S. illicit fentanyl threat.

Illicit fentanyl, fentanyl analogues, and their immediate precursors are most often produced in China. From China, these substances are shipped primarily through international mail or express consignment carriers (such as DHL, FedEx, or UPS) directly to the United States or, alternatively, shipped directly, via express consignment, postal or commercial carriers to TCOs in Mexico. Once in the Western Hemisphere, fentanyl or fentanyl analogues are prepared and mixed with other narcotics and fillers and/or pressed into pill form, and then moved to the illicit U.S. market where demand for prescription opioids and heroin remain at epidemic levels. In some cases, regional distributors smuggle industrial pill presses and components into the United States to operate fentanyl tableting operations domestically.

Mexican cartels have seized upon the profit potential of synthetic opioids, and seem to have invested in growing their share of this illicit market. Low cost coupled with high potency (one kilogram of fentanyl can be purchased in China for \$3,000 - \$5,000) can generate upwards of \$1.5 million in revenue on the illicit market. We are now seeing instances in which precursors originating in China and smuggled into the U.S. have traveled through the U.S., destined for the

southwest border locations, to include Arizona. The Mexican cartels have then smuggled the precursors out of the U.S., synthesize them into fentanyl, and imported the finished product back into the U.S. for distribution and consumption. The final product may be advertised as heroin, and the end user may not be aware of the presence of fentanyl.

Illicit Opioid Shipments via International Mail and Express Consignment Facilities

Though fentanyl seizures made at land border ports of entry are higher in number and larger in volume, the fentanyl seizures from mail and express consignment carrier (ECC) facilities are much higher in purity. Laboratory results of tested fentanyl has identified that the majority of illicit fentanyl seized in the international mail and ECC environments is shipped in concentrations of over 90 percent, whereas the majority of fentanyl in the land border port of entry environment is seized in concentrations of less than 10 percent. Illicit opioids like fentanyl can be purchased easily through open source and dark web marketplaces.

Just as TCOs attempt to hide illicit smuggling attempts at the land border ports of entry by blending into the voluminous daily legitimate cross-border traffic, TCOs are exploiting the great volumes of mail and parcels entering and crossing the United States as a means to conceal their criminal activity. In an effort to combat opioid trafficking through the mail and express consignments, HSI is targeting supply chain networks, coordinating with domestic and international partners, and providing field training to highlight officer safety, trends, and collaboration benefits with partners such as CBP, DEA and the USPIS.

In April 2017, CBP Officers assigned to an express consignment facility in Memphis, Tennessee intercepted a parcel from China found to contain more than two kilograms of a white powder, which after lab testing was found to be the fentanyl precursor 4-ANPP. The parcel was destined for a warehouse in Nogales, Arizona. The CBP Officers coordinated with HSI Special Agents assigned to the Memphis Border Enforcement Security Task Force (BEST), who in turn coordinated with HSI Nogales to conduct a controlled delivery of the parcel. Through its investigative efforts, HSI Nogales identified the unwitting courier hired to pick-up the parcel, and developed significant information about the organization in Mexico that was coordinating the smuggling effort. While this investigation is ongoing, the intelligence developed from interviewing the courier about his likely conspirators has permitted HSI to impede operation of a precursor pipeline feeding fentanyl production in Mexico.

HSI is fully engaged with the DEA Special Operations Division (SOD) and the CBP National Targeting Center (NTC) to identify shipment routes and to target parcels that may contain illicit opioids and manufacturing materials. Full financial and investigative analyses are also conducted. While this is a good start, we recognize much more needs to be done.

Recognizing the need for greater action, HSI, CBP, and the USPIS are collaborating in the development of a more robust, nationwide effort to interdict illicit opioids transiting through mail facilities including by obtaining advanced data to improve our targeting. HSI is expanding the number of its trained investigators assigned to international mail facilities. These additional investigators will be seeking to conduct long term, complex, criminal investigations into opioid

trafficking activities, with the goal of achieving additional significant seizures and arrests. These seizures and arrests will help disrupt the movement of illicit opioids and opioid precursors transiting through the mail and ECCs, and will aid in the dismantling of distribution networks. The ultimate goal of course, is to reduce overdose deaths in the United States.

Smuggling of fentanyl and heroin across the Arizona/Mexico Border

The vast majority of fentanyl and heroin entering or transiting Arizona is smuggled across the shared border with Mexico via the land border ports of entry. Like other narcotics supplied by Mexico, heroin and fentanyl loads are often smuggled utilizing deep concealment within passenger vehicles, as the TCOs exploit the high volume of cross-border traffic at our ports of entry as part of their smuggling efforts. Heroin and fentanyl loads are also smuggled by pedestrians entering the United States at ports of entry, often concealed on their person, or in their bags or backpacks.

Loaded vehicles often contain multiple types of illicit drugs, which we refer to as “poly loads” or “mixed loads”. It seems that the traditional drug supplying organizations have diversified their illicit product inventory to include increased amounts of heroin and fentanyl while also continuing to source methamphetamine, cocaine and other drugs. HSI, as the investigative agency responsible for investigating smuggling at the ports of entry, works closely with CBP every day, to ensure that every smuggling incident is vigorously investigated, and expanded to the networks behind the smuggling attempt. Additionally, intelligence developed through HSI's investigative efforts is shared with CBP to enhance and refine their targeting and interdiction efforts at the ports of entry.

Almost all the Mexico-sourced drug supply entering the United States via the border in Arizona can be attributed to the Sinaloa Cartel. HSI continues to investigate and identify the leadership of the Sinaloa Cartel and attack the critical organizational nodes of smuggling facilitators and financial networks that sustain their operations. However, every law enforcement success against the Cartels is challenged by the fact that the Cartels are highly networked organizations with built in redundancies that adapt on a daily basis based on *their* intelligence about U.S. border security and law enforcement. Mexican cartels, notably the Sinaloa Cartels, stretch across and beyond the Southwest Border, where they have strategically situated people in cities across the United States who have established networks and loose affiliations with smaller organizations for the purpose of smuggling.

Our vigorous response to these threats must include increased border security infrastructure, personnel, and technology, a system of systems if you will. Effective physical barriers, advanced technology, and strategic deployment of law enforcement personnel is essential, but it should be bolstered by interior enforcement and administration of our immigration laws in a manner that serves the national interest.

ICE's Collaborative Lines of Effort in Arizona

There is no single entity or solution that can stop the flow of dangerous illicit drugs such as fentanyl and fentanyl analogues into the United States or keep them from harming the American public. Tackling this complex threat involves a united, comprehensive strategy and aggressive approach by multiple entities across all levels of government. Therefore, ICE, through its investigative arm, HSI, has long had inter-agency collaboration as one of its operational pillars. Law Enforcement partnerships in Arizona are strong, and all agencies are committed to doing everything they can to defeat the heroin and fentanyl crisis that is gripping our nation. Through partnerships across Arizona, across the nation, and across the globe, HSI's commitment to collaboration is having a significant and positive impact.

Border Enforcement Security Taskforces (BESTs)

Border Enforcement Security Taskforces (BESTs) are DHS's primary platform to investigate opioid smuggling domestically. ICE currently operates BESTs in 62 locations throughout the United States. During Fiscal Year (FY) 2017, the number of BESTs increased 30 percent in response to the President's Executive Order 13773, *Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking*. BESTs leverage the participation of more than 1,000 federal, state, local, tribal, and foreign law enforcement agents and officers representing over 100 law enforcement agencies to target opioid smuggling. In Arizona, HSI oversees seven BESTs, one in each of all our frontline border offices: Douglas, Nogales, Sells and Yuma, as well as Tucson, Casa Grande and Phoenix. BESTs not only leverage the abilities and authorities of the participating agencies by unifying all under a single DHS effort ; but they also provide a common case management and intelligence platform, which greatly increases the speed, completeness, and transparency of investigative and intelligence information sharing.

This level of information sharing is critical for combatting the TCOs that smuggle fentanyl and other drugs across the Arizona Border and distribute it in our heartland. The common case management and intelligence platforms enable the information obtained from a port seizure in Nogales, to be shared immediately with a BEST investigating a transportation cell in Phoenix, and a BEST investigating at a distribution network in Ohio.

So, to cite a real-world example, in support of an ongoing investigation of a Nogales Sonora-based cell of the Sinaloa Cartel that smuggles opioids and other hard narcotics through the Nogales ports of entry, HSI agents and Maricopa County Sheriff's Detectives were able to identify a recipient of the narcotics in Phoenix. During a traffic stop, the recipient was found to be in possession of 175 grams of fentanyl in pill form. Agents were also able to detain a package the recipient had dropped off at a post office, and working with U.S. Postal Inspectors, obtained a search warrant for the package, which was found to contain 1.3 kilograms of methamphetamine. HSI Special Agents were able to immediately and effectively coordinate with their counterparts in Little Rock, Arkansas, where the package was destined, and ultimately effected the arrest of the intended recipient. Both subjects have been charged federally with

Possession with Intent to Distribute Narcotics and Conspiracy to Possess and Distribute Narcotics.

Joint Port Enforcement Groups (JPEGs)

Across Arizona and now expanded across the southwest border, HSI and CBP have formed collaborative partnerships designated as Joint Port Enforcement Groups (JPEG) to more effectively address smuggling, to include opioid smuggling, at the ports of entry, while addressing staffing challenges and breaking down historical stovepipes. Under HSI supervision, CBP Officers and Border Patrol Agents have been trained on port response investigations. This ensures, particularly at remote ports of entry, that investigative efforts are started promptly, and information is shared quickly. The JPEGs also ensure clear and unfettered information sharing between ICE and CBP, breaking down historical barriers between DHS component agencies. This dramatically improves our ability to arrest and prosecute those who would attempt to smuggle opioids or other contraband into the country, while freeing up limited HSI resources to pursue more complex investigations targeting the entire smuggling network.

High Intensity Drug Trafficking Areas (HIDTAs)

Created by Congress through the Anti-Drug Abuse Act of 1988, the HIDTA program provides assistance to Federal, state, local and tribal law enforcement agencies operating in areas determined to be critical drug trafficking regions of the United States. The Office of National Drug Control Policy administers the HIDTA program, providing funding and working with Congress to designate localities eligible for the program. Like the BESTs, the HIDTA Task Forces ensure that the concerns of all the participating agencies, to include the state, local and tribal agencies, are included in investigative priorities; which certainly includes the impact of heroin and fentanyl on their communities. HSI works very closely with all Arizona HIDTA member agencies. In Nogales, HSI leads and houses the Santa Cruz County HIDTA Investigative Task Force.

On the Tohono O'odham Nation, HSI houses and predominantly staffs the Native American Targeted Investigation of Violent Enterprises (NATIVE) Task Force. The HIDTA and NATIVE task forces then apply the full force of the participating agencies' authorities and abilities to disrupt and dismantle the threat. In collaboration with Border Patrol, and in close coordination with the U.S. Attorney's Office, the NATIVE Task Force has led a multi-layered initiative to disrupt and dismantle the extensive scouting and re-supply networks that have long enabled prolific smuggling in Arizona's West Desert Region. For years, law enforcement operating in the West Desert has been hampered by scouts for the drug cartels who sit on the highpoints and relay law enforcement movement to smuggling groups moving across the remote terrain. Challenges have included bringing effective prosecutions to the scouts, as they are geographically separate from the drugs they are helping to smuggle. By employing a comprehensive strategy, that identified and attacked the critical nodes that have made the West Desert one of the nation's most notorious smuggling corridors, these ongoing efforts have already resulted in a significant degradation to operations of the Sinaloa Cartel in the area.

Joint Task Force - West – Arizona Corridor

HSI is a critical participant in the Joint Task Force - West (JTF-W) – to include in the Arizona Corridor. JTF-W is a collaborative effort across DHS components in support of the DHS Secretary’s Southern Border and Approaches Campaign. In the Arizona Corridor, JTF-W conducts an annual cross-component threat assessment to ensure that DHS is aligning its resources and operating within a unity of effort to address cross-border threats, to include heroin and fentanyl smuggling.

Alliance to Combat Transnational Threats

The Alliance to Combat Transnational Threats is similar to the JTF-W, but expands the collaborative structure to include other federal, state, local and tribal partners. Through this forum, joint operations to promote border security and counter the threat of smuggling are prioritized and planned. Additionally, intelligence and best practices are shared. One recent Unified Command meeting featured a presentation on personal protective equipment and fentanyl testing procedures to minimize the risk of exposure to fentanyl to law enforcement officers.

ICE’s use of collaboration centers outside of Arizona to attack the threat in Arizona

National Targeting Center – Investigations (NTC-I)

ICE HSI participates at CBP’s NTC program through the National Targeting Center – Investigations (NTC-I), which leverages intelligence gathered during HSI investigations and exploits it using CBP data sets to target the flow of drugs into the United States. The NTC-I works to share information between CBP and ICE HSI entities world-wide.

ICE HSI has assigned special agents to work within the NTC Cargo (NTC-C) Narcotics Division. These special agents serve as liaisons between the NTC and ICE HSI personnel in both domestic and international posts. HSI investigative case data is fused with CBP targeting information to bolster investigations targeting illicit opioid smuggling and trafficking organizations. HSI and CBP in Arizona share all heroin and fentanyl seizure data and intelligence with the NTC to ensure the maximum exploitation of our combined efforts, more complete targeting, and more robust and impactful investigations. HSI in Arizona has consistently detailed special agents to the National Targeting Center to assist in these efforts.

NTC-I conducts post-seizure analysis based on ICE seizures in the field and CBP seizures at the ports of entry. The analysis is critical to identifying networks that transport illicit opioids throughout the United States. The resulting products are then shared with the affected HSI offices in the form of investigative leads. Another key component of the post-seizure analysis is the financial investigation. The NTC-I focuses on the financial element of the smuggling organization by exploiting information gathered from multiple financial databases.

Cyber Crimes Division

The ICE HSI Cyber Crimes Division provides support and assistance to field cyber investigations targeting dark net illicit marketplaces, where fentanyl and chemical precursors proliferate. This includes support to active investigations in Arizona. Recognizing the need to proactively target online opioid trafficking, the ICE HSI Cyber Crimes Division is identifying ongoing investigations and facilitating the coordination of online and in person undercover operations conducted in furtherance of dark net illicit marketplaces.

As criminal activity, and especially the trade of illicit opioids, continues to migrate to the online world, ICE HSI faces growing demand for cyber investigative assistance. Through the Human Exploitation Rescue Operative (HERO) program, the Cyber Crimes Division is training former warfighters to continue their service to the nation in the field of computer forensics. HSI in Arizona currently has one (1) HERO intern, and has converted four (4) former HERO interns, all or whom completed their internships in Arizona, to full time computer forensic agents to bolster our ability to fight cyber enabled crimes.

Special Operations Division (SOD)

The DEA's Special Operations Division (SOD) Heroin and Fentanyl Task Force (HFTF) is supported by ICE, CBP, DEA, USPIS and several other federal agencies. The SOD-led, interagency task force exploits electronic communications to proactively identify, disrupt, and dismantle the production, transportation, and financial networks behind the heroin and illicit fentanyl distribution organizations that impact the United States.

The HFTF focuses on the collaborative authorities and efforts of each invested agency's resources, in order to better share and deconflict information. The HFTF works together to target international and domestic organizations by proactively working with field offices. The task force also assists in coordinating and linking investigations from the street level dealer to the international supply source.

HSI in Arizona has consistently detailed special agents to SOD. These special agents advance the mission of SOD through their unique and in-depth knowledge of the Sinaloa Cartel. This expertise, honed through their investigative experience in Arizona, combined with the resources of SOD and the HFTF, contributes significantly to investigations, not only by HSI, but by other agencies, in Arizona and beyond.

Financial Division

Identifying, analyzing and investigating the payment systems that facilitate the purchase and smuggling of opioids is critical to the disruption and dismantlement of networks that smuggle fentanyl and other illicit opioids into the United States. ICE HSI conducts proactive investigations that focus on the two key payment systems, which support illicit procurement of opioids: money service businesses (MSBs) and cryptocurrencies. Generally, illicit opioids that are purchased on the "indexed" internet are paid for through licensed mainstream MSBs. On dark net marketplaces and other "unindexed" websites, purchases are often paid for with cryptocurrencies such as Bitcoin. In support of its diverse financial investigative efforts, ICE

HSI uses undercover techniques to infiltrate and exploit peer-to-peer cryptocurrency exchangers who typically launder proceeds for criminal networks engaged in or supporting dark net marketplaces. Furthermore, ICE HSI leverages complex Blockchain technology exploitation tools to analyze the digital currency transactions and identify users. Several HSI Special Agents assigned to Arizona have received Blockchain technology training which gives them the tools necessary to pierce the anonymity relied upon by darknet users.

ICE HSI created the Money Service Business Initiative to enable the application of advanced data analytics across large amounts of MSB data to isolate criminal networks, highlight suspicious transactions indicative of illicit activity, and provide predictive intelligence. The power of this type of advanced analytics truly shines when MSB data is integrated with additional government data holdings, open source and social media information, and communication records such as phone toll records, Internet Protocol (IP) address activity records, email search warrants, and Title III wire intercepts.

With support of its headquarters Financial Division and NTC, HSI in Arizona regularly pursues complex investigations of the cartels' exploitation of our legitimate financial systems, and the laundering and movement of their illicit proceeds via trade based money laundering. Given the volume of legitimate trade between the U.S. and Mexico that occurs in Arizona, the ability to launder funds through the movement of goods versus dollars is a particular vulnerability here. In a joint effort to combat this threat, on May 25, 2017, on behalf of ICE HSI, I entered into a Memorandum of Understanding with the CBP Office of Field Operations, Tucson, officially launching the nation's first land border Trade Enforcement Coordination Center in Nogales.

International Collaboration

ICE HSI in Arizona recognizes that all of our investigations have an international nexus. With ICE HSI's international presence of 67 offices in 50 countries, we are constantly looking to push our investigations beyond our borders. In Arizona this means near daily collaboration with our ICE HSI Attaché and Assistant Attaché offices in Mexico. Through strategic and targeted intelligence sharing, and joint investigative efforts, the impacts of our investigations are magnified. Whether through bi-national operations to arrest cartel leadership, or through sharing a piece of intelligence that may illuminate a previously unknown network, the building and strengthening of these partnerships is key to our efforts to combat the cartels and to stop threats, to include illicit opioids, before they reach our borders.

CONCLUSION

Thank you again for the opportunity to appear before you today and for your continued support of ICE HSI and its law enforcement mission. ICE HSI is committed to battling the U.S. opioid crisis. This includes ICE HSI's collaborative efforts to reduce and ultimately stop the flow of these dangerous drugs across the border here in Arizona and tackling the significant challenges we see in increased smuggling through the mail and express consignment systems.

ICE HSI will continue to vigorously pursue the cartels that bring not only heroin and fentanyl to the U.S., but other narcotics that have a dangerous, and too often deadly, impact on our communities. The opioid crisis is an epidemic that demands continued urgent and immediate action across law enforcement agencies and in conjunction with experts in the scientific, medical, and public health communities. I appreciate your interest in this important issue and look forward to your questions.