

Statement

Of

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INTRODUCTION

Good morning Chairman Baucus and distinguished members of the Committee. It is my privilege to testify before you today and discuss ICE's investigative efforts and strategies to combat illegal trade practices and commercial fraud activities. The international transportation and entry of goods into the United States is an integral part of the economic health of our nation. The U.S. government seeks to create economic prosperity through international trade and the opening of new consumer markets to U.S. goods. However, the growth of international trade and commerce can increase the possibility of border security compromises, potential threats to national security and a greater volume of economic crimes. Threats to America related to international commerce are multi-dimensional and potentially devastating. Those threats include the

exploitation of trade vulnerabilities by terrorists and unscrupulous businesspeople; the direct physical harm to our citizens, families and children from dangerous, substandard, imported products; and an adverse effect on the U.S. economy, specific markets and American businesses.

In 2007 ICE became aware of one individual who was exploiting our trade system with potentially lethal results. At that time, the pharmaceutical industry alerted ICE that Kevin Xu, a citizen of the People's Republic of China (PRC) and the owner of Orient Pacific International, was allegedly involved in importing and distributing counterfeit pharmaceuticals. ICE initiated an international investigation which further disclosed that Xu illegally imported purported prescription drugs into the U.S. and the European Union through express courier services. This illicit scheme put U.S. and European citizens who needed real medicine for legitimate health care needs at serious health risk. During the investigation, ICE and the Food and Drug Administration's (FDA) Office of Investigations (OCI) undercover agents met with XU and made numerous undercover purchases of counterfeit cardiac, cancer and psychiatric prescription drugs. Subsequently, on July 24, 2007, ICE agents arrested Xu after he arrived in Houston allegedly to personally replace the packaging, lot numbers and expiration dates on an order of counterfeit and misbranded drugs ordered by ICE undercover agents.

This joint ICE and FDA-OCI investigation led to a nine-count indictment charging Xu and others with conspiracy, trafficking in counterfeit goods and trafficking in misbranded drugs. An extraordinary facet uncovered during this investigation was that

Xu inserted thousands of dosages of counterfeit drugs into the supply chain in the United Kingdom that were dispensed to patients in need of real medicine. Xu's actions were serious and potentially life threatening and British patients were deprived of the critical treatments they desperately required. Xu's successful insertion of counterfeit pharmaceuticals into the supply chain resulted in three Class I recalls of counterfeit Plavix (a heart drug), Casodex (a cancer drug) and Zyprexa (a psychiatric medication) in that country. Class I recalls are categorized for dangerous or defective products that could cause serious health problems or death to individuals who consume them and are instituted in the most egregious cases. The pharmaceutical industry attempted to preserve the integrity of the drug supply by removing those particular medications from the market because the supply chain was diluted with the fake drugs. The efforts of ICE and its law enforcement partners in this investigation effectively eliminated the threat of one individual whose actions had serious consequences to the well-being of vast numbers of innocent citizens from two continents.

The Xu case is just one example of illegal and predatory trade practices driven by profit and greed motives. ICE Headquarters Commercial Fraud and Intellectual Property Rights Unit, in conjunction with ICE Office of Investigations field offices, have implemented a strategy to counter the impact these crimes have on the safety of our citizens and the financial well-being of the U.S. economy. Our strategic, tactical and operational activities are directed to aggressively investigate and prosecute criminally and civilly those noncompliant importers, exporters, manufacturers, brokers and others who commit trade related crimes. ICE seeks to seize and forfeit contraband and criminal

proceeds of these crimes whenever possible. ICE administers and enforces U.S. trade laws and international agreements utilizing a multi-faceted approach that combines our efforts with law enforcement partners. We have developed threat based initiatives and engaged the trade community with an active outreach program.

Today, I would like to discuss some of the innovative ICE initiatives and operations instituted as part of this ongoing strategic effort. In particular, I will focus my remarks on our efforts to keep dangerous and substandard products out of the U.S. marketplace, how we are protecting Intellectual Property rights, and the myriad ways in which we target the goods and schemes designed to circumvent lawful trade mechanisms.

PROTECTING HEALTH AND SAFETY

Operation Guardian is a threat specific initiative that began in October 2007 in response to the Administration's Interagency Working Group on Import Safety and several incidents of hazardous imports into the United States that caused public safety concerns. Those imports included

- counterfeit toothpaste that contained anti-freeze;
- counterfeit drugs containing too little of the active ingredient, too much of the active ingredient or none of the active ingredient at all;
- structural steel imported using false documents that stated the steel met a certain grade of the American Society for Testing and Materials, found to be substandard;

- tainted animal food containing melamine, a product contained in plastics, cleaning products, countertops, glues, inks and fertilizers, that led to the death or injury of pets in U.S. households;
- Counterfeit circuit breakers that explode or cause fires.

- **OPERATION GUARDIAN**

In developing Operation Guardian, ICE joined with numerous law enforcement and regulatory agencies including U.S. Customs and Border Protection, the FDA's OCI, U.S. Postal Inspection Service, the Computer Crime and Intellectual Property Section of the Department of Justice, and Consumer Products Safety Commission to join a Headquarters Working Group (WG) that would function under the Operation Guardian umbrella. The Operation Guardian WG initially concentrated on illicit imports from the PRC but has since expanded its mission to combating the importation and distribution of harmful, foreign manufactured products imported from all foreign sources.

The Operation Guardian WG has established specific objectives including but not limited to:

- targeting, interdicting, and investigating imported substandard, tainted and counterfeit products, including drugs, that pose a health and safety risk to consumers;
- conducting assessments, identifying high risk commodities and specific ports of entry for enforcement activities;

- creating inspection and investigative standard operating procedures to be employed during Operation Guardian enforcement actions;
- developing specific surge activities targeting known shipments, commodities and/or identified smuggling organizations;
- conducting outreach and coordinating with private sector and industry representatives to strengthen and enhance effectiveness in responding to the threat of hazardous importations; and
- individual agencies have placed ongoing investigations and regulatory activities under the auspices of Operation Guardian to enhance coordination, de-confliction and intelligence sharing.

Since the inception of the Operation in FY 08, ICE initiated and/or designated 69 investigations as Guardian cases. Additionally, there are 43 ongoing joint ICE and FDA-OCI investigations that will be placed under Operation Guardian to better utilize the combined agency authorities, expertise and resources. There are early successes of Operation Guardian in ongoing investigations that have resulted in criminal arrests and indictments, administrative immigration arrests, seizures of cash, counterfeit items, illicit pharmaceuticals, narcotics and other regulated items.

Three Guardian surge operations are simultaneously underway at several ports of entry throughout the U.S. ICE, together with CBP and other Guardian partners conducted trade analysis and identified specific commodities and importers to be targeted for inbound inspections and product testing at U.S. ports of entry. The

products targeted and port locations will evolve pending the development of new intelligence, identification of anomalies and updated targeting by law enforcement. Presently, the surge operations are focused on interdicting tainted food products, counterfeit circuit breakers and unregulated cigarette lighters. Operation activities to date have resulted in the seizure of commercial shipments of tainted shrimp, honey and counterfeit circuit breakers.

- **OPERATION APOTHECARY**

Operation Guardian member agencies have also conducted numerous investigations under the ongoing initiative called Operation “Apothecary” (Apothecary). Apothecary addresses, measures, and attacks potential vulnerabilities in the entry process that might allow for the smuggling of commercial quantities of counterfeit, unapproved, and/or adulterated drugs through the Internet, international mail facilities (IMFs), international courier hubs (ICHs), and land borders.

Since October 2007, Apothecary surges have been conducted at IMFs and ICHs in Chicago, Honolulu, and Dallas which have resulted in the examination of approximately 7,150 parcels, numerous seizures of unapproved drugs, including controlled substances, and the initiation of several ICE Office of Investigations (OI) investigations. There are seven additional Apothecary surge operations scheduled for the remainder of this calendar year. Prior to FY 2008, Operation “Apothecary” resulted in the discovery of 50 Internet-based targets and initiation

of 154 investigations. Those investigations have led to 75 indictments, the execution of 24 federal search warrants, 48 criminal arrests, 52 convictions and 326 seizures.

PROTECTING INTELLECTUAL PROPERTY RIGHTS

The ICE-led National Intellectual Property Rights Coordination Center (IPR Center) stands as the key post in the fight against the importation and trafficking of counterfeit goods. The IPR Center offers one stop shopping for both law enforcement and the private sector to address the growing economic, transnational threat of counterfeit merchandise. With increased trade based threats, the IPR Center has recently begun to take on a more active and expanded role in this arena. The IPR Center organizational structure will consist of three sections including Operations, Programs and Outreach/Training formulated to create a command and coordination posture that will maximize the multi-agency use and deployment of investigative resources with partnered law enforcement agencies. The Operations section will be responsible for managing and directing all identified leads to field offices for investigation. Investigative activities and targeting will be coordinated on national and international levels, with member agencies playing critical roles in deconfliction and coordination. The IPR Center will perform in-depth analysis of IP industry leads, intelligence, review importer records and conduct link and financial analysis that will be used to support affidavits for search, seizure and arrest warrants.

The IPR Center will continue its critical enforcement role in support of the Administration's Strategy targeting Organized Piracy! (STOP!), the Security and Prosperity Partnership (SPP) and Operation Guardian. The enhancements made to support the IPR Center will augment successes of prior years that resulted in cumulative seizures of counterfeit merchandise by both ICE and CBP that were valued at almost \$155.3 million in FY 06 and \$196.7 million in FY 07.

Additionally, the IPR Center initiated an outreach program in 2000 and began to provide IP industries, wholesalers and retailers with information to help protect their trademarks and copyrights by offering enforcement assistance through referrals to the IPR Center. The number of outreach programs and individuals contacted through the IPR Center outreach program has spiraled upward in recent years. During FY2006, the IPR Center conducted 60 outreach programs through seminars, conventions, conferences, training sessions and meetings, contacting approximately 10,000 people. In FY2007, the IPR Center coordinated and conducted 95 outreach events to an audience of almost 16,000. As of April 2008, the IPR Center has completed 50 outreach and training sessions for an additional 8,200 people. This outreach conducted by ICE is paying dividends. The following examples were the direct result of IP industry partnership with the IPR Center that led to successful anti-counterfeiting investigations by ICE field offices.

- **CISCO SYSTEMS JOINT INVESTIGATION**

In February 2008, the Royal Canadian Mounted Police (RCMP) in Toronto charged two individuals and a company with distributing, via the Internet, large quantities of counterfeit Cisco Systems network components to companies in the U.S. The RCMP seized approximately 1,600 pieces of counterfeit network hardware with an estimated value of \$2 million.

Thanks to technical assistance from CISCO which resulted from our partnership, ICE and the RCMP have been able to validate the illegitimacy of the counterfeit network hardware. These arrests and seizures are the latest in a joint international enforcement initiative between the U.S. and Canada that targets the illegal distribution of counterfeit Cisco network hardware manufactured in China. All told, the initiative has resulted in more than 400 seizures of counterfeit hardware and labels with an estimated retail value of more than \$76 million. The initiative is led by ICE, CBP and the FBI, working in conjunction with DOJ's CCIPS, U.S. Attorney's Offices across the country and the RCMP. Cisco Systems, Inc. provided exceptional assistance throughout these investigations.

This landmark initiative has achieved significant successes in protecting the public from the risk of network infrastructure failures associated with these counterfeits. ICE opened a total of 28 investigations in 17 separate field offices. Eight of these were jointly worked with the FBI, and several with the RCMP. ICE investigations accounted for 115 seizures of counterfeit Cisco products with an estimated retail value of \$20.4 million. CBP seizures accounted for more than

\$52 million in counterfeit Cisco Systems products, with the FBI accounting for more than \$3.5 million in seized counterfeit network hardware. Thus far, our work has led to six indictments and four felony convictions.

- **FIRST FOREIGN NATIONAL EXTRADITED FOR IPR VIOLATIONS**

Just last month, in March, 2008, Randy Gonzalez, a Philippine citizen who allegedly conspired to import and distribute counterfeit drugs into the U.S. from Thailand, was the first foreign national to be extradited to the U.S. for IPR counterfeit pharmaceutical violations. The extradition of Mr. Gonzalez was the result of a joint ICE-FDA/OCI investigation that uncovered the smuggling of counterfeit Viagra and Cialis pills in packages of general merchandise. The loose tablets were packaged and labeled after entering the U.S.

Both trademark holders were essential to our ability to determine these products were counterfeit, and, as a result the two importers in the U.S. were convicted and sentenced in 2007 after entering guilty pleas for conspiracy to traffic in counterfeit goods and trafficking in counterfeit pharmaceuticals. Mr. Gonzalez is now being prosecuted and his case includes seizures of counterfeit drugs valued at more than \$776,000.

- **XYDEAS UNAPPROVED HALOPERIDOL COUNTERFEIT DRUG INVESTIGATION**

In another case of note, in February 2007, FDA issued a consumer warning that U.S. consumers who ordered drugs over the Internet were receiving the powerful anti-psychotic drug Haloperidol rather than the specific products they had ordered. Some consumers became ill enough to seek emergency medical treatment. Joint investigations by ICE and FDA-OCI led to Georgios Xydeas, a Greek national who was allegedly the supplier for counterfeit and unapproved prescription drugs, including some controlled substances, for several different Web-based dealers. Over the course of the investigation, ICE and FDA's OCI agents received critical assistance from several major pharmaceutical companies, the U.S. State Department, Panamanian officials and the British Medicines and Health Care Regulatory Agency. On April 1, 2008, Mr. Xydeas was arrested in New York City and charged with 43 criminal counts, including trafficking in counterfeit goods, importing controlled substances, misbranding drugs and smuggling goods into the U.S.

These cases underscore the importance of the ICE industry outreach program in combating illicit trade. This partnership with the trade community provides ICE with information, tips and insight from businesses that encounter suspicious activity in the course of normal business. Moreover, industry representatives often provide technical guidance to law enforcement and prosecutors in support of investigative efforts while ICE provides training to educate industry on lawful business practices.

TARGETING THE SCHEMES DESIGNED TO CIRCUMVENT LAWFUL

TRADE MECHANISMS

Beyond protecting intellectual property rights and trademarks here at home through education and partnerships with legitimate businesses, ICE is also working to attack the illicit schemes designed to circumvent lawful trade mechanisms. We find particular success in these cases thanks to strong collaboration with CBP and numerous other law enforcement partners.

IN-BOND DIVERSION

We consistently find that illicit cargo and goods are smuggled into the U.S. using similar methods utilized by drug traffickers and alien smugglers. These criminals illegally import items via sea, air and land while penetrating U.S. borders with misdescribed and/or transshipped merchandise via third countries or diverting merchandise from the In-Bond system. The In-Bond system allows foreign merchandise to physically enter at a port other than the official port of importation. When conducted properly, In-Bond transactions facilitate trade by allowing the use of U.S. infrastructure for the transportation of goods to foreign markets. The goods never formally enter into U.S. commerce but instead transit the U.S. under bond via air, truck or rail before exiting the country in route to a foreign destination. In-Bond movements are incredibly valuable to trade, but also have an inherent vulnerability in that they can be diverted to smuggle

restricted or high duty items, and merchandise limited by quota and visa, into the United States.

Exploitation of this vulnerability is evidenced in a recent successful ICE investigation conducted by the Special Agent in Charge (SAC) New York called KDL. Consolidated containers were imported from China utilizing false documents listing the merchandise as being inexpensive, low duty rate items, such as plastic shower curtains, for multiple companies. The importers, through their fraud scheme, falsified entry documentation and substituted the counterfeit merchandise with pre-staged items prior to inspection and facilitated the illegal entry of more than 950 containers of counterfeit merchandise during a two-year period with an estimated MSRP of more than \$700 million. In June 2007, the ICE New York Office of Investigations arrested 29 individuals, including Customs brokers, container freight station operators, cartmen, bonded warehouse operators and persons trafficking in counterfeit merchandise for various smuggling and IPR violations. ICE agents also coordinated efforts with CBP to seize 103 containers of counterfeit merchandise with an approximate MSRP of \$230 million.

To help attack potential vulnerabilities in the entry process that might allow smuggling of commercial merchandise via bonded warehouses, ICE established Fraud Investigative Strike Teams (FIST). FIST activities, which began in 2004, are directed towards protecting the integrity of the in-bond process. FIST personnel consisting of ICE agents and CBP officers conduct joint operations that focus on identifying the unauthorized manipulations of commercial merchandise within bonded areas and

unauthorized access by employees who lack proper immigration documentation and/or the background investigations required to have access to bonded the warehouses.

To date, FIST operations have resulted in the following:

- 352 individuals identified as being illegally residing and working in the United States
- 147 liquidated damages (\$6,370,674)
- 7 penalties (\$102,993)

ANTI-DUMPING AND COUNTERVAILING DUTIES

The ICE Antidumping and Countervailing Duty (AD/CVD) Program is another illustration of how ICE and CBP protect U.S. businesses from predatory and unfair trade practices and protect the revenue of the U.S. AD/CVD orders are issued by the Department of Commerce (DOC). CBP administers the collection and distribution of the assessed AD/CVD duties, at the direction of the DOC. Antidumping duties are assessed when imported merchandise is being sold at less than fair market value, causing or threatening to cause material injury to the domestic industry producing a comparable product. Countervailing duties are imposed to offset foreign country subsidy payments on the exports of the foreign businesses. The AD/CVD duties are intended to balance the value of the foreign merchandise with the domestic manufactured merchandise.

ICE has the responsibility to investigate importers who evade the payment of AD/CVD on imported merchandise. When working AD/CVD investigations, ICE Special Agents work closely with CBP Officers, Import Specialists and Regulatory Auditors.

AD/CVD evasion schemes often include:

- Trans-shipment of goods, where goods made in an AD/CVD-affected country are shipped to a third, non-affected country and then declared as a product of the third country when entered into the U.S.;
- Undervaluing the merchandise to offset the cost of the AD/CVD payment; and
- Falsely describing the merchandise to avoid detection and payment of the AD/CVD.

AD/CVD cases are often long-term investigations that involve global investigative leads. Since 2005, ICE has conducted numerous joint investigations with CBP, the National Oceanic and Atmospheric Administration, Office of Law Enforcement (NOAA-OLE), FDA, and the DOJ, regarding the alleged illegal importation of Vietnamese catfish described as “grouper,” “sole,” and “pike” to circumvent the antidumping order. Here are just a few examples:

- An ICE Pensacola investigation has resulted in the execution of federal search warrants, the arrest, indictment and conviction of the main target, Danny Nguyen, on charges of conspiracy to import and sell mislabeled fish in 2006 and was ordered by a federal court to pay CBP \$1,139,275 in dumping duties.

- On April 1, 2005, the ICE SAC Washington, DC initiated an investigation into Virginia Star Seafood Corporation, located in Fairfax, Virginia alleging evasion of anti-dumping duties by falsely labeling/classifying goods and entering those goods by means of false statements and smuggling fish commonly known as Basa, Tra or Swai (subject to Anti-Dumping Duties) as sole, pike, flounder, grouper, carp fillets imported from Vietnam not subject to an anti-dumping duty order.
- On January 14, 2008, David S. WONG, the Vice President of True World Foods, LLC plead guilty to violating the Lacey Act¹. Wong purchased, on behalf of his employer, \$197,930 worth of frozen fish fillets from Virginia Star Seafood Corporation. In March 2008, True World Foods Chicago, LLC, was ordered to pay \$60,000 for its role in purchasing and re-selling falsely labeled frozen fish fillets in violation of the Lacey Act. Under the December 2007 plea agreement, the corporation agreed to publish a full page advertisement regarding this incident in a seafood industry publication with wide circulation, and also forfeited \$197,930, the purchase value of the fish.

¹ The Lacey Act provides that it is unlawful for any person to import, export, transport, sell, receive, acquire, or purchase any fish or wildlife or plant taken, possessed, transported, or sold in violation of any law, treaty, or regulation of the United States or in violation of any Indian tribal law whether in interstate or foreign commerce.

In summary, ICE is currently involved with approximately 70 AD/CVD investigations relating to open DOC AD/CVD orders that include honey, lined paper products, pasta, polyethylene bags, shrimp, steel and wooden bedroom furniture.

TRADE-BASED MONEY LAUNDERING

Another scheme designed to circumvent lawful trade mechanisms is trade-based money laundering. ICE's Trade Transparency Unit (TTU), which aggressively targets trade-based money laundering and commercial fraud, also recently began creating TTUs with foreign trading partners. The core component of the TTU initiative is the exchange of trade data with foreign counterparts, which is facilitated by existing Customs Mutual Assistance Agreements. By combining international efforts, TTUs can identify and eliminate trade-based money laundering systems. Through this initiative, ICE is the only federal law enforcement agency exchanging trade data with foreign governments to investigate trade-based money laundering investigations. The ICE TTU currently has partnerships with Argentina, Brazil, Colombia, and Paraguay and continues to gain momentum by expanding overseas units as well as increasing domestic support.

The lead initiative for FY 2008 is the establishment of a new TTU in Mexico City, Mexico, which was completed just last month. This is TTU's largest project to date, as Mexico is the United States' third largest trading partner. The U.S. and its foreign TTU partners exchange trade data that, for the first time, allows both countries to see the full picture of import and export data relating to commodities entering and leaving

their countries. This provides for trade transparency and assists in the identification and subsequent investigation of international commercial fraud and money laundering organizations.

The exchanged trade data is placed in the Data Analysis & Research for Trade Transparency System (DARTTS), an analytical computer system that helps ICE special agents and analysts detect and track money laundering, contraband smuggling and trade fraud by analyzing data in ways not previously feasible. The ICE TTU installs, updates and maintains the DARTTS computer systems in foreign TTUs and trains law enforcement officials in the use of DARTTS and commercial fraud and money laundering indicators. TTU efforts with foreign governments have produced recent operational successes in investigations identifying fraudulent trade schemes, Black Market Peso Exchange (BMPE) money laundering and irregular import/export company trans-shipments.

The ICE TTUs bring worldwide recognition to the threat of trade-based money laundering and ICE's efforts to combat and prevent this threat. Recognized as the best mechanism to combat trade based money laundering, TTUs have been highlighted in numerous U.S. Government publications including *The National Money Laundering Threat Assessment*, *the National Money Laundering Strategy* and *the Department of State's International Narcotics Control Strategy Reports*.

Additionally, TTU's are generating valuable case leads. As a result of just one TTU-generated lead, the ICE's Miami Office of Investigations, Bulk Currency Smuggling Task Force (BCSTF) targeted several companies involved in the laundering of Eurodollars from Colombia through the U.S. Due to strict currency regulations, the Eurodollar cannot be deposited directly into European financial institutions and therefore are smuggled into Colombia. Then, from several Colombian money exchange businesses, the Euros were shipped to a third party country (U.S./Miami) via commercial jet. The Euros were ultimately delivered to a legitimate financial institution, which undertook the exchange of them into Colombian pesos and then wired the pesos back to the Colombian money exchange businesses. The TTU-lead resulted in the seizure of Euros valued at \$US 12 million at the Miami International Airport in June 2007. Working with the Department of Justice for civil prosecution, the majority of the Colombian money exchange businesses have since agreed to a settlement.

CONTRABAND SMUGGLING

ICE Headquarters and investigative field offices continue efforts to identify how organized criminal trafficking organizations exploit legitimate trade at U.S. borders and ports of entry. One constant is the threat of internal conspiracies at seaports and airports. These schemes involve the smuggling of illegal contraband by persons who are employed in the transportation industry, and who use their access to international cargo and conveyances to remove illicit contraband from containers and/or baggage prior to examination. Internal conspirators introduce contraband into otherwise legitimate export

cargo or conveyances, and they can remove contraband, including narcotics from an arriving conveyance or a baggage carousel. ICE works closely with the CBP Office of Field Operations to disrupt contraband smuggling groups attempting to take advantage of the busy flood of trade goods entering the U.S. One continuing threat to the United States is the smuggling of methamphetamine and its precursors, both of which are scheduled under the Controlled Substances Act (CSA).

One way many of the criminal organizations still manufacturing methamphetamine in the United States illicitly purchase the necessary precursors to produce methamphetamine is through the internet. Precursors for methamphetamine are imported and exported to and from the United States illicitly via the Internet utilizing trade channels and courier services. ICE has ongoing initiatives and investigations to successfully target organizations engaged in this activity. For example, one such smuggling organization was targeted in a multi-agency investigation led by the ICE Special Agent in Charge Phoenix. This internationally coordinated effort named Operation Red Dragon, dismantled a criminal organization that distributed methamphetamine precursors worldwide via its website in the United Kingdom. The case involved six undercover purchases of Red Phosphorus and 600 grams of Iodine Crystals and resulted in the following significant enforcement results: 138 methamphetamine laboratories dismantled in the United States; 15 methamphetamine labs dismantled in Australia, Germany and the United Kingdom; six search warrants executed in Scotland and the seizure of 47 different chemicals; and over 90 arrests

including the apprehension of main suspects Kerry Ann Shanks and Brian Howes pursuant to international arrest and extradition warrants.

CONCLUSION

Counterfeiting, piracy and unlawful importation of goods pose a significant threat to the national security, public safety and the economic well being of the United States. ICE investigations have shown us that these illegal traders and criminal organizations are profit driven and exploit loopholes and vulnerabilities in the transportation, importation In-Bond system and financial sectors to advance their criminal enterprises. ICE has strong and unique expertise, infrastructure and established key law enforcement partnerships that effectively support investigative and operational activities focused on dismantling criminal organizations, reducing public safety hazards and limiting negative economic impact to this country. ICE will continue to work through institutionalized mechanisms such as the Trade Transparency Units, and the ICE Intellectual Property Rights Center to coordinate and unite domestic and international law enforcement efforts in combating international trade crimes. ICE will build on agency outreach programs with the trade community designed to enhance cooperation with all private sector partners.

I want to thank the Chairman and the entire committee for the opportunity to speak with you today, and for your continued support of ICE's efforts. I will be happy to answer any questions.