



U.S. Immigration and Customs Enforcement

STATEMENT

OF

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REGARDING A HEARING ON

**“COMBATING ORGANIZED CRIME: EVALUATING CURRENT AUTHORITIES,
TOOLS, AND RESOURCES”**

BEFORE THE

**UNITED STATES SENATE
COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON CRIME AND TERRORISM**

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INTRODUCTION

Chairman Whitehouse, Ranking Member Kyl, and distinguished Members of the Subcommittee:

On behalf of Secretary Napolitano and Director Morton, I would like to thank you for the opportunity to discuss the role of U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI) in combating transnational organized crime. ICE has the most expansive investigative authority and largest team of investigators in the Department of Homeland Security (DHS). With more than 20,000 employees and a budget of \$5.7 billion, ICE has nearly 7,000 HSI special agents assigned to more than 200 cities throughout the United States and 70 offices in 47 countries worldwide. ICE is uniquely positioned and exclusively devoted to disrupting and dismantling transnational criminal networks by targeting the illicit pathways and organizations that engage in human smuggling and produce, transport, and distribute illicit contraband.

ICE targets transnational criminal organizations at every critical phase in the cycle: internationally in cooperation with foreign counterparts, where transnational criminal and terrorist organizations operate; at our nation's physical border and ports of entry (POEs) in coordination with U.S. Customs and Border Protection (CBP), where the transportation cells attempt to exploit America's legitimate trade, travel, and transportation systems; and in cities throughout the United States, where criminal organizations earn substantial profits off the smuggling of aliens and illicit goods.

Over the last two decades, transnational organized crime has expanded dramatically in size, scope and impact—posing a significant threat to national and international security. In response, earlier this year, the Administration launched its new Strategy to Combat Transnational

Organized Crime (TOC Strategy). In his written message to the Strategy, President Obama states that the Strategy is organized around a single, unifying principle: to build, balance, and integrate the tools of American power to combat transnational organized crime—and urge our partners to do this. DHS and ICE fully support this principle to bring together best practices from international, federal, local, state and tribal law enforcement in order to combat transnational organized crime and related threats to our national security. The Strategy sets out six priority actions. The first starts at home by taking shared responsibility and swift action within our own borders to combat TOC domestically and to lessen its impact on our international partners; enhance intelligence and information sharing; protect the financial system and strategic markets against transnational organized crime; strengthen interdiction, investigations, and prosecutions; disrupt drug smuggling and human trafficking and its facilitation of other transnational threats; and build international capacity, cooperation, and partnerships.

ICE Response to the Strategy to Combat Transnational Organized Crime

ICE takes very seriously the threat to national security that transnational organized crime represents. ICE developed a robust implementation plan called the Illicit Pathways Attack Strategy (IPAS). ICE designed the IPAS to focus its resources in a manner that best targets, disrupts, and dismantles transnational organized crime while maximizing efficiency. The IPAS provides a methodology and mechanism for ICE to prioritize threats and vulnerabilities within its mission and to coordinate its own efforts internally and among our Federal partners. Ultimately, the IPAS will enhance ICE's and host country partners' abilities to investigate and prosecute individuals involved in transnational criminal organizations that threaten the stability and national security of the host countries and pose continuing threats to the homeland security of the United States.

Prioritization allows ICE to strategically focus enforcement and capacity building efforts along the continuum of crime within and beyond our borders. IPAS provides a structure for engagement with host country partners to increase joint investigations, enhance exchange of information, and support foreign and domestic prosecutions. The IPAS is built upon principles of:

- Attacking criminal networks within and beyond our borders;
- Prioritizing networks and pathways that pose the greatest threats;
- Participating and facilitating robust interagency engagement; and
- Pursuing a coordinated regional approach that leverages foreign partners.

ICE uses a risk-factor based methodology to identify converging networks, routes and infrastructure used by multiple criminal organizations. In particular, ICE prioritizes its efforts on attacking convergence points and vulnerabilities along the illicit travel and transport continuum. ICE uses traditional law enforcement techniques as well as high tech analytical tools like biometric data collection.

At ICE, we work hard to collaborate with federal, state, local and tribal partners at every opportunity. A coordinated strategy of attacking criminal networks at multiple locations along the illicit travel continuum will reduce pressure on law enforcement resources and assist partner nations in preventing or disrupting organized alien smuggling within their own territories. The ICE led National Intellectual Property Rights Coordination Center (IPR Center), ICE's Bulk Cash Smuggling Center, the Drug Enforcement Administration (DEA) Special Operations Division, Department of Defense Combatant Commands, DEA's El Paso Intelligence Center (EPIC), the Organized Crime Drug Enforcement (OCDETF) Fusion Center, the Organized

Crime Intelligence and Operations Center (IOC-2), and the National Counterterrorism Center are all examples of this coordinated, collaborative effort.

The Administration's Strategy makes clear that due to U.S. and international pressure, terrorists increasingly are turning to crime and criminal networks to fund and facilitate their illicit activities. A threat of particular concern is the convergence of terrorist travel and human trafficking. One recent case exemplifies this trend that we will continue to address through the IPAS. An HSI Attaché Quito terrorist mobility investigation was conducted jointly with HSI Atlanta, the Department of Justice, and the FBI, as well as Ecuadorian authorities through the HSI Quito Transnational Criminal Investigative Unit (TCIU). The investigation focused on a criminal travel network engaged in facilitating the illicit transnational movement of suspected members of terrorist organizations like Al Qaeda, Tehrik-i-Taliban Pakistan (TTP), and Jaish-e-Mohammed.

In September 2011, three Pakistani citizens pleaded guilty in the District of Columbia to one count each of conspiracy to provide material support to the Tehrik-I-Taliban (TTP), often referred to as the Pakistani Taliban, a designated foreign terrorist organization. Sentencing is scheduled for December 9, 2011; each defendant faces a maximum sentence of 15 years in prison and a fine of up to \$250,000. As part of their plea agreements, the defendants have agreed to a stipulated order of removal to Pakistan upon the completion of their criminal sentences.

Between January 3, 2011, and March 10, 2011, the three conspired to provide material support to the TTP in the form of false documentation and identification, knowing that the TTP engages in terrorist activity and terrorism. According to court documents, they conducted a human smuggling operation in Quito, Ecuador, during which they attempted to smuggle an individual they believed to be a member of the TTP from Pakistan into the United States. Court

documents indicate that law enforcement agents directed confidential sources to ask the defendants, who were residing in Ecuador at the time, for their assistance in smuggling a fictitious person from Pakistan to the United States. Over the course of the ensuing negotiations, the defendants were made aware that the person to be smuggled was a member of the TTP who was blacklisted in Pakistan. The defendants agreed to move this person from Pakistan into the United States, despite his purported affiliation with the TTP, and accepted payment from the confidential sources for the smuggling operation and procured a false Pakistani passport for the purported TTP member. The three individuals were arrested in Miami on March 13, 2011, on conspiracy to commit alien smuggling and then pleaded guilty to terrorism conspiracy charges.

The investigation, carried out in conjunction with the Government of Ecuador, was conducted under the Extraterritorial Criminal Travel Strike Force (ECT) program, a joint partnership between the Justice Department's Criminal Division and HSI with invaluable support from the Criminal Division's Office of International Affairs, the U.S. National Central Bureau of INTERPOL, CBP and the US Embassy in Quito. The ECT program focuses on human smuggling networks that present national security or public safety risks or present grave humanitarian concerns.

Securing and Managing our Borders Against Illicit Trade, Travel, and Finance

The Southwest Border Initiative

In March 2009, the Administration launched the Southwest Border Initiative to bring unprecedented focus and intensity to Southwest Border security. In support of this initiative, ICE targeted considerable resources at the Southwest Border to address the activities associated with transnational criminal organizations, including the interdiction of contraband such as

firearms, ammunition, bulk cash currency, and stolen vehicles; human smuggling; human trafficking; and the detection of tunnels and other border crime at and between ports of entry along the Southwest Border. Under this initiative, ICE has: doubled the personnel assigned to the Border Enforcement Security Task Forces (BESTs); increased the number of intelligence analysts along the Southwest Border focused on cartel violence; and tripled deployments of Border Liaison Officers to work with their Mexican counterparts. Indeed, ICE now has one quarter of its personnel assigned to the Southwest Border—more agents and officers along the border than ever before.

As part of this Initiative, ICE has collaborated with the Department of Health and Human Services (HHS) on prevention and treatment approaches that specifically target drugs being smuggled across the southern border and the populations abusing these drugs. Reducing the local demand for illicit drugs through prevention and treatment will in turn reduce the quantity of drugs smuggled across the border.

Border Enforcement Security Task Forces (BESTs)

ICE continues to expand the BEST program, which currently operates in 22 locations throughout the United States and Mexico. BEST leverages over 650 federal, state, local, and foreign law enforcement agents and officers representing over 85 law enforcement agencies and provides a co-located platform to conduct intelligence-driven investigations to identify, disrupt and dismantle criminal organizations posing significant threats to border security. In fiscal year (FY) 2011, ICE-led BESTs made 2,119 criminal arrests, 1,121 administrative arrests, and federal and state prosecutors obtained 1,079 indictments and 998 convictions in BEST-investigated cases.

In 2009, Secretary Napolitano announced the formation of the first-ever Mexico-based BEST to facilitate the exchange of law enforcement information and to support the joint investigation of criminal activity that falls within ICE's purview. These crimes include weapons and munitions smuggling, money laundering, human smuggling, human trafficking, customs fraud, and cybercrime violations. The Mexico City BEST includes both Mexican law enforcement officers and prosecutors working collaboratively with ICE and other United States government staff to share information and expertise in cooperative investigations.

International Partners and Cooperation

With 70 offices worldwide, ICE works closely with our federal agency and international partners to disrupt and dismantle transnational criminal organizations. As part of these efforts, ICE currently maintains nine Transnational Criminal Investigative Units (TCIUs) worldwide. These units are composed of highly trained host country counterparts who have the authority to investigate and enforce violations of law in their respective countries. Because ICE officials working overseas do not possess law enforcement or investigative authority in host countries, the use of these TCIUs enables ICE to disrupt, dismantle, and prosecute transnational criminal organizations while respecting the sovereignty of the host country.

In FY 2010, ICE's international partners played a central role in Operation Pacific Rim. Working closely with the Colombian National Police, Mexican authorities, and our partners in Ecuador and Argentina, as well as the FBI and DEA, ICE led an investigation that spanned the globe and effectively disrupted one of the most powerful and sophisticated bulk cash and drug smuggling organizations in the world. The case began when HSI and Colombian police intercepted a suspicious shipment of what was supposed to be fertilizer, but was instead bundles

of shrink-wrapped cash. HSI's El Dorado Task Force coordinated the investigation; the task force targets financial crime at all levels and consists of 260 members of local, state, and federal law enforcement, intelligence analysts, and federal prosecutors. As a result of law enforcement cooperation, both domestic and international, this operation resulted in 10 convictions, 21 indictments and seizures totaling more than \$174 million in cash, 3.8 tons of cocaine and \$179 million in property.

During 2011, two more TCIUs became operational and ICE plans to expand additional TCIUs in FY 2012.

In 2009, ICE partnered with the Department of State Bureau of International Narcotics and Law Enforcement Affairs (INL) to organize the Trans-Pacific Symposium on Dismantling Transnational Illicit Networks. This meeting brought together 25 countries and jurisdictions from across the Pacific to explore common approaches and strengthen cooperation against transnational criminal networks that span East Asia, the Pacific and Latin America. The Symposium acted as a platform to launch a number of joint INL/ICE international projects. By building cooperative platforms and networks, the U.S. will generate greater collective action, joint cases, and common strategic approaches with our international partners to combat converging transnational criminal threats.

ICE Enforcement Efforts

Counter-proliferation Investigations

ICE is charged to prevent foreign adversaries from illegally obtaining U.S. military products and sensitive technology, including weapons of mass destruction and their components. ICE is a leading law enforcement agency responsible for investigating U.S. export control law

violations, including all U.S. export laws related to military items, controlled “dual-use” commodities and sanctioned or embargoed countries. In FY 2011, ICE initiated 1,780 new investigations into illicit procurement activities, made 583 criminal arrests, and made 2,332 seizures valued at \$18.9 million.

In 2010, ICE, in coordination with the World Customs Organization (WCO), launched “Project Global Shield,” an unprecedented multilateral law enforcement effort aimed at combating the illicit cross-border diversion and trafficking of precursor chemicals used by terrorist and other criminal organizations to manufacture improvised explosive devices by monitoring their cross-border movements. On June 23, 2011, Global Shield was endorsed by the WCO Council and expanded from a pilot project to a long-term program. It currently has 83 participating countries and has led to 19 arrests, 24 seizures, and chemical seizures totaling over 33 metric tons.

In November 2010, President Obama issued an Executive Order directing the Secretary of Homeland Security to establish the interagency Export Enforcement Coordination Center (EECC) to be led by ICE. The EECC will streamline matters relating to export enforcement by coordinating among CBP, the Departments of Homeland Security, State, Commerce, Treasury, Defense, Justice, Energy, the Office of the Director of National Intelligence, and other executive branch departments, agencies, or offices as the President may designate. Once fully operational, the center, which will be managed and operated by ICE, will enhance the United States’ ability to combat illicit proliferation and serve as a hub for exchanging information and intelligence related to export enforcement.

An example of a successful international case involves the illegal transshipment of dual-use technology to Iran. ICE’s counter-proliferation efforts uncovered a scheme by a proliferator in Canada to obtain and export materials to Iran for use in the production of nuclear materials. On July

29, 2010, Mahmoud Yadegari was sentenced in a Canadian court to four years and three months' incarceration for attempting to export pressure transducers (which have applications in the production of enriched uranium, a critical step in creating nuclear energy and weapons) to Iran. He purchased the pressure transducers from a U.S. company. He then had them exported to Canada where he attempted to forward them to Iran through the United Arab Emirates. Company officials in Massachusetts alerted ICE to the purchases, and ICE, in turn, coordinated its investigation with Canadian authorities.

Human Trafficking and Smuggling Investigations

ICE works with our interagency and international partners to improve transnational law enforcement cooperation and disrupt and dismantle international human smuggling and trafficking networks and organizations along their entire routes. ICE holds the directorship of the Human Smuggling and Trafficking Center (HSTC), an interagency information and intelligence fusion center and clearinghouse. The HSTC was established to facilitate the broad dissemination of anti-smuggling and trafficking information and help coordinate the U.S. Government's efforts against human smuggling, human trafficking and criminal facilitation of terrorist mobility.

Recently, ICE's Office of Intelligence established a Human Trafficking Unit to develop intelligence and identify potential human trafficking investigative targets. In the coming fiscal year, ICE plans to expand coordination with the Departments of Justice and Labor to initiate additional investigations of human trafficking violations. In addition, in July 2010, the DHS launched the Blue Campaign to coordinate and enhance the Department's efforts to combat human trafficking. The Campaign harnesses and leverages the varied authorities and resources

of DHS to deter human trafficking by increasing awareness, protecting victims, and contributing to a robust criminal justice response. ICE is an active participant in this campaign.

Sadly, a significant number of human trafficking victims are children. ICE takes these cases very seriously. ICE's "Operation Predator" targets and investigates human smugglers and traffickers of minors, as well as child pornographers, child sex tourists and facilitators, criminal aliens convicted of offenses against minors, and those deported for child exploitation offenses who have returned illegally. Since its launch in 2003, Operation Predator has resulted in the arrest of over 13,594 sexual predators, of which 10,975 were non-U.S. citizens.

Our efforts to dismantle transnational criminal organizations are producing tremendous results. One example is "Operation In Plain Sight," a targeted investigation focused on dismantling a human smuggling network that used transportation companies, referred to as "shuttle companies," to facilitate the smuggling and transportation of aliens away from our borders to the interior of the United States. The bi-national investigation, which included unprecedented cooperation with Mexico's Secretaria Seguridad Publica and marked the most comprehensive human smuggling investigation in ICE history, ultimately implicated high level members of human smuggling organizations in Phoenix, Tucson, and Nogales, Arizona, and in northern Mexico. Specifically, Operation In Plain Sight resulted in: nearly 50 criminal arrests and more than 40 administrative arrests; seizures of illicit weapons, cash, and vehicles; and the initiation of other promising investigations of criminal organizations in Mexico – effectively dismantling an entire criminal enterprise engaged in smuggling through Arizona.

Combating Intellectual Property (IP) Theft

ICE is a leading agency in the investigation of criminal intellectual property violations involving the illegal production, smuggling, and distribution of counterfeit and pirated products, as well as associated money laundering violations. Led by ICE, the IPR Center, located in Arlington, Virginia, brings together 19 relevant federal and international partners to efficiently and effectively leverage resources, skills and authorities to provide a comprehensive response to IP theft. The mission of the IPR Center is to address the theft of innovation that threatens U.S. economic stability and national security, undermines the competitiveness of U.S. industry in world markets, and places the public's health and safety at risk.

The IPR Center is leading an effort to educate the public and other audiences about IP theft and its connection with transnational organized crime. In June 2010, the IPR Center hosted a symposium titled "IP Theft and International Organized Crime and Terrorism: The Emerging Threat." Panels of academics, industry leaders and domestic and international government officials discussed links between transnational organized crime, terrorism and IP theft.

ICE's IP theft enforcement efforts have continued to increase under this Administration. In FY 2010, ICE initiated 1,033 intellectual property infringement cases—a 42 percent increase over FY 2009—and achieved 365 arrests. In that same year, criminal charges were brought against 216 defendants, and 170 defendants were convicted in connection with ICE-investigated cases. In FY 2010, indictments returned in connection with ICE-initiated intellectual property investigations increased by 86 percent over the previous year. These figures include both federal and state prosecutions.

Transnational Gangs

Transnational gangs often conspire with other dangerous criminal organizations, which allow them to mature from small autonomous criminal groups into larger, international criminal enterprises engaged in human smuggling and trafficking, narcotics smuggling and distribution, money laundering, weapons smuggling and arms trafficking, kidnapping, extortion, and export violations.

Operation Community Shield, an ICE-led anti-gang program, combines ICE's statutory and administrative enforcement authorities with our law enforcement partnerships. Community Shield increases public safety by combating the growth and proliferation of transnational gangs in communities throughout the United States, and ICE conducts targeted enforcement operations using criminal arrest and administrative removal authorities against gang members, thereby disrupting the ability of gangs to operate. In addition, these targeted enforcement operations lead to the development of information critical to the successful prosecution of transnational gang members for conspiracy and racketeering related violations. Since its inception in 2005, Operation Community Shield has led to the arrests of more than 23,090 gang members and associates, 8,735 of whom had prior violent criminal histories. In addition, 266 gang leaders have been arrested and 2,140 weapons have been seized.

In February 2011, ICE completed "Project Southern Tempest," the largest ever Homeland Security Investigations-led national initiative targeting gangs with ties to Mexican drug trafficking organizations. The ICE National Gang Unit initiated Project Southern Tempest under the auspices of Operation Community Shield to combat the national security and public safety threats posed by transnational street gangs conducting business on behalf of Mexican drug trafficking organizations in the United States. Southern Tempest was executed in 168 U.S. cities

side by side with 173 of our federal, state, and local law enforcement partners, and led to the arrest of 678 gang members and associates. More than 46 percent of those arrested during this operation were members or associates of gangs with ties to Mexican trafficking organizations. Of those arrested, 447 were charged with criminal offenses and 322 had violent criminal histories. Southern Tempest also led to several significant seizures from gang members and associates, including 86 firearms.

Foreign Corruption Investigations

Large-scale corruption on the part of public officials in other nations, particularly developing nations, poses a significant threat to public trust and government infrastructure. In many cases, public corruption exists in unstable environments in which criminal and terrorist organizations flourish. In response, ICE created the Foreign Corruption Investigations Group, which pursues corrupt foreign officials who plunder state coffers for personal gain and then attempt to place those funds in the U.S. financial system.

ICE participates in the overall U.S. government response to the issue of large-scale foreign public corruption as a member of an ad hoc anti-kleptocracy working group. ICE plays an integral role in developing the government-wide anti-kleptocracy strategy due to the agency's expertise in investigating international money laundering and enforcing customs and immigration law. Since the inception of the Foreign Corruption Investigations Group, ICE has initiated more than 182 investigations, made 80 criminal arrests, and seized more than \$131 million associated with foreign corruption.

Money Laundering and Bulk Cash Smuggling Investigations

One of the most effective methods for dismantling transnational criminal organizations is to attack the criminal proceeds that fund their operations. ICE investigations utilize a “supply chain attack” strategy designed to trigger cascading failures within a criminal organization by simultaneously targeting multiple components within the organization.

The combination of successful financial investigations, reporting requirements under the Bank Secrecy Act, and anti-money laundering compliance efforts by financial institutions has strengthened formal financial systems and forced criminal organizations to seek other means to diversify the movement of illicit funds. ICE—as the investigative agency with jurisdiction over all crimes with a clear and direct nexus to U.S. borders—investigates money laundering and bulk cash smuggling violations. From FY 2010 to date, ICE has made 345 arrests for bulk cash smuggling under 31 U.S.C. § 5332. In that same time period, 261 defendants were convicted in federal court for this same offense.

Operation Firewall

ICE’s Operation Firewall disrupts the movement and smuggling of bulk cash en route to the border, at the border, and internationally via commercial and private passenger vehicles, commercial airline shipments, airline passengers and pedestrians. Since 2005, we have enhanced Operation Firewall efforts to include surge operations targeting the movement of bulk cash destined for the Southwest Border to be smuggled into Mexico. Since its inception in 2005, Operation Firewall has resulted in more than 5,833 seizures totaling more than \$567.2 million, and the arrests of 1,223 individuals. These efforts include 386 international seizures totaling more than \$258.4 million and 258 international arrests.

ICE's National Bulk Cash Smuggling Center

ICE's bulk cash smuggling investigations are coordinated through the ICE-led Bulk Cash Smuggling Center, through which we provide real-time operational support to federal, state, and local officers involved in bulk cash smuggling seizures 24 hours a day, 7 days a week. Since its inception in August 2009, the BCSC has initiated 446 investigations, which have resulted in more than 183 criminal arrests, 57 indictments, and 39 convictions.

CONCLUSION

Thank you again for the opportunity to appear before you today and for your continued support of ICE and its law enforcement mission. ICE is committed to enhancing public safety and dismantling transnational criminal organizations through efforts such as those I have discussed here today. We look forward to continuing our good work, refining our existing programs and partnerships and collaborating with our federal, state, local and tribal partners to ensure the safety and security of all Americans.

I would be pleased to answer any questions you may have.