



U.S. Immigration and Customs Enforcement

STATEMENT

OF

**MICHAEL J. GARCIA
ASSISTANT SECRETARY**

**IMMIGRATION AND CUSTOMS ENFORCEMENT
DEPARTMENT OF HOMELAND SECURITY**

BEFORE

**HOUSE WAYS AND MEANS COMMITTEE
SUBCOMMITTEE ON TRADE**

“ICE Authorization for Fiscal Year 2005 and 2006”

**June 17, 2004 at 10:00 a.m.
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I. Introduction

Good morning, Chairman Crane, Mr. Levin, and distinguished Members of the Subcommittee. It is a pleasure to be with you today to discuss the integration of the former U.S. Customs Service into Immigration and Customs Enforcement (ICE) within the Department of Homeland Security (DHS), as well as to discuss the resources required to carry out our mission.

ICE is comprised of some of our Nation's oldest and most recognizable law enforcement agencies. Even though we are a new agency, ICE remains committed to enforcing and enhancing the traditional law enforcement mandates of our legacy agencies while at the same time using all of our resources and authorities in the fight for homeland security.

The mission of homeland security is to address vulnerabilities--vulnerabilities that expose our borders to infiltration, our financial systems to exploitation and that weaken

our national security. The ICE mission is to implement pro-active initiatives aimed at closing vulnerabilities and strengthening national security.

At the committee's request, my remarks today will focus on how ICE has integrated the legacy Customs mission into our agency, as well as address how we are prioritizing and funding the Customs mission. I will focus on the two key divisions within ICE, which received legacy customs missions: the Office of Investigations (OI) and the Office of Air and Marine Operations (AMO).

II. Office of Investigations (OI)

OI investigates criminal violations that involve national security, financial and smuggling crimes including commercial fraud, intellectual property rights, illegal arms exports, narcotics and alien smuggling, human trafficking, cyber crimes and child pornography and child exploitation. OI has 27 principal field offices throughout the United States and approximately 50 international offices throughout the world.

In the post 9/11 world keeping sensitive U.S. technology and weapons out of the hands of terrorists and rogue regimes has never been more important. The **National Security Investigations Division** oversees investigative programs designed to protect our national security by preventing the illegal importation, exportation, and transfer of weapons of mass destruction, arms munitions and critical technology. In FY 2003, ICE launched roughly 3,000 investigations into the illegal export or arms and strategic technology. ICE agents have had some incredible successes. To cite but one example,

last year our agents uncovered the sale of missile and fighter jet components to an Iranian front company. Among the items allegedly exported were components for Hawk missiles, F-14 fighter jets, F-5 fighter jets, F-4 fighter jets, C-130 military aircraft, military radars, and other equipment.

Another way ICE protects the integrity of the U.S. trade system is through enforcement of trade laws under the **Smuggling and Public Safety Division**, which oversees programs designed to identify, disrupt, and dismantle organizations that smuggle contraband and people into the United States. This includes targeting the organizations that commit commercial fraud. The Commercial Fraud Unit investigates violations of trade laws involving: (1) in-bond diversion; (2) forced child/prison labor; (3) health and safety concerns; (4) textiles; (5) environmental crimes; (6) tobacco smuggling; (7) anti-dumping/countervailing duties; and (8) North American Free Trade Agreement (NAFTA) enforcement.

In FY 2003 and FY 2004, ICE Special Agents were responsible for the seizure of approximately \$238 million dollars in merchandise, 280 arrests, 210 indictments, and 135 convictions for fraud violations.

Identifying and eliminating vulnerabilities in our financial and other parts of our trade system is the responsibility of the **Financial Investigations Division**. This division leads the ICE initiative known as “Cornerstone,” a comprehensive law enforcement initiative that partners with the private sector to identify vulnerabilities in both the trade and financial sectors. I would like to spend a few extra minutes to discuss Cornerstone

and give you some examples of the successes we have had in shutting down homeland security vulnerabilities.

Cornerstone

As I mentioned at the opening of my remarks, the ICE mission is to close vulnerabilities that could be exploited by criminals or terrorists. These vulnerabilities could be in the trade system, the financial system or the Immigration system. By enforcing the law and maintaining the integrity of these systems, we help close these vulnerabilities. Cornerstone is an excellent example of how we are integrating customs and immigration authorities and, as a result, we are more effective in identifying vulnerabilities in the financial and trade sectors--vulnerabilities that terrorists and other criminal organizations might exploit to earn, move or store illicit proceeds to finance their operations.

Terrorists can **earn** money through intellectual property violations and other commercial fraud such as cigarette smuggling, export violations, and cyber crimes; **move** illicit proceeds through unlicensed money brokers, insurance fraud and bulk currency smuggling; and **store** their money through the purchase of gold and other precious metals.

Through Cornerstone we have made tremendous progress in the fight against financial crime and money laundering. In just over one year, ICE has seized nearly \$309 million in suspect currency, and we have effected nearly 1,700 arrests.

I'd like to tell you a few stories behind these numbers: stories that show the potential for terrorists to earn, move and store their proceeds through this criminal activity. In Operation Meltdown, ICE agents worked with the IRS to uncover a scheme in which jewelers were converting the proceeds of drug sales into the equivalent value in gold. They then melted the gold and fashioned it into things like hammers or wrenches, and then shipped the items to Colombia where it was sold and converted back to cash. Our investigation of this case resulted in 23 arrests.

Last summer ICE agents investigated a case in which a Brooklyn jeweler was arrested for illegally transferring \$30,000 that was intended as a down payment on a shoulder-fired anti-aircraft missile. ICE agents also shut down a business in Manhattan that had illegally funneled \$33 million to Pakistan, in addition to selling fake passports and travel documents.

In another recent case, ICE investigators uncovered a scheme in which an Egyptian-born investor was allegedly routing cash from the militant terrorist group Hamas through his New Jersey investment firm into various businesses, charities, and real estate ventures in the United States. It is believed that he then diverted several million dollars in proceeds from these investments to Hamas and other terrorist

organizations. Since the statute of limitations had expired on most of his financial transactions, he was imprisoned on immigration charges after we discovered that he had made false statements when he applied to become a naturalized U.S. citizen.

This case is an excellent example of how ICE is using every tool at our disposal – including our authority to enforce immigration law – to shut down money laundering networks and put their operators out of business. In fact, it is interesting to note that in 122 of our financial cases and in 119 of our drug smuggling cases we were able to add immigration violations to those financial or drug-related investigations.

Traditionally, criminals engaged in the manufacture, distribution or sale of counterfeit and pirated products reap large profits with a relatively low risk of prosecution. As a result, IPR crimes are vulnerable to exploitation by terrorists and other criminal organizations. Cornerstone aims to change that equation through aggressive enforcement of IPR law. In FY 2003 ICE IPR investigations resulted in 132 arrests and 60 convictions. Working with U.S. Customs and Border Protection (CBP), our enforcement efforts resulted in 6,500 seizures of counterfeit merchandise, with a Manufacturers Suggested Retail Price (MSRP) of \$94,019,227. In the first six months of FY 2004, ICE agents executed 272 seizures of counterfeit merchandise, with an MSRP of \$18,967,325 and effected 123 arrests for IPR violations.

A recent IPR investigation conducted by ICE New York, “Operation Executive,” identified individuals and organizations that were responsible for the large-scale smuggling of counterfeit trademark merchandise into the United States from the People’s

Republic of China. The deals were brokered through middlemen in Lebanon. This organization is suspected of being responsible for the importation of 100 containers of counterfeit goods with an MSRP of \$400 million dollars. ICE agents arrested 14 subjects, seized containers valued at approximately \$24 million dollars, and seized nearly \$100,000 in currency.

Tobacco smuggling also provides a lucrative source of funding for terrorists and other criminal organizations. In January of this year, ICE dismantled the largest nationwide tobacco smuggling organization to date and arrested 15 defendants. The 92-count indictment charged the defendants with tobacco smuggling and money laundering, among other offenses. The organization was responsible for the movement of more than 10,000 cases of counterfeit and contraband cigarettes and over 100 cases of liquor worth approximately \$20 million dollars.

Child Pornography/Child Exploitation

Before ending my discussion of Investigations, I want to highlight another area where ICE has been particularly successful. ICE has aggressively pursued its customs mission of protecting children against exploitation—either through the trade in child pornography or through the child sex tourism. In July 2003 ICE launched Operation Predator to protect children from human traffickers, child pornographers and other predatory criminals. This operation combines the immigration authorities to arrest and deport felons with convictions for sex offenses with the customs child pornography authorities. In less than one year, we have arrested 3,023 predators. As part of Operation Predator, ICE has an ongoing investigation into subscribers of commercial child

pornography websites. This investigation has yielded 344 domestic investigations and 108 arrests, as well as 384 foreign arrests during FY 2004. ICE has prioritized arrests in these investigations by targeting first those who have access to children such as pediatricians, camp counselors, and others in positions of trust in the community. ICE has also targeted predators who travel abroad to have sex with minors. Through enforcement of the Protect Act, ICE made the first five arrests under this year-old statute that prohibits travel from the United States for child sex purposes.

III. Office of Air and Marine Operations (AMO)

Under the former U.S. Customs Service (USCS), AMO was a support component within USCS Investigations that focused mainly on drug interdiction. In ICE, AMO is a stand-alone division that provides airspace security, law enforcement support, and interdiction capabilities and has become an integral part of the ICE mission. AMO has over 1,000 employees with just over half of that number serving as pilots, marine enforcement officers and aviation enforcement officers. AMO maintains a fleet of 133 aircraft and 82 vessels to protect the Nation and the American people against the terrorist threat and the smuggling of narcotics and other contraband.

An essential element of these deployments is the work carried out by the Air and Marine Operation Center (AMOC), located in Riverside, California. This state-of-the-art center is linked to a wide array of civilian and military radar sites, aerostats, airborne reconnaissance aircraft and other detection assets, which provide 24-hour, seamless radar

surveillance throughout the continental United States, Puerto Rico, the Caribbean, and beyond. AMOC allows ICE to identify, track, and support the interdiction and apprehension of those who attempt to enter U.S. airspace with illegal drugs or terrorist objectives.

AMO has also provided airspace security for a variety of events including the 2002 Winter Olympics, the 2003 and 2004 Super Bowls and is supporting airspace security efforts in the National Capital Region. In addition, AMO augments Coast Guard port security patrols and provides transportation and surveillance support for the FBI, ATF and Secret Service. AMO also provides enhanced airspace security during periods of high alert.

IV. Budget Request for FY 2005

The President's FY 2005 budget will continue to strengthen ICE's efforts to protect the homeland, as well as continue its traditional enforcement missions. The President's FY 2005 Budget request seeks \$4.011 billion for ICE, \$302 million more than FY 2004, which represents an increase of 8 percent. This request for ICE includes resources to support border, air and economic security activities. I would like to specifically discuss with you the FY 2005 requests for the Office of Investigations and Air and Marine Operations.

The OI budget request for FY 2005 includes \$1.046 billion for investigations and intelligence programs. I am confident that the request for FY 2005 will enable ICE to

continue its aggressive enforcement of customs laws. By cross training all of our approximately 5,500 special agents, we increase the resources available to enforce our broad authorities, including Cornerstone and other priorities.

The FY 2005 President's budget seeks \$374 million in Air and Marine Operations (AMO) appropriations and seeks \$40.5 million in total enhancements, including:

- \$28 million for Increased P-3 Flight Hours. P-3 aircraft are critical to interdiction operations in the source and transit zones as they provide vital radar coverage in regions where mountainous terrain, expansive jungles and large bodies of water limit the effectiveness of ground-based radar. This request will increase P-3 flight hours from 200 to 600 per month.
- \$12.5 million for Long Range Radar. Primary Long Range Radar provides position information (geographic/altitude) of airborne objects and flight data information to civil aviation, defense, and law enforcement agencies. ICE uses the radar to receive data for drug interdiction efforts along the southern border.

V. Conclusion

The FY 2005 budget request for ICE supports the President's National Strategy for Homeland Security, the framework for accomplishing our complex mission to protect the homeland, and ICE's mission to enforce customs and immigration laws.

While many challenges lie ahead, we continue to build a professional law enforcement agency from the powerful tools and authorities we have been given. I look forward to working with the Committee as it completes the budget process for FY 2005.

Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time.