

A LINE IN THE SAND: COUNTERING CRIME, VIOLENCE AND TERROR AT THE SOUTHWEST BORDER

A MAJORITY REPORT

BY THE

UNITED STATES HOUSE COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON OVERSIGHT, INVESTIGATIONS, AND
MANAGEMENT
REPRESENTATIVE MICHAEL T. McCAUL, CHAIRMAN

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Dear Colleague:

In 2006, under my leadership as Chairman, the House Committee on Homeland Security, Subcommittee on Investigations examined the growing problem of crime and violence taking place along the Southwest border of the United States. The culmination of this effort was the issuance of the Subcommittee interim report titled: *A Line in the Sand: Confronting the Threat at the Southwest Border*. The report provided a clear and thorough explanation of these threats along with the Subcommittee's recommendations on how best to address them.

While there have been many substantial improvements to border security since the issuance of the report, the threats from transnational criminal organizations and spillover violence remain. Additionally, the new element of Iran and Hezbollah's influence in Latin America has become very troubling. It is for these reasons that the Subcommittee on Oversight, Investigations, and Management has decided to revisit this issue and update *A Line in the Sand* with a contemporary understanding of these threats and solutions thereto.

Our 2012 report serves as a digest which draws from a broad collection of sources that include professional publications, Congressional testimonies and media reports. The report also incorporates insight from an August 2012 bipartisan Congressional Delegation that traveled to Mexico, Colombia, Paraguay and Argentina for a first-hand assessment of these threats. This majority report reaffirms vigilance for Southwest border security in a fair and objective manner. I look forward to your feedback on our efforts.

Sincerely,

A handwritten signature in blue ink, reading "Michael T. McCaul".

Michael T. McCaul
Chairman
Subcommittee on Oversight, Investigations, and
Management

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EXECUTIVE SUMMARY

The first edition of *A Line in the Sand*, released in 2006, (hereafter “first edition”) exposed the rising threat of Mexican drug cartels and the vulnerabilities of our porous Southwest border. The horrific violence perpetrated by Mexican drug cartels continues to grow and, in many cases documented in this report, spills into the United States. The cartels now have a presence in more than 1,000 U.S. cities and dominate the wholesale illicit drug trade by controlling the movement of most of the foreign-produced drug supply across the Southwest border.¹ This report documents the increased operational control of the cartels inside the United States, their strategy to move illegal drugs, and the bloody turf wars that have taken place between rival cartels, as they struggle to control valuable trafficking corridors. Collectively, Mexican Drug Trafficking Organizations (DTO) maintain firm control of drug and human smuggling routes across the U.S.-Mexico border creating safe entry for anyone willing to pay the price. The U.S. Department of Homeland Security, in its most recent assessment, asserts it can control only 44 percent of our border with Mexico.²

Terrorism remains a serious threat to the security of the United States. The Congressional Research Service reports that between September 2001 and September 2012, there have been 59 homegrown violent jihadist plots within the United States. Of growing concern and potentially a more violent threat to American citizens is the enhanced ability of Middle East terrorist organizations, aided by their relationships and growing presence in the Western Hemisphere, to exploit the Southwest border to enter the United States undetected. This second edition emphasizes America’s ever-present threat from Middle East terrorist networks, their increasing presence in Latin America, and the growing relationship with Mexican DTOs to exploit paths into the United States.

During the period of May 2009 through July 2011, federal law enforcement made 29 arrests for violent terrorist plots against the United States, most with ties to terror networks or Muslim extremist groups in the Middle East. The vast majority of the suspects had either connections to special interest countries, including those deemed as state sponsors of terrorism or were radicalized by terrorist groups such as al Qaeda. American-born al Qaeda Imam Anwar al Awlaki, killed in 2011, was personally responsible for radicalizing scores of Muslim extremists around the world. The list includes American-born U.S. Army Major Nidal Hassan, the accused Fort Hood gunman; “underwear bomber” Umar Faruk Abdulmutallab; and Barry Bujol of Hempstead, TX, convicted of providing material support to al Qaeda in the Arabian Peninsula. In several documented cases, al Awlaki moved his followers to commit “jihad” against the United States. These instances, combined with recent events involving the Qods Forces, the terrorist arm of the Iranian Revolutionary Guard Corps, and Hezbollah, serve as a stark reminder the United States remains in the crosshairs of terrorist organizations and their associates.

¹ Department of Justice, National Drug Intelligence Center, *National Drug Threat Assessment for 2011*.

² Congress, House, Committee on Homeland Security Subcommittee on Border and Maritime Security, *Securing our Borders – Operational Control and the Path Forward*, 112th Cong. 15 February 2011. (Written testimony of Richard M. Stana, Director, Homeland Security and Justice Issues, Government Accountability Office).

In May of 2012, the *Los Angeles Times* reported that intelligence gleaned from the 2011 raid on Osama bin Laden's compound indicated the world's most wanted terrorist sought to use operatives with valid Mexican passports who could illegally cross into the United States to conduct terror operations.³ The story elaborated that bin Laden recognized the importance of al Qaeda operatives blending in with American society but felt that those with U.S. citizenship who then attacked the United States would be violating Islamic law. Of equal concern is the possibility to smuggle materials, including uranium, which can be safely assembled on U.S. soil into a weapon of mass destruction.

Further, the standoff with Iran over its nuclear program, and the uncertainty of whether Israel might attack Iran drawing the United States into a confrontation, only heightens concern that Iran or its agents would attempt to exploit the porous Southwest border for retaliation.

Confronting the threat at the Southwest border has a broader meaning today than it did six years ago. As this report explains, the United States tightened security at airports and land ports of entry in the wake of the September 11, 2001 terrorist attacks, but the U.S.-Mexico border is an obvious weak link in the chain. Criminal elements could migrate down this path of least resistance, and with them the terrorists who continue to seek our destruction. The federal government must meet the challenge to secure America's unlocked back door from the dual threat of drug cartels and terrorist organizations who are lined up, and working together, to enter.

In May of 2012, the Los Angeles Times reported that intelligence gleaned from the 2011 raid on Osama bin Laden's compound indicated the world's most wanted terrorist sought to use operatives with valid Mexican passports who could illegally cross into the United States to conduct terror operations.

One of the central criticisms made by the 9/11 Commission regarding the September 11, 2001 terrorist attacks was a failure of imagination in piecing together the threat picture from al-Qaeda before it was too late. Recognizing and proactively confronting threats has presented a perennial challenge to our country. In the case of the Cuban missile crisis, we failed to deal with the Soviet threat before it resulted in a full-blown crisis that threatened nuclear war. Now we are faced with a new threat in Latin America that comes from the growing collaborations between Iran, Venezuela, Hezbollah and transnational criminal organizations. Similar to the Cuban missile crisis, the evidence to compel action exists; the only question is whether we possess the imagination to connect the dots before another disaster strikes. The intent of this report is to present that evidence, not to incite anxiety, but rather to reinvigorate vigilance towards our Southwest border and beyond to the threats we face in Latin America.

³ "Bin Laden apparently sought operative with valid Mexican passport", *The Los Angeles Times*, May 2, 2012.

I. THE THREATS: WHY ADDRESSING BORDER SECURITY REMAINS SO URGENT

A. THE CONTINUED THREAT OF TERRORIST INFILTRATION

The first edition discussed numerous concerns regarding the vulnerability of the Southwest border to infiltration by terrorist organizations. Though there have been many improvements in our border security since that time, these concerns still largely persist.

U.S. Government officials who are directly responsible for our national security continue to affirm the vulnerability. In August 2007 former Director of National Intelligence Mike McConnell stated that not only have terrorists used the Southwest border to enter the United States but that they will inevitably continue to do so as long as it is an available possibility.⁴ In a July 2012 hearing before the full U.S. House of Representatives Committee on Homeland Security, DHS Secretary Janet Napolitano confirmed that terrorists have crossed the Southwest border with the intent to harm the American people.⁵

Additionally, the U.S. Border Patrol regularly apprehends aliens from the 35 “special interest” countries “designated by our intelligence community as countries that could export individuals that could bring harm to our country in the way of terrorism.”⁶ From Fiscal Years 2006 to 2011, there were 1,918 apprehensions of these special interest aliens at our Southwest border.⁷

THE INCREASING IMPORTANCE OF THE SOUTHWEST BORDER TO TERRORIST ORGANIZATIONS

Experts believe the Southwest border has now become the greatest threat of terrorist infiltration into the United States.

The September 11th terrorist attacks demonstrated with catastrophic clarity the deficiencies in the process of preventing terrorists from entering the United States. After all, the nineteen 9/11 hijackers did not sneak into our country surreptitiously in the remote Arizona desert but rather entered in plain sight at international airports as visiting students or tourists using visas that had been obtained fraudulently.⁸

As part of a strategy to constrain the international travel of terrorists, the 9/11 Commission recommended that a computer system be developed which would identify foreign travelers and check them against terrorist and criminal databases.⁹ This recommendation was realized in

⁴ Transcript: Debate on the Foreign Intelligence Surveillance Act, Chris Roberts with the El Paso Times, August 22, 2007, http://www.elpasotimes.com/news/ci_6685679

⁵ Edwin Mora, “Napolitano: Terrorist Enter U.S. from Mexico ‘From Time to Time’,” *CNSNews.com*, July 30, 2012.

⁶ U.S. Border Patrol memorandum OBP 50/8b-P, November 1, 2004.

⁷ Information provided by Congressional Research Service

⁸ The 9/11 Commission Report

⁹ *Id.*

January of 2004 when the United States Visitor and Immigrant Status Indicator Technology (US-VISIT) system began deployment at our ports of entry. US-VISIT scans the fingerprints of foreign visitors and checks them against numerous criminal and intelligence databases to include enemy combatants captured on the battlefield.

Besides US-VISIT, there is also much greater scrutiny of individuals seeking a visa to travel to the United States. Now Immigration and Customs Enforcement (ICE) special agents work side-by-side with State Department employees at strategic foreign posts helping them screen visa applicants to weed out criminals and terrorists before they even attempt to travel to our shores. As part of their strategy for attack, terrorists analyze the defenses of their target and plan accordingly.¹⁰ Just as increased air marshals, reinforced cockpit doors and armed pilots have forever changed the proposition of hijacking a commercial airliner, the aforementioned security measures have made conventional travel by terrorists much more risky. Sophisticated terror networks like al-Qaeda and Hezbollah are well aware of this and would surely consider alternative methods of travel in order to increase their chances for success.

This is why experts believe the Southwest border has now become the greatest threat of terrorist infiltration into the United States.¹¹ Terrorists know they do not need a visa to illegally cross the Southwest border and that US-VISIT is nowhere to be found miles away from a port of entry. They also know that there are well-established criminal networks along the Southwest border that are very successful at smuggling humans and weapons.¹² This gives terrorists once again a high level of surety that they can surreptitiously plan elaborate and expensive attacks that may take years to execute and require a long-term presence inside the United States.

RECENT INCIDENTS OF CONCERN

The apprehension of Said Jaziri

On January 11, 2011, Border Patrol agents working in a rural area of eastern San Diego County, California encountered Said Jaziri in the trunk of a vehicle as he was in the process of being smuggled across the Southwest border. Jaziri told patrol agents that he had flown from Tunisia to Mexico by way of Spain, Guatemala, El Salvador and Belize. Jaziri eventually found his way to Tijuana where he paid a human smuggling operation \$5,000 to get him across the Southwest border and to a safe place anywhere in the United States.¹³

Jaziri is a citizen of Tunisia which is one of the special interest countries that have been designated as potential sources of terrorism. In 2007, Jaziri was deported from Canada for not disclosing on his refugee application that while in France he had been convicted and deported for

¹⁰ Todd Steinmetz, "Mitigating the Exploitation of U.S. Borders by Jihadists and Criminal Organizations," *Journal of Strategic Security*, Volume 4 Issue 3 2011.

¹¹ *The Weaponization of Immigration*, by Cato, Center for Immigration Studies, February 2008

¹² Congress, Senate, Select Committee on Intelligence, *Current and Projected National Security Threats to the United States*, 109th Cong. 16 February 2005 (Written statement of Admiral James Loy, Deputy Secretary, U.S. Department of Homeland Security).

¹³ Criminal Complaint, U.S. v Kenneth Robert Lawler, et al, United States District Court for the Southern District of California, Case Number 3:11-cr-00378-H

assaulting an individual whom he believed to be a less-devout Muslim.¹⁴ In 2006, Jaziri called for the death of Danish cartoonist Kurt Westergaard over cartoon depictions of the Prophet Mohammed that Jaziri considered to be blasphemous.¹⁵

The Ahmed Dhakane Human Smuggling Operation

On April 29, 2011, Ahmed Muhammed Dhakane was convicted in the United States District Court for the Western District of Texas for making false statements while seeking asylum in the United States. Dhakane, a citizen of Somalia, another special interest country, failed to disclose to DHS officials that he was affiliated with the Somali organizations al-Barakat and Al-Ittihad Al-Islami (AIAI) which have been placed on the Specially Designated Global Terrorists list by the U.S. Department of Treasury.¹⁶

During the investigation, Dhakane told law enforcement agents that he ran a large-scale smuggling operation out of Brazil that specialized in smuggling East Africans into the United States. Dhakane also told investigators that he had made as much as \$75,000 in one day by smuggling Somalis and had smuggled or attempted to smuggle several AIAI-affiliated Somalis into the United States.¹⁷

The prosecution's sentencing memorandum specifically described three Somalis that were successfully smuggled into the United States whom Dhakane knew to be supporters or operatives of AIAI and of the Somali terrorist organization Harakat Shabaab al-Mujahidin (al-Shabaab). According to the memorandum, Dhakane cautioned that each of these individuals is ready to die for their cause and would fight against the United States if the jihad moved from overseas to the U.S. mainland.¹⁸

The Anthony Joseph Tracy Human Smuggling Operation

On June 4, 2010, Anthony Joseph Tracy was convicted in the United States District Court for the Eastern District of Virginia for Conspiracy to Induce Aliens to Enter the United States. During the investigation leading up to the prosecution, Tracy told investigators that he had helped approximately 272 Somalis enter the United States illegally.¹⁹

Tracy accomplished this via his travel agency located in Kenya. With the assistance of corrupt Cuban Embassy employees, Tracy would procure visas so these Somalis could travel to Cuba.

¹⁴ Nathan Max, "Detained Tunisian cleric previously deported from Canada and France," *San Diego Union Tribune*, January 27, 2011.

¹⁵ *Controversial Muslim cleric caught being smuggled into U.S. over Mexico border*, The Daily Mail, January 28, 2011, <http://www.dailymail.co.uk/news/article-1351385/Controversial-Muslim-cleric-caught-smuggled-U-S-Mexico-border.html>

¹⁶ Government's Sentencing Memorandum, U.S. v. Ahmed Muhammed Dhakane, United States District Court for the Western District of Texas, San Antonio Division, Case Number 5:10-cr-00194-XR

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ Affidavit in Support of Criminal Complaint, U.S. v. Anthony Joseph Tracy, United States District Court for the Eastern District of Virginia, Case Number 1:10-cr-00122-LMB

From there the Somalis would make their way to Belize and then Mexico in order to cross illegally into the United States.²⁰

When asked by investigators if he had ever helped members of al-Shabaab illegally enter the United States, Tracy answered that members of al-Shabaab had indeed asked for his assistance but that he declined to help them. In spite of this denial, investigators discovered an ominous email message from Tracy where he wrote: "...i helped a lot of Somalis and most are good but there are some who are bad and i leave them to ALLAH..."²¹

B. THE GROWING INFLUENCE OF IRAN AND HEZBOLLAH IN LATIN AMERICA



Congressional Delegation in Buenos Aires meeting with Leaders of the Argentine Israelite Mutual Association whose office was bombed in 1994 by Iranian/Hezbollah terrorists.

In 2006, the Subcommittee reported on the presence of both Iran and Hezbollah in Latin America. Since then, that presence has continued to grow with Iran now having embassies in 11 Latin American countries that include Bolivia, Chile, Colombia, Nicaragua and Uruguay.²²

This unsettling trend was the reason for a Subcommittee-led Congressional Delegation to Latin America in August 2012. The Delegation traveled to Mexico, Colombia, Paraguay, Argentina, as well as the Tri-Border Area (TBA) of Brazil, Paraguay and Argentina, for a first-hand assessment of the increasing threat posed by Iran and Hezbollah in Latin America. After

conferring with U.S. officials, foreign leaders and other experts within these countries, the Subcommittee has concluded that Iran and Hezbollah pose a threat to the entire Western Hemisphere including the United States and our Southwest border. For the specific findings and recommendations to the White House National Security Advisor of the Congressional Delegation, see Appendix A of this report.

HEZBOLLAH PRESENCE IN LATIN AMERICA

The presence of Hezbollah in Latin America is partially explained by the large Lebanese diaspora in South America. In general, Hezbollah enjoys support by many in the Lebanese world community in part because of the numerous social programs it provides in Lebanon that include schools, hospitals, utilities and welfare.²³ With over eight million immigrants and

²⁰ Statement of Facts, U.S. v Anthony Joseph Tracy, United States District Court for the Eastern District of Virginia, Case Number 1:10-cr-00122-LMB

²¹ Affidavit in Support of Criminal Complaint, U.S. v. Anthony Joseph Tracy, United States District Court for the Eastern District of Virginia, Case Number 1:10-cr-00122-LMB

²² Martin Arostegui, "Iran Tries to Gain Sway in Latin America," *The Wall Street Journal*, December 6, 2011.

²³ Poll Finds Overwhelming Majorities in Lebanon Support Hezbollah, Distrust U.S., August 2, 2006; <http://www.worldpublicopinion.org/pipa/articles/brmiddleeastnafricara/236.php>



Hezbollah mosque (high rise) in Tri-Border Area of Brazil, Paraguay, and Argentina.

descendants in Brazil and Argentina alone, South America is home to the largest Lebanese population in the world.²⁴ Given these dynamics, it is understandable why South America would become such a large base of operations for Hezbollah.

Hezbollah remains especially active in the TBA.²⁵ With an estimated \$12 billion a year in illegal commerce, the TBA is the center of the largest underground economy in the Western Hemisphere.²⁶ Financial crimes are a specialty of the area and include intellectual property fraud, counterfeiting, money laundering and smuggling. Moreover, lax customs enforcement in the area allows these crimes to continue largely unabated from one country to the other.²⁷ The TBA has been described as one of the most lucrative sources of revenue for Hezbollah outside of state sponsorship.²⁸

The evidence to suggest Hezbollah is actively involved in the trafficking of South American cocaine to fund its operations is mounting as well. In 2008, U.S. and Colombian authorities dismantled a cocaine-smuggling and money-laundering organization that allegedly helped fund Hezbollah operations. Dubbed Operation Titan, the enforcement effort uncovered a money laundering operation that is suspected of laundering hundreds of millions of dollars of cocaine proceeds a year and paying 12 percent of those profits to Hezbollah.²⁹ Operation Titan has led to more than 130 arrests and the seizure of \$23 million.³⁰ One of those arrests was of Chekri Mahmoud Harb (also known as “Taliban” or “Tali”) who is a Lebanese national suspected of being a kingpin of the operation. In 2010, Harb pled guilty to conspiracy to manufacture and distribute five kilograms or more of cocaine knowing the drugs would ultimately be smuggled into the United States.³¹

In another example, the Treasury Department’s Office of Foreign Assets Control (OFAC) has listed Ayman “Junior” Joumaa, a Lebanese national and Hezbollah supporter, as a Specially Designated Narcotics Trafficker based upon his involvement in the transportation, distribution and sale of multi-ton shipments of cocaine from South America along with the laundering of hundreds of millions of dollars of cocaine proceeds from Europe and the Middle East.³²

²⁴ <http://www.maronitefoundation.org/lebanesediaspora.html>

²⁵ Pablo Gato and Robert Windrem, “Hezbollah Builds a Western Base,” *msnbc.com*, May 9, 2007.

²⁶ “In Paraguay, Piracy Bleeds U.S. Profits, Aids Terrorists,” *cnn.com*, October 4, 2007.

²⁷ *Id.*

²⁸ *Id.*

²⁹ Chris Kraul and Sebastian Rotella, “Colombia drug ring may link to Hezbollah,” *The Seattle Times*, October 25, 2008.

³⁰ *Id.*

³¹ U.S. v Chekri Mahmoud Harb, US District Court for the Southern District of Florida, Case#1:08-cr-20285-FAM

³² <http://www.treasury.gov/press-center/press-releases/Pages/tg1035.aspx>

The indictment further substantiates the established relationship between Hezbollah, a proxy for Iran, and Mexican drug cartels, which control secured smuggling routes into the United States.

Federal prosecutors in Virginia also charged Joumaa for conspiracy to distribute cocaine and money laundering charges. The indictment alleges Joumaa shipped thousands of kilograms of Colombian cocaine to the United States via Guatemala, Honduras and Mexico. Specifically mentioned in the indictment

was 85,000 kilograms of cocaine that was sold to the Los Zetas drug cartel from 2005 to 2007.³³ The indictment further substantiates the established relationship between Hezbollah, a proxy for Iran, and Mexican drug cartels, which control secured smuggling routes into the United States. This nexus potentially provides Iranian operatives with undetected access into the United States.

Joumaa allegedly laundered in excess of \$250 million of cocaine proceeds from sales in the United States, Mexico, Central America, West Africa and Europe. Joumaa would typically receive these proceeds in Mexico as bulk cash deliveries. Once the proceeds were laundered, they would be paid out in Venezuelan or Colombian currency to the cocaine suppliers in Colombia. Joumaa's fee for laundering the currency would vary from eight to 14 percent.³⁴ A recent civil complaint filed by the U.S. Department of Justice states that Joumaa relied heavily upon the Lebanese Canadian Bank (LCB) and the Lebanese exchange houses Hassan Ayash Exchange Company (Hassan) and Ellissa Holding (Ellissa) to conduct the money laundering operation described above.³⁵ The complaint also alleges these businesses partnered with Hezbollah in various other money laundering schemes. One such scheme involved LCB allowing Hezbollah-related entities to conduct transactions as large as \$260,000 per day without disclosing any information about the transaction.³⁶

According to the 2011 State Department Country Reports on Terrorism, the Barakat Network in the TBA is another example of drug money being funneled to Hezbollah. Although the total amount of money being sent to Hezbollah is difficult to determine, the Barakat Network provided, and perhaps still provides, a sizeable amount of the money sent annually from the TBA to finance Hezbollah and its operations around the world.

Another scheme that took place from 2007 to early 2011 involved LCB, Hassan and Ellissa transferring at least \$329 million of illicit proceeds to the United States for the purchase of used cars through 30 car dealerships that typically had no assets other than the bank accounts which received the overseas wire transfers. Once in receipt of the wired funds, these dealerships would purchase used vehicles and ship them to West Africa to be sold. The cash proceeds would then make their way to Lebanon under the security of Hezbollah and its illegitimate money transfer systems.³⁷

³³ U.S. v Ayman Joumaa, US District Court for the Eastern District of Virginia, Case#1:11-cr-00560-TSE

³⁴ *Id.*

³⁵ Press Release, U.S. Attorney's Office for the Southern District of New York, December 15, 2011.

³⁶ *Id.*

³⁷ *Id.*



Cocaine lab example in Colombia. As shown above, harmful materials, such as gasoline, battery acid and cement are often used to process cocaine.

Hezbollah has also involved itself in the trafficking of weapons, which fuels the violence so intrinsic to drug trafficking and terrorism in Latin America. On July 6, 2009, Jamal Yousef, also known as Talal Hassan Ghantou, was indicted in New York City on federal narco-terrorism conspiracy charges. According to the unsealed indictment, Yousef is a former member of the Syrian military and an international arms trafficker who was attempting to make a weapons-for-cocaine deal with the Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia or FARC).³⁸

What Yousef did not know was that he was actually negotiating with an undercover operative of the Drug Enforcement Administration who was posing as a representative of the FARC. Yousef had agreed to provide the FARC military-grade weapons that included 100 AR-15 and 100 M-16 assault rifles, 10 M-60 machine guns, C-4 explosives, 2,500 hand grenades and rocket-propelled grenades. In exchange for the weapons, the FARC was to deliver 938 kilograms of cocaine to Yousef.³⁹

While negotiations progressed, Yousef stated that the weapons had been stolen from Iraq and were being stored in Mexico by Yousef's cousin who is an active member of Hezbollah. To establish their bona fides for the trade, Yousef's cousin videotaped the weapons cache on location in Mexico. Towards the completion of the transaction, it was learned that the weapons cache was actually larger than had been first reported. The deal was amended to include the additional weapons in exchange for 7,000 to 8,000 more kilograms of cocaine that would be delivered to the coast of Honduras.⁴⁰

The transaction was never completed because Yousef was arrested and imprisoned in Honduras on separate charges beforehand. In August 2009, Yousef was extradited to New York where he awaits trial.

³⁸ U.S. v. Jamal Yousef, U.S. District Court for the Southern District of New York, Case# 1:08-cr-01213-JFK

³⁹ *Id.*

⁴⁰ *Id.*

IRANIAN PRESENCE IN LATIN AMERICA

The explanation for Iranian presence in Latin America begins with its symbiotic relationship with Hezbollah.⁴¹ United in their dedication to the destruction of Israel, Iran has helped Hezbollah grow from a small group of untrained guerrillas into what is arguably the most highly trained, organized and equipped terrorist organization in the world.⁴² In return, Hezbollah has served as an ideal proxy for Iranian military force – particularly against Israel – which affords Iran plausible deniability diplomatically.⁴³ Hence wherever Hezbollah is entrenched, Iran will be as well and vice-versa.

The primary reason for Iran's increasing presence and influence in Latin America is based on its growing ideological and economic relationship with Venezuela. Ideologically speaking, both regimes share a mutual enmity of what they perceive as the imperialist agenda of the United States.⁴⁴ Economically speaking, the two countries have partnered together in an attempt to survive and thrive despite being ostracized in varying degrees from the official economy and its financial and trade systems.⁴⁵

On the latter score one would be hard pressed to find a country that has been more successful at overcoming sanctions and embargoes levied by the United States and international community than Iran. In spite of ever-increasing economic constraints dating back to the Carter Administration, Iran has managed to fight an eight year war with Iraq, become the world's biggest sponsor of terrorism, vigorously pursued its own nuclear program and become the prime destabilizing factor in the Middle East.⁴⁶

This impressive adaptability relies in no small part on Iran's creativity in exploiting unscrupulous businesses, criminal networks and other corrupt regimes for economic survival. For rogue leaders like Venezuela President Hugo Chavez, who see embargoes and sanctions as just another manifestation of American oppression and imperialism, Iran has become their champion and welcomed ally.⁴⁷ This sentiment has developed into a cooperative understanding that, to the extent they can be successful at overcoming economic sanctions and creating their

⁴¹ Congress, House, Committee on Homeland Security Subcommittee on Counterterrorism and Intelligence, *Hezbollah in Latin America – Implications for U.S. Homeland Security*, 112th Cong. 7 July 2011 (Written testimony of Ambassador Roger F. Noriega, Visiting Fellow, American Enterprise Institute for Public Policy Research).

⁴² Congress, Senate, Foreign Relations Subcommittee on Near Eastern and South and Central Asian Affairs, *Assessing the Strength of Hezbollah*, 111th Cong. 8 June 2010 (Written statement of Ambassador Jeffrey D. Feltman, Asst. Secretary of State for Near Eastern Affairs and Ambassador Daniel Benjamin, Coordinator for Counterterrorism).

⁴³ Congress, Senate, Foreign Relations Subcommittee on Near Eastern and South and Central Asian Affairs, *Assessing the Strength of Hezbollah*, 111th Cong. 8 June 2010 (Written statement of Ryan C. Croker, Dean and Executive Professor, George Bush School of Government and Public Service, Texas A&M University).

⁴⁴ "Iran and Venezuela deepen 'strategic alliance'," *BBC News*, October 20, 2010.

⁴⁵ Center for Strategic & International Studies, *How Iran Could Snub Sanctions in the Americas*, by Douglas Farah, January 11, 2012.

⁴⁶ Interview by Subcommittee Staff with ICE Homeland Security Investigations personnel (June 28, 2012).

⁴⁷ Hooman Majd, *The Ayatollah Begs to Differ, the Paradox of Modern Iran*, (New York: Anchor Books, 2009).

own economy, Iran and Venezuela can continue to pursue their ideological agendas beyond the reproach of their Western first-world oppressors.

In their efforts to achieve this independence, neither Iran nor Venezuela has ignored the pecuniary and political benefits of participating in the illicit drug trade. For example, Iranian Revolutionary Guard Corps (IRGC) General Gholamreza Baghbani has been working in conjunction with the Taliban to oversee the trafficking of opium and heroin from Afghanistan through Iran in order to generate revenue to support Hezbollah.⁴⁸

General Baghbani is a commander in the IRGC Qods Force which is the Iranian Special Forces unit that works closely with Hezbollah in conducting terror operations throughout the world. In a similar fashion to Iran's ideological relationship with Hezbollah, Venezuela and the FARC often work together in the trafficking of cocaine for mutual benefit. Numerous Venezuela government officials have been designated by the OFAC as providing assistance to the FARC in the trafficking of cocaine and the purchasing of weapons.⁴⁹ In addition to participating in cocaine trafficking, Venezuela affords the FARC respite from United States and Colombian pursuit via safe havens within the country.⁵⁰

Venezuela extends this assistance in part because the socialist regime of Hugo Chavez aligns well ideologically with the FARC's Marxist underpinnings. Pragmatically speaking, Venezuela provides support to the FARC insurgency because it believes it helps mitigate the perceived threat of United States intervention in the region.⁵¹ The FARC in turn has provided reciprocal support of the Chavez regime by such actions as training pro-Chavez militants and assassinating anti-Chavez politicians within Venezuela.⁵²

Given their own individual propensities in the trafficking of illicit drugs to further ideological interests, it should come as no surprise that the activity is so intrinsic to the ongoing Venezuelan-Iranian enterprise in Latin America.⁵³ Each country brings valuable infrastructure to drug trafficking that can be used to help expand and supply a worldwide cocaine market. Assets such as state-owned airlines, shipping companies, airports and sea ports can operate beyond the watchful eyes of the legitimate world.

This can be seen in the regularly scheduled flights between Caracas and Tehran that continue despite Venezuelan-owned Conviasa Airlines' claims they ended in September 2010.⁵⁴ Even though it was described as a regular commercial flight, there was no means by which to purchase

⁴⁸ *U.S. Treasury IDs Iran General as Drug Kingpin*; March 11, 2012;

<http://www.worldnewstribune.com/2012/03/11/u-s-treasury-ids-iran-general-as-drug-kingpin/>

⁴⁹ "US Sanctions Venezuelans for Alleged FARC Links," *BBC News*, September 8, 2011.

⁵⁰ "Colombia: Rebels Attack Troops From Venezuela," *The New York Times*, May 21 2012.

⁵¹ Simon Romero, "Venezuela Asked Colombian Rebels to Kill Opposition Figures, Analysis Shows," *The New York Times*, May 10, 2011.

⁵² *Id.*

⁵³ Congress, House, Committee on Foreign Affairs, *Ahmadinejad's Tour of Tyrants and Iran's Agenda in the Western Hemisphere*, 112th Cong. 2 February 2012 (Written testimony of Norman A. Bailey, PhD, President, Institute for Global Economic Growth).

⁵⁴ Subcommittee Staff interview with Ambassador Roger F. Noriega, Visiting Fellow, American Enterprise Institute for Public Policy Research (August 15, 2012).

a ticket to travel onboard. Moreover, the flight would depart Caracas from a secluded non-public terminal without the normal manifests associated with legitimate air commerce.⁵⁵

Another example that also illustrates the ingenuity of Iran in circumventing international sanctions involves the Islamic Republic of Iran Shipping Lines (IRISL), which is responsible for moving almost one-third of Iran's imports and exports. The IRISL has been under OFAC economic sanction since September 2008 for providing logistical services to Iran's Ministry of Defense and Armed Forces Logistics.⁵⁶

In order to stay one step ahead of OFAC and United Nations regulatory efforts, the IRISL regularly reflags and changes the owners of its ships. Between September 2008 and February 2012, there were 878 changes to the IRISL fleet including 157 name changes, 94 changes of flag, 122 changes of operator and 127 changes of registered ownership. This simple tactic has allowed Iran to continue shipping goods to and from Venezuela and all over the world despite the best efforts of the international community to prevent it.⁵⁷

Being able to control major modes of transportation that operate from one safe port to another beyond the watchful eyes of legitimate immigration and customs authorities is a fundamental advantage that is very difficult to counter. While Iran and Venezuela may be much more interested in using this advantage for commercial, military and nuclear purposes, there is no reason to doubt they would use it in the trafficking of drugs to finance covert terrorist activities for themselves and their allies.

IMPLICATIONS FOR UNITED STATES NATIONAL SECURITY

Iran and Hezbollah have been involved in the underworld of Latin America long enough to become intimately familiar with all of its inhabitants and capitalize on their capabilities. Former DEA executive Michael Braun has an interesting way of describing this dynamic:

*"...If you want to visualize ungoverned space or a permissive environment, I tell people to simply think of the bar scene in the first "Star Wars" movie. Operatives from FTOs (foreign terrorist organizations) and DTOs (drug trafficking organizations) are frequenting the same shady bars, the same seedy hotels and the same sweaty brothels in a growing number of areas around the world. And what else are they doing? Based upon over 37 years in the law enforcement and security sectors, you can mark my word that they are most assuredly talking business and sharing lessons learned."*⁵⁸

⁵⁵ Ed Barnes, "Venezuela Cancels Round-Trip 'Terror Flight' to Syria and Iran," *Fox News*, September 14, 2010.

⁵⁶ U.S. Department of the Treasury Press Center, *Major Iranian Shipping Company Designated for Proliferation Activity*, September 10, 2008.

⁵⁷ Rachel Armstrong, Stephen Grey and Himanshu Ojha, "Special Report: Iran's cat-and-mouse game on sanctions," February 15, 2012.

⁵⁸ Congress, House, Committee on Foreign Affairs, *Ahmadinejad's Tour of Tyrants and Iran's Agenda in the Western Hemisphere*, 112th Cong. (February 2, 2012) (Written statement of Michael A. Braun, Managing Partner, Spectre Group International, LLC)

Braun says as Europe's demand for cocaine continues to grow and TCO's operate in West and North Africa to establish infrastructure to move the drugs:

*"These bad guys (cartels) are now routinely coming in very close contact with the likes of Hezbollah, Hamas, Al Qaeda, who are vying for the same money, the same turf and same dollars. It's really a nightmare scenario. And my point being is if anyone thinks for a moment that Hezbollah and Qods Force, the masters at leveraging and exploiting existing illicit infrastructures globally, are not going to focus on our southwest border and use that as perhaps a spring board in attacking our country then they just don't understand how the real underworld works."*⁵⁹

Iran attempted to leverage this capability in October 2011 with the foiled plot to assassinate the Saudi Ambassador to the United States. According to a federal arrest complaint filed in New York City, the Qods Force attempted to hire a drug cartel (identified by other sources as the Los Zetas) to assassinate Saudi Ambassador Adel al-Jubeir for a fee of \$1.5 million. The terror attack was to take place at a popular restaurant in Washington, D.C. without regard to collateral deaths or damage.⁶⁰

The Qods Force made this solicitation because it knows drug traffickers are willing to undertake such criminal activity in exchange for money. Moreover, if this terror attack had been successful, the Qods Force intended to use the Los Zetas for other attacks in the future.⁶¹ Had it not been for a DEA informant posing as the Los Zetas operative, this attack could have very well taken place.

It has been suggested that this assassination was directed by the Iranian government in retaliation for a Saudi-led military intervention in Bahrain against an Iranian-backed Shiite Muslim majority that was protesting a Saudi-backed Sunni Muslim minority government.⁶² There are also indications that Iranian Supreme Leader Ayatollah Khamenei has ordered the Qods Force to intensify terror attacks against the United States and other Western countries for supporting the ousting of Syrian President and Iranian ally Bashar al-Assad.⁶³

How all of this plays into the Iranian nuclear threat leaves troubling possibilities for the U.S. and our ally Israel. We know that Hezbollah has a significant presence in the United States that

⁵⁹ Congress, House, Committee on Homeland Security Hearing, "Iran, Hezbollah, and the Threat to the Homeland," 112th Congress, March 21, 2012

⁶⁰ U.S. v. Manssor Arbabsiar and Gholam Shakuri; U.S. District Court for the Southern District of New York, Case# 1:11-cr-00897-JFK

⁶¹ *Id.*

⁶² Congress, Joint Committee, Committee on Homeland Security Subcommittee on Oversight, Investigations and Management and the Subcommittee on Counterterrorism and Intelligence of the U.S. House Committee on Homeland Security, *Iranian Terror Operations on American Soil*, 112th Cong. 26 October 2011 (Prepared Statement of Dr. Matthew Levitt, Director, Stein Program on Counterterrorism and Intelligence, The Washington Institute for Near East Policy).

⁶³ Con Coughlin, "Iran's supreme leader orders fresh terror attacks on West," *The Telegraph*, August 22, 2012.

While Latin American bases serve as a finance mechanism for Hezbollah, it is believed the ability exists to turn operational if the need arises.

could be utilized in terror attacks intended to deter our efforts to curtail Iran's nuclear program.⁶⁴ For this same reason, Israelis in the United States and around the world have gone on high alert to prevent a repeat of deadly Hezbollah terror attacks against Israeli facilities

that occurred in Argentina in 1992 and 1994.

These increasingly hostile actions taken by the Iranian government would be alarming enough without Iran and Hezbollah having well-established bases of operations in Latin America. While Latin American bases serve as a finance mechanism for Hezbollah, it is believed the ability exists to turn operational if the need arises. There is no doubt that the enemy is at our doorstep and we must do something about it now. While a very aggressive foreign policy to counteract these threats is in order, we must not forget that a secure Southwest border is always our first and last line of defense.

C. EVOLVING TRANSNATIONAL CRIMINAL THREAT ALONG THE SOUTHWEST BORDER

MEXICAN DRUG CARTEL UNDERPINNINGS TO TRANSNATIONAL ORGANIZED CRIME

The first edition discussed the emerging power and influence of the Mexican drug cartels along the Southwest border. The report elaborated on the increasing cooperation between the drug cartels and prison and street gangs in the United States to facilitate the trafficking and sale of illicit drugs along with the enforcement of remunerations. Those cartels diversified into other areas of criminality such as human smuggling and arms trafficking.

Since the issuance of the first edition, these evolving criminal phenomena have caused many experts and law enforcement professionals to place greater emphasis on a holistic analysis of the crime occurring across the Southwest border. That approach created an increased understanding that virtually all crimes exploiting our borders rely on interconnected illicit pathways and criminal organizations.⁶⁵

There has also been greater emphasis on using more precise terms to describe these criminal organizations. Even the term "drug cartel" is now considered somewhat of a misnomer because these organizations are not engaged in the sort of cooperative price-fixing and product regulation

⁶⁴ Congress, House, Committee of Homeland Security, See *Iran, Hezbollah and the Threat to the Homeland*, 112th Cong. (March 21, 2012).

⁶⁵ Congress, Senate, Committee on Homeland Security and Governmental Affairs Ad Hoc Subcommittee on Disaster Recovery and Intergovernmental Affairs, *Exploring Drug Gangs' Ever Evolving Tactics to Penetrate the Border and the Federal Government's Efforts to Stop Them*, 112th Cong. 31 March 2010 (Written statement of Executive Associate Director James A. Dinkins, Homeland Security Investigations, U.S. Immigration and Customs Enforcement).

behaviors that are indicative of a traditional cartel.⁶⁶ It is now considered more technically precise to characterize these organized criminal enterprises as drug trafficking organizations (DTO) or, in the truly accurate and broader sense, as transnational criminal organizations (TCO).

To give some sense of the compounding effect of thinking in the broad terms of TCOs versus DTOs, consider the following: It has been said that the influence of Mexican DTOs is now felt in every region in the United States and in at least 230 U.S. cities – an increase of 180 cities from 2006.⁶⁷ According to the National Drug Intelligence Center, Mexican TCOs were operating in more than one thousand U.S. cities in every region of the country in 2009 and 2010.⁶⁸ By considering the full breadth of criminal activity undertaken by Mexican TCOs in the United States, one can see that their influence is much greater than previously thought.⁶⁹

Mexican cartels dominate the TCO hierarchy because of their command over the illicit drug market in the United States that has been estimated to be worth \$64 billion a year.⁷⁰ The cartels are also involved in the global illicit drug economy that is estimated to be worth \$322 billion a year.⁷¹ This economic power provides the necessary resources for the cartels to exert ruthless control over the smuggling corridors (*i.e.* illicit pathways or “plazas”) that are critical to the operation of every subordinate TCO that wishes to commit crimes across the Southwest border.

THE INCREASING INVOLVEMENT OF GANGS IN TRANSNATIONAL CRIMINAL ACTIVITY

Central to the success of the transnational criminal enterprise is the continued business relationship with gangs on either side of the border. On the U.S. side, the cartels are increasing their connection to gangs in order to gain greater control over the retail drug market.⁷² These alliances are also beginning to transcend ethnic, ideological and geographic boundaries. For example, outlaw motorcycle gangs and white supremacist groups are beginning to partner with the cartels in order to mutually benefit financially from increased retail distribution in the United States.⁷³

⁶⁶ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations and Management, *On the Border and in the Line of Fire: US Law Enforcement, Homeland Security and Drug Cartel Violence*, 112th Cong. 11 May 2011 (Written statement of Arizona Attorney General Thomas C. Horne).

⁶⁷ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations and Management *On the Border and in the Line of Fire: US Law Enforcement, Homeland Security and Drug Cartel Violence*, 112th Cong. 11 May 2011 (Written statement of Amy E. Pope, Deputy Chief of Staff and Counselor to the Assistant Attorney General Criminal Division, U.S. Department of Justice).

⁶⁸ Department of Justice, National Drug Intelligence Center, *National Drug Threat Assessment for 2011*.

⁶⁹ To maintain the ease of conventions, generally this report will use the term “cartel” to refer to Mexican DTOs and TCOs unless specifically necessary.

⁷⁰ Office of National Drug Control Policy, *2002 National Drug Control Strategy*.

⁷¹ Thematic Debate of the 66th Session of the United Nations General Assembly on Drugs and Crime as a Threat to Development, 26 June 2012, <http://www.un.org/en/ga/president/66/Issues/drugs/drugs-crime.shtml>

⁷² Congressional Research Service, *Mexico’s Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel, R41576, 8 June 2012

⁷³ Federal Bureau of Investigation, *2011 National Gang Assessment*.

In Mexico, gangs have become proxy soldiers for the fight to control smuggling plazas. The Barrio Azteca (BA) gang has aligned itself with the Juarez/Vicente Carrillo-Fuentes organization to help repel encroachments into its plaza by the Sinaloa cartel.⁷⁴ The BA has been classified by the State of Texas as a Tier 1 gang because of its association with Mexican cartels and high levels of transnational criminal activity.⁷⁵ It is a particularly violent gang that was involved in the March 2010 murder of U.S. Consular employee Leslie Enriquez and her husband Arthur Redelfs in Juarez, Mexico. BA members that have been brought to justice for these senseless murders of innocent people have explained it simply as an opportunity for the gang to further its racketeering activities and standing as a criminal organization.⁷⁶

THE DIVERSIFIED THREAT OF TRANSNATIONAL CRIMINAL ORGANIZATIONS

Human Trafficking and Smuggling



Human Trafficking Zones through Latin America to the Southwest Border.

Courtesy of ICF International's 2006 report to National Institute of Justice, U.S. Department of Justice

In the original report, the Subcommittee highlighted one of the more well-known criminal diversifications by the cartels into the realm of human trafficking and smuggling. Human smuggling involves the facilitation, transportation or illegal entry across an international border

⁷⁴ Congressional Research Service, *Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel, R41576, 8 June 2012

⁷⁵ Texas Department of Public Safety, Texas Fusion Center, Intelligence and Counterterrorism Division, *Texas Gang Threat Assessment 2011*.

⁷⁶ Department of Justice, *Juarez Drug Cartel Pleads Guilty to Charges Related to U.S. Consulate Murders and Is Sentenced to Life in Prison*, 5 April 2012 (press release).

of persons who are willing participants in the process. Once the smuggling process is complete, all involved parties are free to go on their way with no further obligation.

Human trafficking involves the same logistical considerations, but the individuals being moved are not willing participants and are usually the object of further criminal exploitation like involuntary servitude or forced prostitution. To get a global sense of the problem of trafficking in persons, the U.S. Government estimates that worldwide 600,000 to 800,000 people are trafficked across international borders each year.⁷⁷

Each year approximately 25,600 females... are trafficked across the U.S. Southwest border for the purpose of sexual exploitation.

The cartels have availed themselves to a Latin American human trafficking industry specializing in sexual exploitation that has been estimated to generate \$16 billion annually.⁷⁸ A recent study estimated that each year approximately 25,600 females from the

source countries of Colombia, Venezuela, Ecuador, Peru, El Salvador, Guatemala, Nicaragua and Mexico are trafficked across the U.S. Southwest border for the purpose of sexual exploitation.⁷⁹ This same study estimated that each year 46,849 males and females from the same source countries are trafficked across the U.S. Southwest border for forced labor.⁸⁰

Money Laundering

In 1986, the Money Laundering Control Act was enacted which made it illegal to conceal the proceeds of organized crime activities and/or to use those proceeds to further criminal activity. According to George Friedman, CEO and Chief Intelligence Officer of Stratfor, U.S.-Mexico cross-border trade as a result of illegal drugs is about \$40 billion a year—over 11 percent of total exports.⁸¹ With higher profit margins than other products, illegal drugs have an important impact on the Mexican economy making the stakes even higher. Organized crime and law enforcement have played a game of one-upmanship, with the criminals devising creative ways to hide, move and utilize illicit proceeds and with law enforcement identifying, disrupting and dismantling those methods.

One example of this emerged with the recent indictment of several leaders of the Los Zetas drug cartel on charges of money laundering related to a horse racing operation in the United States. The first step in this particular scheme involved the bulk cash smuggling of proceeds from drug sales in the U.S. into Mexico. The Zetas allegedly used these funds to either promote the continued distribution of drugs or to purchase, train, breed and race quarter horses in order to help disguise the true origin of the money. Three of these businesses were owned by Jose

⁷⁷ Congressional Research Service, *Trafficking in Persons: U.S. Policy and Issues for Congress*, by Alison Siskin and Liana Sun Wyler, 23 December 2010.

⁷⁸ *Id.*

⁷⁹ *Estimating Human Trafficking into the United States: Development of a Methodology*, by Heather J. Clawson, Mary Layne and Kevonne Small, Caliber, December 2006.

⁸⁰ *Id.*

⁸¹ George Friedman, "Mexico's Strategy," Stratfor, August 22, 2012.

Trevino-Morales, who is the brother of Zetas kingpins Miguel Angel Trevino-Morales, and Oscar Omar Trevino-Morales.⁸²

The above indictment also alleged that from 2008 to May 2012, these businesses spent approximately \$5.4 million of drug money to purchase 69 horses. During that time approximately \$850,000 of ill-gotten money was purportedly used to train and maintain the horses. At least \$435,000 of legitimate prize money was comingled in bank accounts with drug proceeds to help disguise the illicit funds. Horses were also sold at artificially high prices to co-conspirators to help foster the perception of legitimate business income.

Bulk Cash Smuggling

Bulk cash smuggling is the process of physically moving hidden amounts of money in excess of \$10,000 into or outside of the United States with no intention to declare the money to the U.S. government. Despite all of the sophisticated money laundering methods that exist, bulk cash smuggling remains the primary method drug cartels use to move their illicit proceeds across the border into Mexico. While U.S. law enforcement was able to seize \$138 million of bulk cash shipments in Fiscal Year 2009, it is a fraction of the \$18 billion to \$39 billion that the DEA estimates makes it into Mexico each year.⁸³

Weapons smuggling

The Mexican government's war on the cartels has sparked extreme violence, which has in turn created a huge demand by the cartels for weapons and ammunition. Plenty of organized crime rings – to include the cartels themselves – have gone into the business of providing a constant stream of weapons flowing south out of the United States into the hands of these ruthless criminals.⁸⁴

In 2007, the U.S. Bureau of Alcohol, Tobacco and Firearms (ATF) started Project Gunrunner in an effort to stem the flow of guns heading south into Mexico. Part of the operation included the expansion of ATF's eTrace program to make it available to Mexican law enforcement. From 2007 through 2011, there were 99,691 firearms submitted for tracing by Mexican investigators. Out of those traces, 68,161 firearms (68.4%) were determined to have come from the United States.⁸⁵

The ATF is quick to point out, however, that the above weapons – or any weapons submitted for tracing whether they are in the United States or Mexico – should not be considered representative of the larger universe of all firearms used by criminals.⁸⁶ We have no way of

⁸² Indictment, U.S. v Miguel Angel Trevino Morales, U.S. District Court for the Western District of Texas, Austin Division, Criminal Case Number A-12-CR-210-SS

⁸³ James C. McKinley, Jr. and Marc Lacey, "Along U.S. – Mexico Border, a Torrent of Illicit Cash", *New York Times*, December 25, 2009.

⁸⁴ White House, Office of National Drug Control Policy, *National Southwest Border Counternarcotics Strategy for 2011*.

⁸⁵ Subcommittee staff meeting with the ATF Office of Strategic Intelligence and Information, March 12, 2012

⁸⁶ *Id.*

knowing the total number of weapons being used by the cartels or from where they originate. In fact, there are indications that the military-grade weaponry used by the cartels originates from countries such as China, South Korea or the numerous countries in Latin America that have been the venue of so many paramilitary insurgencies.⁸⁷

Intellectual Property Rights Theft

Intellectual property is a product of the intellect that has commercial value, including copyrighted property such as literary and artistic works, and ideational property, such as patents, appellations of origin, business methods and industrial processes.⁸⁸ Intellectual Property Rights (IPR) theft is becoming an increasingly lucrative business for TCOs and transnational gangs. The La Familia Michoacána cartel is said to earn \$2.4 million per day selling counterfeit goods and may be operating in the United States.⁸⁹

The Zetas are heavily involved in IPR theft in the United States as well.⁹⁰ In Mexico the Zetas have taken over retail shops in order to sell their pirated movies and music. One merchant who had his market confiscated by the Zetas explained his acquiescence to his new bosses as “these are people you do not say no to”.⁹¹ In June 2012, the Mexican federal police accused a top Zetas official of receiving approximately \$20 million in illicit proceeds from IPR theft.⁹²

Organized Retail Theft

According to the FBI, Mexican criminal groups are participating in an organized retail theft industry that costs the United States about \$30 billion a year. Organized retail theft is considered a “gateway” crime that has the potential to lead to other larger criminal schemes, such as money laundering or even terrorism.⁹³

Mexican retail theft rings are known to operate as deep into the U.S. interior as San Francisco, Salt Lake City and Denver. At least one Mexican retail theft ring in particular would purchase stolen credit card numbers from what was suspected to be the Russian mafia.⁹⁴ The theft ring would then use these fraudulent credit cards to purchase laptop computers, designer handbags, clothing, and sunglasses from legitimate retailers in various U.S. cities. Many of these stolen goods were ultimately smuggled into Mexico and sold to generate the theft ring’s revenue.

⁸⁷ Scott Stewart, “Mexico’s Gun Supply and the 90 Percent Myth,” *Stratford Global Intelligence*, February 10, 2011.

⁸⁸ <http://www.thefreedictionary.com/intellectual+property>

⁸⁹ Intellectual Property Theft: Get Real, National Crime Prevention Council.

⁹⁰ *Id.*

⁹¹ James C. McKinley, Jr. and Marc Lacey, “Along U.S. – Mexico Border, a Torrent of Illicit Cash”, *New York Times*, December 25, 2009.

⁹² *Id.*

⁹³ Federal Bureau of Investigations, *Organized Retail Theft, A \$30 Billion-a-Year Industry*, January 3, 2011, http://www.fbi.gov/news/stories/2011/january/retail_010311

⁹⁴ Subcommittee staff interview of ICE Homeland Security Investigations personnel, June 26, 2012

CORRUPTION OF PUBLIC OFFICIALS

While it has been well known for many years that the cartels have used their massive financial resources to exert a corrupting influence on public officials in Mexico, there is increasing concern over their impact on U.S. officials. Since October 2004, 138 Customs and Border Protection (CBP) officers and agents have been arrested or indicted on corruption-related charges.⁹⁵

There is also concern that the U.S. government is not resourced at the proper level to deal with the challenges of this corruption. According to recent testimony by the Department of Homeland Security (DHS) Office of Inspector General (OIG), there has been a 38 percent increase in complaints against CBP officers since 2004.⁹⁶ The OIG also testified that, despite this increase, it only has 219 criminal investigators at its disposal to monitor the activities of over 225,000 employees throughout DHS.

The corrupting influence of the cartels has not been limited to federal law enforcement officers. In 2011, an unbelievable breach of the public trust took place in Columbus, New Mexico when the mayor, police chief, a city trustee and nine other individuals pled guilty to selling firearms – mostly assault rifles – to Mexican drug cartels.⁹⁷ In the approximate year and a half preceding this report, nine Texas law enforcement officers have been charged with allowing guns or drugs to cross the border.⁹⁸

Dealing with public corruption has now become an integral part of the Southwest Border Counternarcotics Strategy. The strategy involves increased training for law enforcement officers and greater investigative and prosecutorial focus on combating corruption at all levels of government.⁹⁹

⁹⁵ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations, and Management, *Department of Homeland Security: An Examination of Ethical Standards*, 112th Cong. 17 May 2012 (Written statement of Thomas Winkowski, Acting Deputy Commissioner, U.S. Customs and Border Protection).

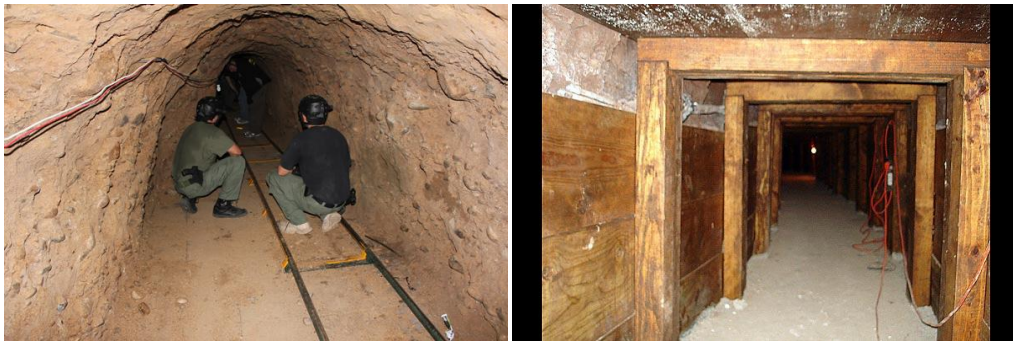
⁹⁶ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations and Management, *Department of Homeland Security: An Examination of Ethical Standards*, 112th Cong. 17 May 2012 (Written statement of Charles K. Edwards, Acting Inspector General, U.S. Department of Homeland Security).

⁹⁷ Richard A. Serrano, "Corruption flows freely along U.S.-Mexico border," *Los Angeles Times*, May 13, 2012.

⁹⁸ *Id.*

⁹⁹ White House, The Office of National Drug Control Policy, *Southwest Border Counternarcotics Strategy 2011*

TUNNELS, ULTRALIGHTS AND SEMI-SUBMERSIBLES: THE EVOLVING METHODS OF SMUGGLING



*(Left) Unknown tunnel under Southwest border.
Source: U.S. Immigration & Customs Enforcement*

(Right) Tunnel under Southwest border near Calexico, CA. Source: U.S. Drug Enforcement Agency

Smugglers are engaged in an endless process of devising creative methods to smuggle goods and people across the Southwest border. One trend law enforcement is seeing more of is the use of cross-border tunnels. Since June 2011, there have been 153 tunnel attempts discovered on the Southwest border. Many of these tunnels have been highly sophisticated and have been built with electricity, ventilation and rail systems to move cargo. Officials estimate that some of the tunnels have cost more than \$1 million to construct.¹⁰⁰

According to law enforcement, smugglers have begun to use ultralight aircraft to help avoid detection while moving contraband across the border. Different from a conventional aircraft, ultralights resemble motorized hang gliders that can carry a 250-pound payload of drugs. In Fiscal Year 2010, there were 228 incursions into U.S. airspace by ultralight aircraft which was almost double the number of incidents from the previous year.¹⁰¹

The cartels have reached a level of financial capability to construct and operate fully-submersible vessels to move cocaine from South America to the coasts of Mexico. Operating with a crew of four, these semi-submersibles are capable of



*A semi-submersible narco-trafficking vessel
Source: U.S. Coast Guard*

¹⁰⁰ Congress, Senate, Caucus on International Narcotics, *Control Illegal Tunnels on the Southwest Border*, 112th Cong. 15 June 2010 (Written statement of James A. Dinkins, Executive Associate Director, Homeland Security Investigations).

¹⁰¹ Richard Marosi, "Ultralight aircraft now ferrying drugs across U.S.-Mexico border", *Los Angeles Times*, May 19, 2011.

transporting 10 metric tons of drugs 6,800 nautical miles. These vessels are very difficult for the Coast Guard to detect with their existing capabilities. This is especially troubling given these vessels have the range to reach near Los Angeles or Galveston and can transport people or weapons that would pose serious threats to the national security of the United States.¹⁰²

U.S. Coast Guard Rear Admiral William Lee testified before the House Homeland Security Oversight, Investigations, and Management Subcommittee in June 2012 that semi-submersible



Semi-submersible narco-trafficking vessel seized by authorities in Colombia.

vessels are pushing the limits of aerial surveillance and radar capabilities used to detect them. As DTOs enhance their technology, tracking will be difficult without help from U.S. Navy operations.

“As these organizations emerge into the fully submersible technology, which we know they already have the capability of doing, we have no method of detecting them once they become subsurface.” RADM Lee testified. “When the appropriate naval resources are in that area of operations some of them do have that capability.”¹⁰³

D. THE INCREASING THREAT FROM SPILLOVER VIOLENCE

The horrific uptick of violence in Mexico has indeed spilled over into the United States. The FBI states on its website “The kidnappings, beatings, and murders that mark the extreme drug-related violence of Mexican border cities such as Tijuana and Juarez have increasingly spilled over the border.”¹⁰⁴ The Texas Department of Public Safety (DPS) reports that 22 murders, 24 assaults, 15 shootings and five kidnappings in Texas took place directly at the hands of Mexican cartels between January 2010 and April 2011.¹⁰⁵ As the examples below indicate, the violence is not contained to ports of entry but has spread along the entire border. While the violence escalates significantly in Mexico, it may continue to spill over into the United States. Steps need to be taken to prevent an escalation of violence in the homeland.

¹⁰² Congress, House, Committee on Homeland Security Subcommittee on Border and Maritime Security, *Border Security Threats to the Homeland: DHS' Response to Innovative Tactics and Techniques*, 112th Cong. 19 June 2012 (Written statement of Rear Admiral Charles Michel, Director, Joint Interagency Task Force South).

¹⁰³ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations, and Management, “U.S. – Caribbean Border: Open Road for Drug Traffickers and Terrorists”, 112th Cong. 21 June 2012 (Testimony of Rear Admiral William D. Lee, Deputy for Operations Policy).

¹⁰⁴ *On the Southwest Border, When Violence Hits Too Close to Home*, August 12, 2010, <https://www.fbi.gov/news/stories/2010/august/southwest-border3/border-violence>

¹⁰⁵ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations and Management, *On the Border and in the Line of Fire: US Law Enforcement, Homeland Security and Drug Cartel Violence*, 112th Cong. 11 May 2011 (Written statement of Steven C. McCraw, Director, Texas Department of Public Safety).

SPILLOVER VIOLENCE AGAINST CIVILIANS

In addition to these official reports of spillover violence, a routine search of the Internet will yield numerous press reports of violence along the Southwest Border:

- In Chandler, Arizona, the decapitated body of Martin Alejandro Cota Monroy was found on the floor of an apartment with his severed head nearby. Cota Monroy, a member of the Beltran-Leyva DTO, was murdered in retaliation for stealing 400 pounds of marijuana and methamphetamine. A Chandler Police detective stated “This is the message being sent: Not only are they going to kill you but they’re going to dismember your body. And, ‘If you cross us, this is what happens’”.¹⁰⁶
- In Douglas, Arizona, Robert N. Krentz, Jr is found shot to death on his own ranch after radioing his brother that he was helping someone whom he believed was an illegal alien. Police follow fresh tracks from the crime scene back to the Mexico border. Neighboring ranchers explain the area is seeing increasing numbers of armed drug smugglers and that such an incident was “only a matter of time.”¹⁰⁷
- In Harris County, Texas in broad daylight, Los Zetas gunmen ambushed a tractor-trailer carrying a load of marijuana spraying its cab with bullets and killing the driver. Because the truck was under constant law enforcement surveillance as part of a controlled delivery, police immediately responded and a Harris County Sheriff’s deputy was accidentally shot by friendly fire.¹⁰⁸
- In Hidalgo County, Texas a hand grenade was thrown into a crowded bar. The only thing preventing bloodshed was the fact the assailant neglected to remove a second safety pin from the device. The use of hand grenades is a common practice in Mexican cartel violence and this incident validates the fears of law enforcement that the tactic will spread to the U.S. side of the border.¹⁰⁹

SPILLOVER VIOLENCE AGAINST LAW ENFORCEMENT

Since 2007, violence against Border Patrol agents has increased by 35% to include 13 deaths.

U.S. Border Patrol agents continue to be subjected to spillover violence. The first edition indicated that violence against Border Patrol agents had increased 108 percent from 2004 to 2005. The DHS Office of Inspector General (OIG) now reports that since 2007, violence against Border Patrol agents has increased by 35 percent to include 13 deaths.¹¹⁰

¹⁰⁶ Tim Steller, “Chandler cops: Cartel behind Oct. beheading,” *Arizona Daily Star*, March 5, 2011.

¹⁰⁷ Randal C. Archibold, “Ranchers Alarmed by Killing Near Border,” *The New York Times*, April 4, 2010.

¹⁰⁸ Dane Schiller, “Zeta soldiers launched Mexico-style attack in Harris County,” *Houston Chronicle*, November 23, 2011.

¹⁰⁹ Jacques Billeaud, “ATF worries about Mexican cartel grenades coming into America,” *Associated Press*, August 3, 2009.

¹¹⁰ Department of Homeland Security, Office of Inspector General, *Fiscal Year 2012 Annual Performance Plan*.

Among these deaths was the murder of Border Patrol Agent Brian Terry. In December 2010, Patrol Agent Terry was shot in the Arizona desert by a group of illegal aliens. The illegal aliens were carrying AK-47 assault weapons while Patrol Agent Terry was carrying a less-than-lethal weapon designed to fire beanbags. The OIG used this incident to highlight concerns that Border Patrol agent training, deployed weapons and rules of engagement have not kept pace with the increased violence on the border.¹¹¹ It was eventually revealed that the weapons used to murder Patrol Agent Terry were linked to the botched weapons smuggling investigation known as Operation Fast and Furious.¹¹²

Another incident involving the Border Patrol took place in March 2012 near Rio Grande City, Texas. Border Patrol agents exchanged gunfire with men on the Mexico side of the border after interdicting a \$3 million load of marijuana being smuggled across the river. When the load vehicle on the U.S. side attempted to run over the patrol agents, the agents fired prompting the shootout with gunmen across the river. The gunfight occurred in an area along the Rio Grande River that federal, state and local law enforcement say is becoming an increasing threat.¹¹³

A Border Patrol agent who spoke anonymously has stated that assaults on patrol agents have increased in recent years. The agent elaborated that the Border Patrol regularly fires gunshots and deploys less-lethal weapons towards smugglers along the Rio Grande though those incidents are rarely publicized. The agent explained this furtiveness by saying, “Part of it is the keeping perception of safety”.¹¹⁴

Other law enforcement officers are facing spillover violence as well. The Texas Department of Public Safety (DPS) reports that there have been 58 incidents of shots fired at Texas lawmen by Mexican cartel operatives since 2009.¹¹⁵

On October 30, 2011, Hidalgo County Sheriff’s Deputy Hugo Rodriguez was shot while responding to a reported kidnapping and drug deal. Operatives from the Gulf Cartel had crossed into the United States and kidnapped two gang members in an effort to recover a stolen load of marijuana. When Deputy Rodriguez pulled the operative’s pickup truck over to investigate, the operatives opened fire with an assault rifle and a nine millimeter pistol striking the deputy in the chest and leg.¹¹⁶

¹¹¹ *Id.*

¹¹² Congress, Joint Staff, House of Representatives Committee on Oversight and Government Reform and U.S. Senate Committee on the Judiciary, *The Department of Justice’s Operation Fast and Furious: Fueling Cartel Violence*, 112th Congress, July 26, 2011.

¹¹³ Lynn Brezovsky, “Shootout erupts across the Rio Grande,” *San Antonio Express – News*, March 3, 2012.

¹¹⁴ Jared Taylor, “DPS list identifies spillover crimes in Texas; local officials dispute some cases,” *The Monitor*, May 28, 2011.

¹¹⁵ <http://www.txdps.state.tx.us/PublicInformation/cartelCrimeStats.htm>

¹¹⁶ “Hidalgo County sheriff labels shootout ‘spillover violence’,” *Associated Press*, November 2, 2011.

Texas DPS has reported that Hidalgo County is the center of spillover violence in Texas.¹¹⁷ In spite of this, Hidalgo County Sheriff Lupe Trevino has been perennially skeptical towards the concept of spillover violence and to any claims thereof.¹¹⁸ After the above incident with Deputy Rodriguez, Sheriff Trevino said the following:

*"It started in Mexico, it had a violent confrontation in Mexico, that violent confrontation was spilled over here. This is the very first one that we can actually say, 'Yes, here it is. It has happened,'"*¹¹⁹
*"Now there are more cartel members living in Texas, in the Valley, in the United States. I'll guarantee you there's a ton of them,"*¹²⁰

The DPS also reports that since 2008, there have been 77 incidents of cartel operatives throwing tire-deflating devices at pursuing law enforcement vehicles while evading arrest.¹²¹ These devices have disabled both civilian and law enforcement vehicles posing great risk to public safety. As a result, the use of such devices is now a third degree felony in Texas.

KIDNAPPINGS: THE SPILLOVER CRIME HIDING IN PLAIN SIGHT

The threat of kidnapping is increasing along the Southwest Border. As stated earlier in this report, kidnapping has become a major element of criminal diversification for the drug cartels. The Office of National Drug Control Policy (ONDCP) has stated that kidnappings, primarily related to drug trafficking and human smuggling, are a significant threat along the Southwest Border. The ONDCP elaborated that 52% of the FBI's kidnapping caseload for 2009 involved investigations with a cross-border nexus.¹²²



Surveillance video image of Juan Cantu Kidnapping in Penitas, TX.

Source: McAllen Monitor

The FBI reports that from October 2008 to September 2009, there were 42 people kidnapped in McAllen, Texas, an increase of 31 cases in McAllen from the previous year.¹²³ Describing the increase, retired FBI

¹¹⁷ Jared Taylor, "DPS list identifies spillover crimes in Texas; local officials dispute some cases," *The Monitor*, May 28, 2011.

¹¹⁸ "Hidalgo County sheriff labels shootout 'spillover violence'," *Associated Press*, November 2, 2011.

¹¹⁹ "Texas sheriff: Drug war violence spilling over," *Houston Chronicle*, October 31, 2011

¹²⁰ *Id.*

¹²¹ <http://www.txdps.state.tx.us/PublicInformation/cartelCrimeStats.htm>

¹²² White House, The Office of National Drug Control Policy, *National Southwest Border Counternarcotics Strategy Implementation Update*, 2010

Assistant Special Agent in Charge for the McAllen field office, John Johnson, said, “Fiscal Year ‘09 was off the charts”.¹²⁴

Cross-border kidnappings were at one time largely relegated as a tool for revenge or intimidation by the cartels.¹²⁵ A good example of this is the kidnapping of Sergio Saucedo which took place in Horizon City, Texas in 2009. Saucedo was abducted and then taken across the border to Juarez where he was murdered and his hands cut off and placed on his chest. The kidnapping and murder were in retaliation for Saucedo’s involvement in the loss of a 670 pound load of marijuana to the Border Patrol in August 2009.¹²⁶

Now transnational criminals have realized how easy and lucrative it is to kidnap people on either side of the border and hold them for ransom.¹²⁷ An example of this trend would be the August 2012 kidnapping of 22 year-old Juan Cantu in Peñitas, Texas. Cantu was abducted in broad daylight at his father’s tire shop by two men, one of whom is an illegal alien suspected of being involved in at least one other kidnapping in the area. Cantu was eventually released unharmed after his family paid his kidnappers approximately \$150,000. During the incident Cantu’s family refused to cooperate with the authorities and even asked the sheriff’s office in writing to stay out of the affair. The family also waited a day before informing law enforcement of Cantu’s safe return.¹²⁸

Trans-border kidnapping and extortion have become so large and lucrative that private businesses now specialize in negotiating ransoms in order to return abductees safe and sound as quickly as possible.¹²⁹ The U.S.-based companies in this business handle far more cases in Mexico than anywhere else in the world and most of those cases are never reported to law enforcement.¹³⁰

¹²³ *On the Southwest Border, When Violence Hits Too Close to Home*, August 12, 2010, <https://www.fbi.gov/news/stories/2010/august/southwest-border3/border-violence>

¹²⁴ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations, and Management, *On the Border and in the Line of Fire: US Law Enforcement, Homeland Security and Drug Cartel Violence*, 112th Cong. 11 May 2011 (Written statement of Sigifredo Gonzalez, Jr., Sheriff, Zapata County, Texas).

¹²⁵ *On the Southwest Border, When Violence Hits Too Close to Home*, August 12, 2010, <https://www.fbi.gov/news/stories/2010/august/southwest-border3/border-violence>

¹²⁶ Cindy Ramirez, “2nd man gets life for Horizon City kidnapping,” *El Paso Times*, July 16, 2011.

¹²⁷ *On the Southwest Border, When Violence Hits Too Close to Home*, August 12, 2010, <https://www.fbi.gov/news/stories/2010/august/southwest-border3/border-violence>

¹²⁸ Elizabeth Findell, “Sheriff: Kidnapping victim released after family pays ransom,” *The Monitor*, August 27, 2012.

¹²⁹ *Kidnap and ransom: negotiating lives for cash*, by Peter Apps, Reuters, February 17, 2011

¹³⁰ Nick Miroff, “As kidnappings for ransom surge in Mexico, victims’ families and employers turn to private U.S. firms instead of law enforcement,” *The Washington Post*, February 26, 2011.

THE DEBATE OVER SPILLOVER VIOLENCE

Skeptics of spillover violence often base their opinion on data from the FBI's Uniform Crime Report (UCR) that show violent crime rates in communities along the Southwest Border are lower than the national average.¹³¹ There are numerous fallacies with relying on UCR data to support the position that spillover violence is nonexistent. For one, the UCR cannot report a crime that is never reported to law enforcement. Many citizens of border communities do not report crimes for fear of reprisal.¹³² As stated in the prior section, many if not most kidnappings go unreported to the authorities.

Regardless, even when kidnappings are reported to the FBI they do not impact the UCR because kidnapping is not included in the report.¹³³ This omission is critically important to this debate. To use an analogy, if spillover violence were an iceberg, kidnappings would comprise the vast majority and remain unseen below the waterline.

In addition to kidnapping, there are many other crimes not included in the UCR which are indicators of spillover crime. DPS Director Steven C. McCraw explained this more precisely in his testimony before the Subcommittee on May 11, 2011:

*“For example, if we were to use only Index Crimes as reported through the FBI’s Uniform Crime Reporting (UCR) system, it would not include essential variables such as extortions, kidnappings, smuggling incidents, corruption, smuggling-related trespassing and vandalism, arrests of aliens from countries with strong terrorist networks, seizures of Cartel drugs, weapons and bulk cash on the ten major smuggling corridors throughout Texas, Cartel command and control networks operating in Texas, increases in Cartel-related gang activity, death squad members living in Texas, Cartel-related killings of U.S. citizens in Mexico, Cartel-related violence along the border directed at U.S. law enforcement and the recruitment of Texas children in the border region to support Cartel operations on both sides of the border.”*¹³⁴

¹³¹ Alan Gomez, Jack Gillum & Kevin Johnson, “U.S. border cities prove havens from Mexico’s drug violence,” *USA Today*, July 28, 2011

¹³² Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations, and Management, *A Call to Action: Narco-Terrorism’s Threat to the Southern U.S. Border*, 112th Cong. 14 October 2011 (Written testimony of Dr. Michael Vickers).

¹³³ Congressional Research Service, *Southwest Border Violence: Issues in Identifying and Measuring Spillover Violence*, R41075, January 25, 2011

¹³⁴ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations and Management, *On the Border and in the Line of Fire: US Law Enforcement, Homeland Security and Drug Cartel Violence*, 112th Cong. 11 May 2011 (Written statement of Steven C. McCraw, Director, Texas Department of Public Safety).

Further, UCR data does not report whether violent crime is related to drug trafficking. This makes it impossible to use the UCR to draw definite conclusions about spillover violence.¹³⁵

E. ILLEGAL ALIEN CRIMES AGAINST U.S. CITIZENS

As the first edition stated in 2006, not all illegal aliens are crossing into the United States to find work. The simple fact is criminal aliens illegally cross the Southwest border right along with the aliens who are looking for honest opportunities to better themselves and their families. This means that as long as the border is not secure, we can always count on a certain percentage of criminal aliens crossing it to commit crimes against U.S. citizens.

THE IMPACT OF ILLEGAL IMMIGRATION ON PUBLIC SAFETY AND GOOD PUBLIC ORDER

In 2007 the Bureau of Land Management conservatively estimated that 24 million pounds of garbage had been left on public lands in Arizona by illegal aliens crossing into the United States. One expert has stated that this litter will have a negative impact on Arizona's landscape into the 21st century.¹³⁶



*Illegal alien crossing in Arizona.
Source: Tucson Weekly, Leo Banks*

Illegal immigration and drug smuggling have also helped to spread nonnative plants and grasses to the Arizona desert which compete for scarce water with the native plant life. This along with the improperly-tended cook and camp fires of illegal immigrants has helped cause the threat of wildfires to become a major concern in the Southwest region of the country.¹³⁷

Illegal aliens have placed an enormous burden on the U.S. healthcare system which is already stretched thin. It is estimated that 59 percent of the illegal aliens in the United States do not have health insurance.¹³⁸ Because of this, many aliens seek treatment in emergency rooms which diminishes the capacity of hospitals to respond to real medical emergencies.

¹³⁵Congressional Research Service, *Southwest Border Violence: Issues in Identifying and Measuring Spillover Violence*, R41075, January 25, 2011.

¹³⁶ Leo W. Banks, "Trashing Arizona – Illegal immigrants dump tons of waste in the wilderness every day – and it's devastating the environment", *Tucson Weekly*, April 2, 2009.

¹³⁷ *Id*

¹³⁸ Richard Wolf, "Rising healthcare costs put focus on illegal immigrants," *USA Today*, January 22, 2008.

Most of the bills for these emergency room visits end up being paid by the American taxpayer at a cost of more than \$4 billion a year.¹³⁹

The smuggling of illegal aliens in vehicles along our highways poses a serious threat to public safety. Smugglers typically load vehicles well beyond safe capacity and use only one driver so that as many paying customers can be carried as possible. Despite the fact that smuggling routes typically involve long distances, travelling breaks are kept to a minimum in order to minimize the possibility of detection by the police. With only one driver having little rest, fatigue-related crashes occur regularly and often with deadly results for the alien passengers and the traveling public.¹⁴⁰

Drunken driving within the illegal alien community is also a very serious public safety issue facing our society. To gain some sense of the problem, in Fiscal Year 2011 ICE deported 35,927 aliens who had been convicted of intoxicated driving offenses.¹⁴¹ In 2007, police in Virginia arrested illegal aliens 3,208 times for driving under the influence which made that offense the second most common one among illegal aliens in the state.¹⁴²

CRIMINAL ALIENS IN JAILS AND PRISONS

In March 2011, the Government Accountability Office (GAO) conducted a study on criminal alien incarcerations in the United States. The GAO found that in Fiscal Year 2010, there were about 55,000 criminal aliens incarcerated in the Federal prison system which was a seven percent increase from Fiscal Year 2005.¹⁴³ The GAO also found that in Fiscal Year 2009, there were about 296,000 criminal aliens in state prisons and local jails which was a 35 percent increase from Fiscal Year 2003.¹⁴⁴ In each case, the majority of these criminal aliens were from Mexico.¹⁴⁵

According to Arizona Department of Corrections data from July 2012, there were 5,161 criminal aliens incarcerated in Arizona, which accounted for 13 percent of the state's prison population.¹⁴⁶ Sixty-one percent of those criminal aliens were violent offenders convicted of crimes such as

¹³⁹ Pete Winn, "While There Are About 12 Million Illegal Aliens in U.S. Today, CBO Estimates That Senate Health Reform Would Leave About 8 Million Illegals Uninsured," *CNS News*, November 22, 2009.

¹⁴⁰ Interview by Subcommittee Staff with Immigration and Customs Enforcement personnel (August 16, 2012).

¹⁴¹ Congress, House, Judiciary Committee Subcommittee on Immigration Policy and Enforcement, *Hearing on the Scott Gardner Act: Detention of Illegal Aliens Arrested for Drunk Driving*, 112th Cong. 7 March 2012 (Written statement of Jessica M. Vaughan, Director of Policy Studies, Center for Immigration Studies).

¹⁴² *Id.*

¹⁴³ Government Accountability Office, *Criminal Alien Statistics: Information on Incarcerations, Arrests and Costs*, March 2011, GAO-11-187.

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

¹⁴⁶ Arizona Department of Corrections, *Corrections at a Glance*, <http://www.azcorrections.gov/adcr/reports/CAG/CAGJul12.pdf>

murder, rape, robbery, assault and kidnapping.¹⁴⁷ California's criminal alien prison population has been estimated to be 19,000 out of an overall prison population of 140,000 inmates.¹⁴⁸

EXAMPLES OF CRIMES INVOLVING ILLEGAL ALIENS

- In July 2012, a pickup truck carrying 23 illegal aliens crashed as its driver fled pursuing lawmen near Houston, Texas. Less than 48 hours later, two more pickup trucks overloaded with illegal aliens crashed while fleeing deputies in Matagorda County, Texas. Sheriff's Captain Mitch Irwin elaborated: "We have these weekly and daily. There are a lot of them coming through".¹⁴⁹
- On June 8, 2012, illegal alien Johoan Rodriguez was sentenced to 55 years in prison for running over and killing Houston police officer Kevin Will. Rodriguez, who had been deported from the United States and illegally returned twice before this incident, had a blood-alcohol level nearly three times the legal limit.¹⁵⁰
- In August 2010, illegally-present Mexican national Miguel Lopez-Fuentes was arrested in Colorado Springs for armed robbery. While attempting to flee, Lopez-Fuentes threw a window air conditioning unit at deputies and resisted while being taken into custody. Subsequent to his arrest it was determined that Lopez-Fuentes is wanted for murder in Mexico.¹⁵¹
- In May of 2012, Edwin Ramos was convicted in San Francisco Superior Court for the first-degree murders of Tony Bologna, Michael Bologna and Matthew Bologna. Ramos, an El Salvadoran national and MS-13 gang member who is illegally present in the United States, ambushed his victims by blocking their car with his before spraying them with bullets. Ramos already had an established violent criminal history but had been shielded from deportation by San Francisco's "sanctuary city" policy.¹⁵²
- In July 2012, Mexican national and illegal alien Jose Perez-Sanchez was arrested in Miami, Florida for the stabbing death of Richard Vasallo. Perez-Sanchez had conspired with Vasallo's girlfriend Dianelis De La Caridad-Fonseca to commit the murder in exchange for \$600 and a sham marriage with De La Caridad-Fonseca so that Perez-Sanchez could become a lawful permanent resident.¹⁵³

¹⁴⁷ *Id.*

¹⁴⁸ "Editorial: Deport California's illegal-alien convicts," *The Washington Times*, May 24, 2011.

¹⁴⁹ Dane Schiller and James Pinkerton, "Illegal immigrants in fatal truck crash were headed to Houston," *Houston Chronicle*, July 24, 2012.

¹⁵⁰ "Drunk-driving illegal immigrant sentenced to 55 years for killing Houston cop," *khou.com*, June 8, 2012, <http://www.khou.com/news/crime/Illegal-immigrant-sentenced-to-55-years-after-killing-officer-in-drunk-driving-incident-158151705.html#>

¹⁵¹ "Officials: Robbery Arrest Nabs Illegal Alien and Wanted Murderer," *KKTV 11 News*, August 9, 2010, <http://www.kktv.com/home/headlines/100279769.html>

¹⁵² Vivian Ho and Jaxon Van Derbeken, "Edwin Ramos guilty of killing SF man and his sons," *San Francisco Chronicle*, May 10, 2012.

¹⁵³ Dave Gibson, "Illegal alien charged in murder-for-hire scheme in Florida," July 21, 2012.

II. CONFRONTING THE THREATS: CURRENT ENFORCEMENT INITIATIVES

A. MEXICO DECLARES WAR ON THE DRUG CARTELS

Without question the most significant event to take place since the issuance of the first edition has been the war waged on the cartels by Mexico's Felipe Calderon Administration. This unprecedented enforcement action by the Mexican government has caused the once relatively stable drug cartel structure and balance of power to devolve into a state of chaos. As of August 2012, 55,416 people in Mexico have been tragically killed in the resulting violence.¹⁵⁴

"We are facing true terrorists who have surpassed not only the limits of the law but basic common sense and respect for life." – President Calderon

THE CURRENT CARTEL LANDSCAPE

While the current cartel landscape can only truly be described as fluid and unpredictable, arguably seven major cartels compete against one another for hegemony: Sinaloa, Los Zetas, Tijuana/Arellano-Felix Organization, Juarez/Carillo-Fuentes Organization, Beltran-Leyva Organization, Gulf and La Familia Michoacana.¹⁵⁵ Among these organizations the Sinaloa and Los Zetas cartels are dominant.¹⁵⁶ Los Zetas are the most lethal, increasingly using terrorist tactics to maintain and grow their dominance in the drug trade. As other cartels continue to challenge them, we will see the brutality escalate also.

As a general rule of thumb, the Sinaloa Cartel controls the western side of Mexico and operates in 16 Mexican states.¹⁵⁷ Its leader is Joaquin "El Chapo" Guzman-Loera, whom the U.S. Treasury Department has deemed to be the world's most powerful drug trafficker.¹⁵⁸ Guzman now holds the dubious distinction of having distributed more drugs than Pablo Escobar and the Medellin Cartel did at the height of their operations in Colombia.¹⁵⁹ Moreover, the Sinaloa

¹⁵⁴ Matt Craze, "Mexico Drug-Related Deaths Totaled 1,345 in August, Milenio Says," *Bloomberg*, September 1, 2012.

¹⁵⁵ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations, and Management, *Is Merida Antiquated? Part Two: Updating US Policy to Counter Threats of Insurgency and Narco-Terrorism*, 112th Cong. 4 October 2011 (Written statement of Rodney G. Benson, Assistant Administrator Chief of Intelligence, U.S. Drug Enforcement Administration).

¹⁵⁶ "Polarization and Sustained Violence in Mexico's Cartel War," *Stratfor Global Intelligence*, January 24, 2012. Congressional Research Service, *Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel, R41576, June 8, 2012.

¹⁵⁷ *Special Report: Mexico's Zetas rewrite drug war in blood*, by Ioan Grillo, Reuters, May 23, 2012

¹⁵⁸ Department of the Treasury, *Treasury Sanctions Three Drug Traffickers Tied to Mexican Drug Lord Chapo Guzman*, Press Release, January 10, 2012, <http://www.treasury.gov/press-center/press-releases/Pages/tg1392.aspx>

¹⁵⁹ Patrick Radden Keefe, "Cocaine Incorporated," *The New York Times*, June 15, 2012.

Cartel has the greatest global reach of all the Mexican cartels with a presence in Europe, Asia and Australia.¹⁶⁰



Map of DTO Areas of Dominant Influence in Mexico by DEA

Source: U.S. Drug Enforcement Agency

The Zetas' territory tends to encompass the eastern side of Mexico with operations in 17 Mexican states.¹⁶¹ At the time the original Subcommittee report was published, the Zetas were simply an enforcement element for the Gulf Cartel whose core was composed of a group of Mexican Army Airborne Special Forces soldiers that had deserted the military.

The tipping point in the balance of power came in 2007 when the Gulf Cartel's leader Osiel Cardenas was extradited to the United States.¹⁶² The Zetas quickly took advantage of the power vacuum and moved into positions of leadership to overtake many of the Gulf Cartel's plazas and

¹⁶⁰ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations and Management *Is Merida Antiquated? Part Two: Updating US Policy to Counter Threats of Insurgency and Narco-Terrorism*, 112th Cong. 4 October 2011 (Written statement of Rodney G. Benson, Assistant Administrator Chief of Intelligence, U.S. Drug Enforcement Administration).

¹⁶¹ *Special Report: Mexico's Zetas rewrite drug war in blood*, by Ioan Grillo, Reuters, May 23, 2012.

¹⁶² Hal Brands, "Los Zetas: Inside Mexico's Most Dangerous Drug Gang," October 1, 2009, <http://www.airpower.au.af.mil/apjinternational/apj-s/2009/3tri09/brandseng.htm>

territories. The Zetas then combined criminal diversification with their notorious brutality to expand their operations beyond the boundaries originally set by the Gulf Cartel.¹⁶³

The first edition also described in gruesome detail the ruthlessness of the violence used by the Zetas and they remain true to form today. In a more recent example that occurred on May 13, 2012, the beheaded bodies of 49 people were found off of a highway near the city of Monterrey, Mexico. The corpses had been additionally mutilated with the hands and feet severed from the body. Eight days later, Mexican authorities arrested Zetas operative Daniel “El Loco” Elizondo-Ramirez in connection with the atrocity.¹⁶⁴

THE BEGINNINGS OF CONFLICT

The underpinnings to this conflict begin with the historical relationship between the cartels and the Mexican government. The Guadalajara cartel was the first of the large poly-drug trafficking organizations that we typically associate with Mexican drug cartels. Founded by Miguel Angel Felix-Gallardo also known as “El Padrino” (the Godfather), the Guadalajara cartel was among the first to move Colombian cocaine through Mexico and into the United States.¹⁶⁵ Eventually, the Guadalajara cartel was split into multiple subordinates that roughly constitute the Tijuana, Sinaloa, Juarez and Gulf cartels we know today.

These four cartels functioned relatively well together in part because of the lineal connection to the Guadalajara cartel that was common amongst them. More importantly, this relative harmony resulted from the cartels’ reliance on a Mexican government run by a single political party that could be bribed into accommodating their operations. That political party was the Partido Revolucionario Institucional (Institutional Revolutionary Party or PRI).

Prior to the year 2000, the PRI dominated Mexican politics essentially as the sole political party in Mexico for 71 years. During that time, the cartels exploited this monopoly through bribing government officials while minimizing the impact of cartel crime and violence on the Mexican public at large. In exchange for these things, the government tended to avoid disrupting cartel operations, served as a referee to settle cartel disputes and ensured that the cartels would have access to the smuggling plazas.¹⁶⁶ Under this stable arrangement, Mexican drug cartels were able to grow into the threat they are today.

All of this began to unravel in the 1990s with the push for democratic reform in Mexico. Over its many years in power, the PRI had developed a reputation for being a corrupt, unaccountable

¹⁶³ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations, and Management, *Is Merida Antiquated? Part Two: Updating US Policy to Counter Threats of Insurgency and Narco-Terrorism*, 112th Cong. 4 October 2011 (Written statement of Rodney G. Benson, Assistant Administrator Chief of Intelligence, U.S. Drug Enforcement Administration).

¹⁶⁴ Ioan Grillo, “Alleged perpetrator of mass beheadings in Mexico arrested.” *Reuters*, May 21, 2010.

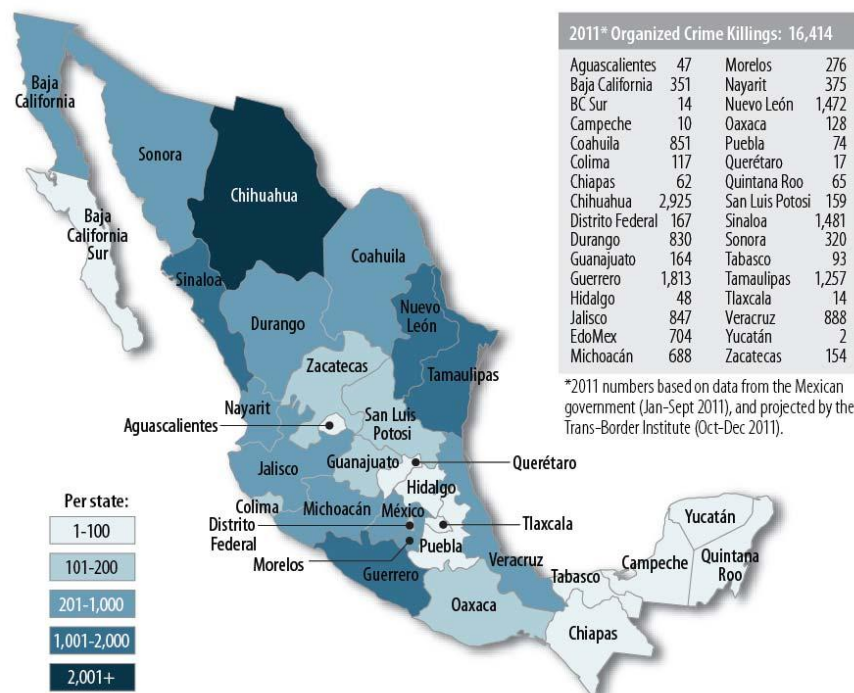
¹⁶⁵ Sylvia Longmire, *Cartel, The Coming Invasion of Mexico’s Drug Wars*, (New York: Palgrave MacMillan, 2011).

¹⁶⁶ *Los Zetas: Inside Mexico’s Most Dangerous Drug Gang*, by Hal Brands, Ph.D.; October 1, 2009, <http://www.airpower.au.af.mil/apjinternational/apj-s/2009/3tri09/brandseng.htm>

and oppressive party and had even been called “the perfect dictatorship”.¹⁶⁷ This provided the impetus for political pluralism in Mexico, which increased the viability of other political parties such as the Partido Accion Nacional (National Action Party or PAN) to compete at the federal level.

With the PAN’s assumption of the presidency of Mexico beginning in 2000 and lasting through 2012, the cartels were put on notice that they could no longer count on a PRI monopoly that would acquiesce to drug trafficking operations. The cartels realized the full breadth of this change in December 2006 when President Felipe Calderon declared war on the cartels by sending 6,500 Mexican federal police and military personnel to the State of Michoacán in an enforcement action against the La Familia Michoacána cartel.¹⁶⁸

THE BRUTAL VIOLENCE OF THE WAR ON CARTELS



Organized Crime Killings in Mexico During 2011
 Source: Congressional Research Service

Once the political change and war on the cartels were underway, all prior arrangements that had once yielded peaceful cartel operations ceased to exist. With no recourse from the government, the cartels have resorted to horrific levels of violence to resolve disputes, enact revenge and assume territory. There is no better example of this than the battle between the Sinaloa and Vicente Carrillo-Fuentes cartels to control the border city of Juarez directly across from El Paso.

¹⁶⁷ *The Perfect Dictatorship*, by Adriana Gonzalez,
http://www.icdcprague.org/download/speeches/Adriana_Gonzalez.pdf

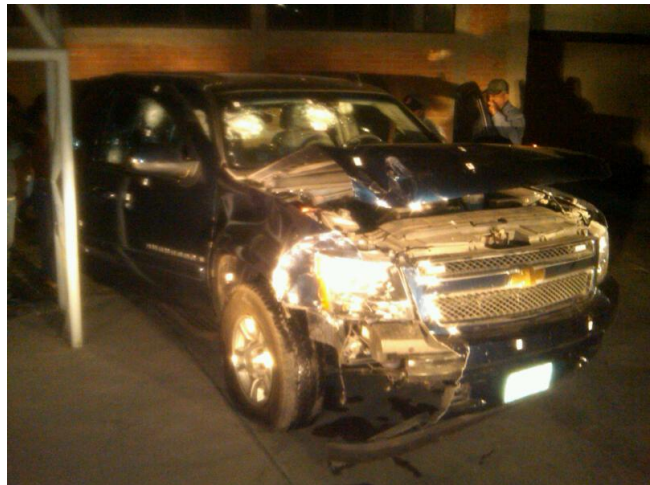
¹⁶⁸ *Operation Michoacán*, Borderland Beat, July 14, 2010,
<http://www.borderlandbeat.com/2010/07/operation-michoacan.html>

Since 2008, more than 5,300 people have been killed in this conflict earning Juarez the dubious title of most dangerous city in the world.¹⁶⁹

A central tenet in Calderon's strategy was the targeting of cartel principals or "kingpins" which resulted in the capture or killing of 35 high-value cartel members between January 2010 and July 2011.¹⁷⁰ In a sense, Mexico has been a victim of its own success. When a cartel's kingpin is arrested or killed it creates a power vacuum within the organization that other cartels can exploit. Whether it's someone in a sub-cartel group looking to assert leadership at a higher level or an outside cartel looking to take over territory, removing cartel leaders has resulted in the bloody and gruesome turf battles we regularly see in the news.

The cartels have not idly stood by while the government has waged its war against them. Taking their direction from the ultimatum *Plata o Plomo* (Silver or Lead) that has been around since the days of Pablo Escobar, the cartels were first able to bribe the government (*i.e.* with silver) in order to conduct business. Now that the government has taken a stand for law and order, the cartels have resorted to assassination of officials (*i.e.* the lead from bullets) to assert their primacy over the government and the rule of law.

Since Calderon took office, 174 government officials – 83 of whom were police chiefs – have been assassinated in Mexico.¹⁷¹ The city of Nuevo Laredo has suffered the murder of two police chiefs with one killing happening within hours of the chief taking office.¹⁷² From 2004 through 2011, 34 mayors of Mexican cities were killed.¹⁷³ In 2010, PRI gubernatorial candidate for the state of Tamaulipas, Rodolfo Torre-Cantu, was ambushed and assassinated while campaigning.¹⁷⁴



*Vehicle driven by ICE Special Agent Jaime Zapata.
Source: ICE*

The rise in violence against government officials has not been limited to those of the Mexican Government. On February 15, 2011, ICE Special Agents Jaime Zapata and Victor

¹⁶⁹ Daniel Borunda, "Special Report: 'Juarez deserves the title of most dangerous city in the world,'" *El Paso Times*, June 7, 2010.

¹⁷⁰ Congressional Research Service, *Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel, R41576, June 8, 2012.

¹⁷¹ 174 Government Officials Killed in Six Years, 83 Were Police Chiefs, by Jorge Grande, Borderland Beat, September 13, 2011; <http://www.borderlandbeat.com/2011/09/174-government-officials-killed-in-six.html>

¹⁷² Dudley Althaus and Jason Buch, *Nuevo Laredo police chief killed on street*, *Houston Chronicle*, February 3, 2011.

¹⁷³ Congressional Research Service, *Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel, R41576, June 8, 2012.

¹⁷⁴ "Gunfire kills gubernatorial candidate, 3 others in Mexico," *CNN*, June 28, 2010.

Avilla were ambushed by Los Zetas gunmen while driving between Mexico City and Monterrey on official business. Even though the vehicle the agents were driving bore U.S. diplomatic license plates, the Zetas forced the vehicle over and sprayed it with gunfire killing Special Agent Zapata and wounding Special Agent Avilla. More than two dozen Zetas members have been arrested in connection with the murder including the gang's third most senior leader Jesus Rejon-Aguilar.¹⁷⁵

THE CRIMINAL DIVERSIFICATION OF THE CARTELS

Even desperately poor children must now pay a fee just to sell knickknacks or wash car windows on the streets.

One of the more striking departures for the Mexican drug cartels has been the diversification away from traditional drug smuggling towards other criminal activities. For many years we have heard about the diversification into human smuggling. In addition, cartels have become proficient at intellectual property theft, agriculture theft, kidnapping, extortion, hijacking cargo and import/export fraud.¹⁷⁶

In fact a huge diversification for the cartels has been the theft of petroleum from the state petroleum company Petroleos Mexicanos. In many cases, the petroleum is sold to U.S. based companies that are aware it has been stolen. In this racket, the Los Zetas benefit from a geological windfall because part of their territory happens to include the oil-rich states of Veracruz and Tamaulipas. This criminal enterprise has cost the Mexican people over \$1 billion.¹⁷⁷

The kidnapping and ransom aspect of this diversification is particularly nefarious for the Mexican people. A recent Mexican congressional report states that kidnappings in the country have increased 317 percent since 2005.¹⁷⁸ Kidnappings for ransom have affected all levels of society in Mexico and the cartels often abandon "codes of conduct" which results in violent outcomes for the victims.¹⁷⁹

The Zetas have become so entrenched in extorting businesses that the owners are finding it very difficult to continue operating after paying kickbacks to the Zetas.¹⁸⁰ The Zetas along with several other cartels are extorting the Mexican mining industry as well. The Mexican Attorney General's Office is investigating extortion threats against approximately 300 mining operations

¹⁷⁵ Jerry Seper, "Mexico's top Zetas boss arrested in killing of U.S. agent," *The Washington Times*, July 4, 2011.

¹⁷⁶ Congress, House, Committee on Homeland Security Subcommittee on Oversight, Investigations and Management On, *the Border and in the Line of Fire: US Law Enforcement, Homeland Security and Drug Cartel Violence*, 112th Cong. 11 May 2011 (Written statement of Thomas C. Horne, Arizona Attorney General).

¹⁷⁷ Steve Fainaru and William Booth, "Mexico's drug cartels siphon liquid gold," *The Washington Post*, December 13, 2009.

¹⁷⁸ Nick Miroff, "As kidnappings for ransom surge in Mexico, victims' families and employers turn to private U.S. firms instead of law enforcement," *The Washington Post*, February 26, 2011.

¹⁷⁹ Jason Beaubien. "Mexico's drug war spawns wave of kidnappings," *NPR*, August 26, 2010, <http://www.npr.org/templates/story/story.php?storyId=129426547>

¹⁸⁰ Interview of federal law enforcement personnel by Subcommittee staff, July 13, 2012.

that are being pressured to pay between \$11,000 and \$37,000 per month to operate in that particular cartel's plaza.¹⁸¹

Extortion is big business in Mexico and like drug violence extends to innocent citizens, including school teachers and students. In Acapulco, Mexico some schools were threatened that teachers have until Oct. 1 to start handing over half of their pay. On the first day of school at La Patria es Primero Elementary School, three men pretending to be parents entered the school and drew guns on the teachers. They made off with money, school documents and a laptop.¹⁸²

THE SINALOA, LA FAMILIA MICHOACÁNA AND GULF CARTELS UNITE TO TAKE ON THE ZETAS



Purported drug cartel members moments before being executed by another drug cartel.
Source: <http://thecartelwar.blogspot.com>

As previously stated, the cartel landscape can be unpredictably fluid, and there is no better example of this than the recent unlikely alliance between the Sinaloa, La Familia Michoacána and Gulf Cartels. In 2010, these three former belligerents aligned themselves with the New Federation to counter the Zetas' encroachment on their territories. As part of their strategy, the New Federation appears to be waging a public relations campaign by highlighting the brutal violence perpetrated by the Zetas against the Mexican public. In March 2010, the New Federation posted a message on YouTube that summarized its position:

*Without the "Z" you will live without fear....If you are a Zeta, run because the MONSTER is coming...the new alliance have raised their weapons to f**k the Zetas because they have undermined the drug trafficking business with their kidnappings, extortions, etc. To sum it up, they don't give a s**t about the freedom and tranquility of the Mexican people.*¹⁸³

¹⁸¹ Edward Fox, "Mexico Mining Ops Pay Hefty Extortion Fees to Cartels," *In Sight*, May 8, 2012, <http://www.insightcrime.org/insight-latest-news/item/2595-mexico-mining-ops-pay-hefty-extortion-fees-to-cartels>

¹⁸² Elisabeth Malkin, "As gangs move in on Mexico's Schools, Teachers say Enough," *The New York Times*, September 25, 2011.

¹⁸³ Sylvia Longmire, *Cartel, The Coming Invasion of Mexico's Drug Wars*, (New York:Palgrave MacMillan 2011)

Whether they work together or separately, the New Federation has made good on the above threats. In April 2012, the Sinaloa cartel struck in the heart of Zetas' territory by displaying the dismembered bodies of 14 Zetas in Nuevo Laredo. Accompanying the bodies was a "narco message" to the public from Chapo Guzman that included a taunt to Zetas boss Miguel Trevino-Morales (aka El Z-40):

*To the citizens: We have started to rid Nuevo Laredo of the Zetas because we want a city that is free and because we want the citizens to live in peace. We are drug traffickers and we don't mess with honest, hardworking people or local businesses. We do not want anybody to pay protection money to these scums. Therefore we consider anybody who pays extortion money traitors because they help finance the Zetas. I am going to show these filthy Zetas how it's done Sinaloa style; without kidnapping and without extortion. And this goes to el 40. You don't scare me. I know you sent el H to dump those heads here on my turf (Sinaloa) because you don't have the balls to do it yourself. Att. EL CHAPO
Don't forget that I'm your daddy¹⁸⁴*

The Gulf cartel has exacted revenge against the Zetas as well. In June 2012 a video surfaced on the Internet featuring five shirtless Zetas members with the letter "Z" painted on their chests. The off-camera Gulf cartel interrogator prompts each man to state his name and admit that "Z-40" (Miguel Trevino-Morales) had sent them. Gulf members then proceed to hack each man's head off with machetes. The gruesome event is believed to have taken place just six miles south of the Southwest border.¹⁸⁵

CARTEL VIOLENCE, INSURGENCY AND A FAILED STATE

The reaction of the Mexican cartels to the war against them has caused some to speculate about the true nature of what is transpiring. In September 2010, U.S. Secretary of State Hillary Clinton stated that cartel violence may be evolving into an insurgency.¹⁸⁶ A recent report by General Barry McCaffrey (Ret) and Major General Robert Scales (Ret) states that the conditions in Mexico are "akin to the beginnings of a terrorist failed state."¹⁸⁷

If any of these experts above ever needed to make their argument, they would need look no further than the Mexican city of Monterrey for a case study. In August 2011 five Zetas were arrested for burning down a Monterrey casino that killed 52 patrons inside. One of the men arrested told authorities the attack was in response to the casino's refusal to pay protection money.¹⁸⁸ Cartel experts allege civilians were specifically attacked in order to make a bigger

¹⁸⁴ The Cleansing by El Chapo in Zeta Turf, *Borderland Beat*, April 18, 2012.

¹⁸⁵ Raisa Brunner, "Drug Cartel Rivals Behead Zetas on Camera," *ABC News*, June 28, 2012.

¹⁸⁶ Congressional Research Service, *Mexico's Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel, R41576, June 8, 2012.

¹⁸⁷ *Texas Border Security: A Strategic Military Assessment*, by Barry R. McCaffrey and Robert H. Scales, PhD, Colgen LP, September 2011.

¹⁸⁸ Tracy Wilkinson, "Mexico arrests 5 suspects in casino burning," *Los Angeles Times*, August 30, 2011.

impact. President Calderon, describing the barbarity of the incident, said, “We are facing true terrorists who have surpassed not only the limits of the law but basic common sense and respect for life.”¹⁸⁹

Black’s Law Dictionary defines terrorism as “The use or threat of violence to intimidate or cause panic, esp. as a means of affecting political conduct.” In February 2012, the Zetas hung the following message for the people of Mexico off of a bridge in Monterrey:

*Even with the support of the United States, they cannot stop us, because here the Zetas rule. The government must make a pact with us because if not we will have to overthrow it and take power by force.*¹⁹⁰

It is axiomatic to say that a free press is essential to a democracy. In Mexico, 85 journalists have been killed and 15 more have disappeared in the last decade.¹⁹¹ In January 2011, the New Federation circulated a letter around Monterrey which threatened the press to stop spreading “lies.”¹⁹² In September 2010, a Juarez newspaper editorial implored the cartels to make a truce as the “de facto authorities” in the city.¹⁹³

THE FUTURE OF THE CONFLICT

In July 2012, the citizens of Mexico elected Enrique Peña-Nieto to be their new president. Because Peña-Nieto is affiliated with the PRI, there is concern that the Mexican government will revert back to accommodating the cartels in exchange for peace and stability. Others worry that the conflict itself has so fundamentally changed the rules that there is no going back to the old days even if Peña-Nieto were inclined to do so.

In his expressed commitment to continue the fight for law and order, Peña-Nieto has taken many positive steps. He has hired Colombian General Oscar Naranjo - who was instrumental in combating Colombian cartels - as his security advisor. Peña-Nieto has also talked about using intelligence and Special Forces to a greater degree in combating the cartels. Additionally, he has even talked about reforming PEMEX [the nationalized oil giant].¹⁹⁴ While this is welcomed news, there should be no doubt that it has done nothing to shake the cartels’ resolve to continue acting outside the bounds of civilized society. Given the escalatory nature of the violence of recent history, we must be prepared for things to get worse before they get better.

¹⁸⁹ Dudley Althaus, “Calderon: Casino killers ‘terrorists’” *Houston Chronicle*, August 26, 2011.

¹⁹⁰ Ioan Grillo, “Special Report: Mexico’s Zetas rewrite drug war in blood,” *Reuters*, May 23, 2012.

¹⁹¹ Reporters Without Borders, <http://en.rsf.org/mexico-noted-crime-reporter-victor-baez-16-06-2012,42805.html>

¹⁹² “‘The New Federation’ Threatens Local Nuevo Leon Media”, *Borderland Beat*, January 6, 2011, <http://www.borderlandbeat.com/2011/01/new-federation-threatens-local-nuevo.html>

¹⁹³ Congressional Research Service, *Mexico’s Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel, R41576, June 8, 2012.

¹⁹⁴ Julian Aguilar, “Rep. McCaul: Immigration Reform Possible Next Session,” *The Texas Tribune*, November 8, 2012.

B. TEXAS BORDER SECURITY INITIATIVES

The State of Texas continues to be a leader in the State and local effort to promote security on the Southwest border. In 2006 the Subcommittee highlighted Operation Rio Grande which was a collaborative effort between Texas and federal law enforcement agencies. By utilizing targeted and high intensity operations of short duration, Operation Rio Grande was able to achieve a reduction in crime within targeted border regions that was sustained even after the operations ended.

Operation Rio Grande has since evolved into a new program titled Operation Border Star. Both operations are similarly structured with six areas of operations along the border and Gulf of Mexico coastline. Each of these sectors has its own Joint Operations Intelligence Center (JOIC) where unified command for the sector is located. Each JOIC is led by a Texas Ranger lieutenant and staffed by Texas Military Forces and personnel from participating law enforcement agencies. The six JOICs report to the Border Security Operations Center which is located at Texas Department of Public Safety headquarters in Austin, Texas.¹⁹⁵

A very effective program within Operation Border Star has been the Drawbridge Project which utilizes relatively simple and inexpensive surveillance technology to assist in policing the border between ports of entry. Using remotely-operated wildlife viewing cameras that are commercially available and cost about \$300 per unit, the program provides actionable information regarding illegal activity on the border to law enforcement. This surveillance capability is also highly adaptable as criminals move their operations around to thwart law enforcement detection. The project is expected to have more than 500 surveillance cameras deployed by the end of 2012.¹⁹⁶

From January to August of 2012, the Drawbridge Project has detected 8,165 suspected illegal border crossings which have led to 3,344 apprehensions of illegal aliens and the seizure of 17,700 pounds of illegal drugs. Regarding deterrence, it is important to note that these detections include instances of individuals retreating back into Mexico to avoid apprehension.¹⁹⁷

One of the most important strategic goals of Operation Border Star is the fostering of partnerships with homeland security and law enforcement authorities in New Mexico, Louisiana, Arizona and California to improve information sharing and intelligence analysis concerning security threats on the Southwest border. Towards this goal, the five border counties in New Mexico are also participants in Operation Border Star. Texas is at the vanguard of innovative and effective approaches to border security for State and local agencies. Because of this effort to encourage the authorities in each of these states to participate in Operation Border Star, it is strengthening border security.

¹⁹⁵ For greater detail on Operation Border Star, see *Texas Border Security: A Strategic Military Assessment*, by Barry R. McCaffrey and Robert H. Scales, PhD, Colgen LP, September 2011

¹⁹⁶ Texas DPS Press Release, <http://www.txdps.state.tx.us/PublicInformation/operDrawbrdg.htm>

¹⁹⁷ Information provided by Texas DPS to Subcommittee Staff (August 27, 2012).

C. FEDERAL BORDER SECURITY EFFORTS

THE SECURE BORDER INITIATIVE

Despite this near doubling of Border Patrol personnel...the GAO found that only 44 percent of the Southwest border was under operational control.

Since the issuance of the original report, the most important effort for border security at the federal level has been the Secure Border Initiative or SBI. Beginning in November 2005, SBI was intended to secure the borders of the United States and reduce the number of illegal aliens crossing the border by improving surveillance technologies, raising staffing levels, increasing domestic enforcement of immigration laws, and improving physical infrastructure on our borders.

The Border Patrol has almost doubled in size from approximately 11,000 patrol agents in 2006 to 21,370 in May 2012. This increase in patrol agents appears to have deterred illegal immigration somewhat as apprehensions of illegal aliens decreased to 328,000 in 2011 which was the lowest level since 1970.¹⁹⁸ However, Congressional researchers caution that this data could be misleading and does not account for other potential factors for decreased illegal immigration such as the recent downturn in the U.S. economy.¹⁹⁹

Despite this near doubling of Border Patrol personnel, border security remains a serious concern. In a 2011 report, the GAO found that only 44 percent of the Southwest border was under operational control which is defined by the Border Patrol having the ability to detect, respond, and interdict illegal activity at the border or after entry into the United States.²⁰⁰ In October 2010, the Border Patrol stopped using operational control altogether as a measure of effectiveness in favor of a new measurement called the Border Condition Index (BCI). Though nearly two years have passed, the BCI has yet to be implemented while the Border Patrol uses interim measurements which the GAO described as not informative of results and limiting in oversight and accountability.²⁰¹

The most controversial aspect of SBI has been the acquisition and deployment of surveillance technologies for border enforcement. The billion dollar Secure Border Initiative-Network (SBInet) was intended to be a “virtual border fence” using unattended ground sensors along with

¹⁹⁸ Congress, House, Security Subcommittee on Border and Maritime Security, *Measuring Border Security*, 112th Cong. 8 May 2012 (Written statement of Marc R. Rosenblum, Specialist in Immigration Policy, Congressional Research Service).

¹⁹⁹ *Id.*

²⁰⁰ Congress, House, Committee on Homeland Security Subcommittee on Border and Maritime Security, *Securing our Borders – Operational Control and the Path Forward*, 112th Cong. 15 February 2011 (Written testimony of Richard M. Stana, Director, Homeland Security and Justice Issues, Government Accountability Office).

²⁰¹ Congress, House, Committee on Homeland Security Subcommittee on Border and Maritime Security, *Measuring Border Security: U.S. Border Patrol's New Strategic Plan and the Path Forward*, 112th Cong. 8 May 2012 (Written testimony of Rebecca Gambler, Acting Director, Homeland Security and Justice Issues, Government Accountability Office).

fixed and mobile towers equipped with cameras and radars to detect movement across the border. The information gathered by these devices would then be integrated and transmitted to command posts for a real-time picture of activity taking place along the border.

Since its inception, SBInet had been plagued by technical problems, downgraded system requirements, revised deadlines and cost overruns which have been exacerbated by DHS mismanagement.²⁰² DHS assures the Subcommittee that a new program will progress and expand to other areas of the border only if independent, quantitative, science-based assessments continue to justify its viability and cost-effectiveness. In spite of this reassurance, the GAO has found that CBP does not have the information needed to fully support and implement the plan in accordance with DHS and Office of Management and Budget guidance.²⁰³ This has raised concerns that the Arizona Border Technology Plan will be nothing more than an expensive and failed repeat of SBInet.

LEVERAGING DEPARTMENT OF DEFENSE TECHNOLOGIES ON THE SOUTHERN BORDER

DHS is currently using some Department of Defense (DOD) assets to help secure our border. We need to continue to leverage these assets as we wind down our military presence in Iraq and Afghanistan. The American taxpayer has already spent billions on research and development to test, prove, and field this equipment. If we can use these assets at home it is far wiser than shelving them in another warehouse to just become obsolete.

The Predator B is perhaps the best example of how DOD technology can be successfully used along the border. It has literally revolutionized how we fight insurgents on the border between Afghanistan and Pakistan. Officials at DHS rightly saw the potential for its use here at home and now we have eight unmanned aerial vehicles patrolling the skies over the Northern, Southern and Coastal borders.²⁰⁴ Aerostats are another surveillance platform that has been used successfully in theater, and should be tested along the border.

It is important to continue monitoring progress on the border with these tested assets and make sure the federal government is thinking broadly to ensure best practices in sharing federal personnel and capabilities.

THE MERIDA INITIATIVE

In October of 2007, the U.S. and Mexico announced the Merida Initiative which is a multi-year anticrime and counterdrug program for Mexico and Central America. Merida's biggest objective was to provide about \$1.6 billion in funding for equipment and training for law enforcement and the judiciary within Mexico and other included countries. It was also a call for all countries

²⁰² Government Accountability Office, *Secure Border Initiative, DHS Needs to Reconsider its Proposed Investment in Key Technology Program*, GAO-10-340, May 2010.

²⁰³ Government Accountability Office, *Arizona Border Surveillance Technology, More Information on Plans and Costs is Needed Before Proceeding*, GAO-12-22, November 2011.

²⁰⁴ Congress, House, Committee on Homeland Security Subcommittee on Border and Maritime Security, "Protecting the Homeland: How can DHS use DOD technology to Secure the Border?", 112th Congress, November 15, 2011.

involved to internally address the problems that each country contributed to transnational crime in the region. For the U.S., this largely meant addressing illicit drug demand and the smuggling of firearms and drug proceeds into Mexico.²⁰⁵

The original Merida Initiative ended in 2010 and since then has been expanded in scope to create a 21st Century border to facilitate efficient trade while increasing security. Also included was an initiative to help areas hardest hit by Mexican drug cartel violence to rebuild into more resilient communities.²⁰⁶

Merida has been administered primarily by the U.S. Department of State. Over \$1.5 billion has been appropriated but to date only a third of this money has been delivered. In 2010, the GAO concluded that while some progress has been made towards Merida objectives, the State Department lacks outcome-based measures that make it difficult to determine the program's success in both the long and short term.²⁰⁷

Despite the impact of Merida in recent years the long term results of fighting crime and reducing drug trade remain unclear, especially once the resources for the Merida initiative have been utilized.

THE BORDER ENFORCEMENT SECURITY TASK FORCES

Any plan to maximize border security must involve a combined effort from all law enforcement agencies from the local, state and federal levels.²⁰⁸ The Border Enforcement Security Task Force (BEST) program continues to be a shining example of what can be accomplished when law enforcement agencies work together. Led by ICE's Homeland Security Investigations, BEST is composed of approximately 750 members from 100 law enforcement agencies and has expanded to 32 teams.²⁰⁹ Since its inception in 2005 through July 2012, the BEST teams have achieved the following results:

- 7,798 cases opened
- 9,124 criminal arrests
- 6,320 administrative arrests

²⁰⁵ Congressional Research Service, *Merida Initiative for Mexico and Central America: Funding and Policy Issues*, by Clare Ribando Seelke, R40135, August 21, 2009.

²⁰⁶ Congressional Research Service, *U.S.-Mexican Security Cooperation: The Merida Initiative and Beyond*, by Clare Ribando Seelke and Kristin M. Finklea, R41349, August 15, 2011.

²⁰⁷ Government Accountability Office, *Merida Initiative: The United States has Provided Counternarcotics and Anticrime Support but Needs Better Performance Measures*, July 2010.

²⁰⁸ Congress, House, Committee on Homeland Security Subcommittee on Border and Maritime Security, *Stopping the Flow of Illicit Drugs in Arizona by Leveraging State, Local and Federal Information Sharing*, 112th Cong. 21 May 2012.

²⁰⁹ Information provided by ICE Homeland Security Investigations to Subcommittee staff (August 27, 2012)

- 5,324 indictments
- 4,525 convictions
- 79,424 pounds of cocaine seized
- 1,288 pounds of heroin seized
- 848,263 pounds of marijuana seized
- 4,310 pounds of ecstasy seized
- 4,488 pounds of methamphetamine seized
- 13,546 weapons seized
- 2, 771,903 rounds of ammunition seized
- 3,675 vehicles seized
- \$109,824,841 in seized currency²¹⁰

NATIONAL GUARD ASSISTANCE ON THE BORDER

The National Guard (NG) continues to provide assistance in the effort to secure the Southwest border. The latest effort dubbed Operation Phalanx began in 2010 with 1,200 National Guardsmen deployed to the border. In 2012, NG presence on the ground was reduced to just 300 soldiers. Coinciding with the troop drawdown was the deployment of Air National Guard (ANG) helicopters and fixed-wing surveillance aircraft to supplement the operations of CBP's Office of Air and Marine (OAM).

While NG presence on the Southwest border is a positive effect on security, we are concerned that their efforts have been unnecessarily constrained for fear of the perception that the border is being militarized.²¹¹ We are also concerned that Department of Defense cuts will seriously constrain the NG's ability to fulfill its obligations to support the National Drug Control Strategy.²¹²

²¹⁰ *Id.*

²¹¹ Congress, House, Committee on Homeland Security Subcommittee on Border and Maritime Security, *Boots on the Ground or Eyes in the Sky: How Best to Utilize the National Guard to Achieve Operational Control: Hearing Before the U.S. House, 112th Cong.* 17 April 2012 (Written testimony of Brian J. Lepore, Director, Defense Capabilities and Management Issues, Government Accountability Office).

²¹² Congress, House, Committee on Homeland Security Subcommittee on Border and Maritime Security, *Boots on the Ground or Eyes in the Sky: How Best to Utilize the National Guard to Achieve Operational Control, 112th Cong.* (April 17, 2012) (Written statement of Major General John Nichols, Adjutant General of Texas Military Forces).

The presence of ANG aircraft on the border has raised questions regarding the sustainability of air support by OAM. The President's Fiscal Year 2013 budget calls for a 13.5 percent decrease in OAM's budget in spite of the fact that ANG support is scheduled to end in December 2012. Whether OAM can pick up the slack left by the ANG with a reduced budget remains an open and troubling question.

Further, while the NG has grown to play a necessary role in securing the Southwest border, the Guard is not a long-term solution.

THE DHS ACCOUNTABILITY ACT OF 2012

Over the course of the 112th Congress, the Subcommittee has conducted eight hearings regarding the efficacy of DHS management. The findings of these hearings along with those highlighted in this report have raised questions as to whether the Department can effectively achieve its mission of protecting the Homeland.²¹³

As a result, the Subcommittee Chairman introduced the DHS Accountability Act of 2012 (H.R. 5913). This legislation will improve the efficiency and effectiveness of DHS management through the recommendations of an independent advisory panel. This panel will be bipartisan and composed of eight members: six members chosen from Congress and two members chosen by the President. The panel will have the tools it needs to get to the bottom of any issue to include the authority to convene hearings and issue subpoenas.

With an effective DHS management structure, problems such as poor planning, wasteful spending and lack of program oversight will be much less likely to occur. The American people can have greater confidence that their money is being spent wisely and as a result, will improve their security.

III. CONCLUSION: RECOMMENDATIONS FOR MOVING FORWARD WITH BORDER SECURITY

We face a bold enemy on our Southwest border, and it will take continued perseverance and willingness to defeat it. It can be done. The United States has made great strides in its border security and we have seen much success in averting terror plots and suppressing transnational criminal activity. However, with this recognition also comes a sobering realization that border security is a continuously evolving process in which we must accept and counter new threats. As long as there is a profit to be made selling illicit drugs or an ideology that is hostile to the American way of life, there will always be criminals and terrorists looking to exploit weaknesses in our border security.

²¹³ See *Initiatives Needed to Correct Weaknesses in the Department of Homeland Security's Acquisition and Contracting Practices*, Committee on Homeland Security, Subcommittee on Oversight, Investigations and Management, Representative Michael T. McCaul, Chairman, August 1, 2012.

As part of our ever-continuous vigilance, we must not overlook the importance of strengthening the relationships with our fellow stakeholders in Latin America. Towards this end, the United States has recently partnered with Guatemala to target illicit drug trafficking routes that run through that country and along its coastal waters. Dubbed Plan Martillo (Operation Hammer), the effort involves about 200 U.S. Marines along with the U.S. Navy, Coast Guard and federal law enforcement.

Another encouraging turn of events towards this goal has been the decision by Mexican President-elect Enrique Peña Nieto to tap the former head of the Colombian National Police, General Oscar Naranjo, to be his security adviser. General Naranjo was instrumental in the success of Plan Colombia and will bring a wealth of experience in the continued fight against Mexican drug cartels. Nieto has also talked about using special forces and intelligence to deal with the threat. Also encouraging, he has discussed reforming the nationalized oil giant PEMEX. These are all very positive indicators for a new administration in Mexico.

Also crucial to further securing the Southwest border is the continued development and use of Department of Defense technologies that have proven themselves in over 10 years of conflict. During a 2011 Congressional Delegation to Iraq and Afghanistan, Subcommittee members spoke with senior military leadership who agreed that deploying these proven capabilities along the Southwest border would make effective use of them once they are no longer needed on the battlefield. Not only will this make our border safer, but it will also provide additional civilian employment opportunities to our returning warfighters and save taxpayers money by reusing existing technology.

The Subcommittee provides the following recommendations for increased border security:

1. Increase the overall effectiveness, efficiency and accountability of the Department by identifying deficiencies therein and developing corrective plans of action;
2. Consolidate homeland security oversight and consider and pass a yearly comprehensive DHS authorization bill just as it does for the Department of Defense;
3. Develop an accurate and standardized definition of spillover violence that includes all relevant crimes such as kidnapping that will be integral in official reports which gauge the level of border security;
4. Designate the Mexican drug cartels and the Iranian Qods Force as Foreign Terrorist Organizations so there is increased ability to counter their threat to national security;
5. Pursue foreign policy objectives which counter the growing presence of Iran and Hezbollah in the Western Hemisphere;
6. Continue to build on the successes of combined law enforcement efforts like Operation Border Star and the BEST Teams by creating incentives for inter-agency cooperation;

7. Enhance U.S. support to Mexico and other Latin American countries via the Merida Initiative as they continue to professionalize their law enforcement agencies and strengthen their judicial systems;
8. Reduce the flow of guns and illicit currency from the U.S. into Mexico by strengthening southbound inspections of cargo and increasing investigations of smuggling organizations;
9. Fully implement measures to reliably evaluate our progress in securing the border;
10. Minimize corruption within DHS through increased use of polygraph examinations and increase the resources of the Inspector General, ICE Office of Professional Responsibility and CBP Internal Affairs to a level commensurate with the problem and the size of the workforce; and
11. Consider the cost and benefits of designating Border Patrol and Immigration and Customs Enforcement officers as national security positions that require background investigations in order to grant security clearances.
12. Continue leveraging DOD technology and assets to protect the border.

We can overcome the threat that pervades our Southwest border. This report gives us the situational awareness we need to ensure that our country remains safe. We have the advantage of knowing how certain ruthless actors, including terrorists, can hide amidst the chaos and violence that exists on our southern border; how they can use the well-trod paths created by the drug cartels to cross into our country; and how they hope to use those with Mexican passports to enter the United States to launch a terrorist attack. Not only do we have the advantage of knowing these plans and looking at the case studies, but we have real solutions to many of these problems.

The United States has a long history of remaining strong in the face of serious threats to our national security. We have never been without such challenges. A Line in the Sand illustrates in bold detail the newest and evolving threat. And while it is presented as a caution, it also serves to provide the path forward for our country. We will persevere in the face of the threat to our Southwest border, but it will take the strength and fortitude that the people of this country are so well known for. It will also take a Congress and executive branch willing to work together to make the types of decisions necessary protect our great nation from this 21st century threat.

Together, we can do it.

Major Findings

- Although the United States tightened security at airports and land ports of entry in the wake of the September 11, 2001 terrorist attacks, the U.S.-Mexico border remains an obvious weak link in the chain.
- Despite the near doubling of Border Patrol personnel, the Government Accountability Office found that only 44 percent of the Southwest border was under operational control.
- In 2012, National Guard presence on the Southwest border was reduced to 300 soldiers.
- Since October 2008, 138 Customs and Border Protection officers or agents have been arrested or indicted on corruption related charges.
- The Texas Department of Public Safety (DPS) reports that there have been 58 incidents of shots fired at Texas lawmen by Mexican cartel operatives since 2009.
- Experts believe the Southwest border has become the great threat of terrorist infiltration into the United States.
- Iran and Hezbollah have a growing presence in Latin America.
- Hezbollah has a significant presence in the United States that could be utilized in terror attacks intended to deter U.S. efforts to curtail Iran's nuclear program.
- Latin America has become a money laundering and major fundraising center for Hezbollah.
- Hezbollah's relationship with Mexican drug cartels, which control secured smuggling routes into the United States, is documented as early as 2005.
- If Iran's assassination plot against the Saudi Arabian ambassador in Washington, D.C. had been successful, Iran's Qods Force intended to use the Los Zetas drug cartel for other attacks in the future.

The Homeland Security Subcommittee on Oversight, Investigations, and Management will continue its oversight of these serious threats to our national security and continue its work with DHS to implement reforms to improve border security.

**Appendix A: Subcommittee Chairman McCaul Letter to National
Security Advisor on Congressional Delegation Findings**



One Hundred Twelfth Congress
U.S. House of Representatives
Committee on Homeland Security
Washington, DC 20515

October 5, 2012

Mr. Thomas Donilon
Assistant to the President for
National Security Affairs
Eisenhower Executive Office Building
Washington, DC 20501-0005

Dear Mr. Donilon:

We recently returned from a bipartisan Congressional Delegation (Codel)¹ overseas, which included stops in Mexico, Colombia, Paraguay, and Argentina. Based on this trip the Delegation developed several observations and recommendations listed below for your consideration.

The purpose of the trip was to examine the Iranian and Hezbollah presence in South America, the threat to the Southwest border from terrorists and drug cartels, and to acquire information about the terrorist pipeline from the Middle East into South America. In each country we met with the US country team, foreign leaders, and other key officials to gain more insight on this evolving threat, which ultimately affects the security of our homeland.²

Mexico

OBSERVATION: The Government Accountability Office concludes only 873 miles of our 1,969 mile border with Mexico is under operational control and only 129 miles are under full control. This problem is compounded by the fact that the Mexican

¹ Congressmen Michael T. McCaul (TX-10), Henry Cuellar (TX-28), Tom Graves (GA-09), Jeff Duncan (SC-03), and Robert Turner (NY-09).

² **Mexico:** (Mexico City) US Ambassador to Mexico Anthony Wayne and Country Team; National Security and Investigations Center (CISEN) Director Jaime Domingo López Buitrón and staff; and Secretary of Public Security, Genaro Garcia Luna and staff.

Colombia: (Bogota) US Ambassador to Colombia Peter Michael McKinley and Country Team; Narcotics Affairs Eradication Chief Alexandra Z. Tenny; Narcotics Affairs Aviation Chief Ted Harkin; Major General Jose Perez Mejia, Chief of Defense; Melgar Base Commander Col Losada; Pijaos Base Commander Col Ramirez; Narcotics Affairs Interdiction Chief Michael Schreuder; Narcotics Affairs Jungla Advisor William Worley; and Narcotics Affairs Rural Police Advisor Roberto Valles.

Paraguay: (Ciudad Del Este) US Ambassador to Paraguay James Thessin and Country Team; and Chief of Paraguayan National Police—Counter Terrorism Unit Carlos Humberto Benitez Gonzalez.

Argentina: (Buenos Aires) Charge d'Affaires Alexis Ludwig and Country Team; Argentine Israelite Mutual Association (AMIA); and Minister for Foreign Affairs Héctor Marcos Timerman.

Government does not have the capacity to effectively control much of their side of the border. Recognizing this concern, the Mexican government passed a law to build its border patrol capacity. However there is no funding available for this initiative.

RECOMMENDATION: The US Government should redirect some of the Merida initiative funds to help Mexico build its capacity to control their side of the border.

RECOMMENDATION: The US government should pursue with Mexico a bilateral strategy deploying unused US Department of Defense assets returned from Iraq and Afghanistan such as unmanned aerial vehicles, tethered aerostats, and integrated fixed towers along each side of the border. The information gathered by these shared technologies should be symmetrical, managed respectfully, and have clear protocols concerning how it will be used.

RECOMMENDATION: Continue to foster cooperation between the Governments of Colombia and Mexico so that Mexico has the benefit of Colombia's experience dealing with drug cartels. The US government should help facilitate regular meetings between the two countries.

RECOMMENDATION: Continue pursuing with Mexico a shared biometric system that could be used to track human smuggling of Special Interest Aliens (SIAs).

OBSERVATION: Qods Force and Hezbollah are in Mexico and fully aware of the porous border between the United States and Mexico. The Mexican government shares our concerns. Mexico considers the Arbabsiar case a success story because it highlighted the close information sharing relationship between the United States and Mexico. The Mexican government stated the case was an "eye opener;" the threat is still here, but it's not known how large.

Qods Force and Hezbollah are actively researching human smuggling routes and establishing relationships with drug cartels who have knowledge of known routes into the United States. These relationships between Iran, Hezbollah, and organized criminal organizations could potentially assist in strikes against the homeland.

RECOMMENDATION: US intelligence agencies, in conjunction with CISEN, should develop as a priority mission with additional resources and authorities targeting Iran and Hezbollah operatives in Mexico and throughout the region. This priority targeting should help provide US operational entities some advance notice of possible terrorist attacks against the homeland.

Colombia

OBSERVATION: Although Plan Colombia has had considerable success in combating the Revolutionary Armed Forces of Colombia (FARC), a narco-terrorist organization, the

war has yet to be won, and challenges remain. The FARC continues to adapt and rebuild itself along the borders with Venezuela, Brazil, and Ecuador. There does not appear to be a strategy to combat the emerging threat of FARC operations in other countries such as Ecuador and Bolivia. Additionally, activity by smaller drug and criminal organizations has increased in the region.

RECOMMENDATION: The US should increase efforts to assist Colombia interdict and eradicate cocaine, enhance information sharing, provide continued resources for Colombia's special operation forces, and send advisors to assist Colombian officials reform their judicial system.

OBSERVATION: Cocaine is the "Center of Gravity" in Colombia's fight against the FARC. Cocaine funds terrorist organizations. South America is considered a "cash cow" for terrorist operations. 92% of FARC activity occurs where cocaine is grown. The FARC is the first leg in the supply chain for cocaine bound for the United States and operates and owns complete supply lines into the United States.

An example of the nexus between the FARC and the Mexican drug cartels is the November 2011 indictment of the Ayman Joumaa network. Joumaa is the alleged leader of an international drug trafficking and money laundering network that coordinated multi-ton shipments of cocaine from Colombia to the Los Zetas Mexican drug cartel. He also laundered hundreds of millions of dollars in drug proceeds back to the Colombian suppliers and Hezbollah. These actions underscore major links between terrorist organizations and major South American narcotics money laundering organizations.

RECOMMENDATION: As cocaine use in the United States is a large funding source for terrorist organizations, the Administration should expand telegraphing this fact to the American public, and make the point that those who use cocaine fund terrorists.

OBSERVATION: Venezuela is a safe haven for not only Iran and Hezbollah, but also the FARC. The Colombian government has evidence of a Venezuelan Army helicopter providing operational support to the FARC. The Colombian government also has evidence of Venezuelan government officials working for the FARC narco-terrorist organization. Additionally, Hezbollah is connected to communities in Colombia where the FARC is operating, which provides support back to the terrorist organization. Hezbollah is also purchasing cocaine from the FARC. FARC weapons were found to be from Russia and Venezuela.

From these observations, we conclude the FARC is operating with Iran and Hezbollah in Venezuela, and the Venezuelan Government is complicit in these operations.

RECOMMENDATION: The US government should consider designating Venezuela a state sponsor of terrorism.

Paraguay

OBSERVATION: The Tri-Border region is identified as a center that finances Islamic terrorism. Hezbollah has a well-known and established presence in the Tri-Border region. Additionally, Iranian government officials have been found entering Paraguay with Venezuelan passports and meeting with Hezbollah operatives. Shops are owned and operated by Hezbollah and in one particular mall you must be a Hezbollah sympathizer in order to rent space in that location. A sizable amount of profits from these shops go to the Middle East to fund terrorists.

While the region is mainly known for illicit financing and money laundering activities, it was reported in December 2006 that Ali Muhammad Kazan, a leader in Hezbollah's political structure and who served as a commanding member of counterintelligence for Hezbollah was present in the Tri-Border region. According to the 2011 State Department Country Reports on Terrorism, the Barakat Network in the Tri-Border area is another example of drug money being funneled to Hezbollah. Although the total amount of money being sent to Hezbollah is difficult to determine, the Brakat network provided, and perhaps still provides, a large part of the \$20 million sent annually from the Tri Border Area to finance Hezbollah and its operations around the world.

Unfortunately, high levels of corruption within law enforcement and the judicial system, along with weak terrorism-related laws, continue to exacerbate and allow these terrorist organizations to operate in the region.

RECOMMENDATION: The US government should increase resources and work more closely with the Paraguayan government to aid in building a more trusted and capable law enforcement and legal system and establish more effective terrorism-related laws related to financing of terrorist organizations.

RECOMMENDATION: While the Codel was in Paraguay, the Brazilian government recently announced they plan to send 10,000 troops to the lawless Tri-Border region in part to address these transnational criminal and terrorism-related security threats. The US government should support these efforts and work with the Brazilian government in sharing information that could target and dismantle these Hezbollah financing operations.

Argentina

OBSERVATION: Hezbollah and Iran launched two terrorist attacks from the Tri-Border region in 1992 and 1994, which destroyed the Israeli embassy and the Jewish Cultural Center in Buenos Aires. These terrorist attacks were against soft targets. The planners of the attacks have not been brought to justice. Of the six Iranian citizens accused of plotting these attacks, one suspect in particular, the Minister of Defense of Iran, was recently in Bolivia to open up a military school. The Bolivian government apologized

and claimed to not have known about the connections between the Iranian Minister of Defense and the terrorist attacks.

RECOMMENDATION: The US Government should work with Argentina to bring to justice the individuals alleged to have carried out the terrorist attacks against the Israeli Embassy and Jewish Cultural Center.

RECOMMENDATION: With these terrorist bombings serving as an example, the US Government should recognize the reality of Hezbollah and Iran's capability to leverage sympathizers in Latin America to become operational and attack soft targets without difficulty.

OBSERVATION: There are indications that bimonthly flights are still occurring between Iran and Venezuela. Interpol has not been able to learn what cargo is on these flights. Clearly these flights are a direct pipeline between the two countries that could be used to transfer weapons, nuclear material, and terrorists.

RECOMMENDATION: The US Government should regularly monitor these continuing claims of flights between Iran and Venezuela, and arbitrate its frequency, potential cargo, and other suspicious activities. Additionally, the United States should demarche the Venezuela Government and request they abide by transparent flight requirements.

OBSERVATION: There have been indications that Iran is proactively reaching out to many countries in Latin America, including Argentina, to establish relationships, increase trade, fund infrastructure projects, spread its ideology, and build stronger cultural ties in the region. Although publicly denouncing Iran, there is increased concern Argentina will be more open in its relationship and establish larger trade with the Iranian regime. In addition, Iran has stated its intention of opening up companies in Argentina.

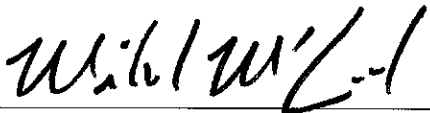
RECOMMENDATION: The US Government should closely monitor Iran's activity throughout Latin America and work with our allies in the region.

We are deeply concerned Iran and its surrogates are conducting operations in the Western Hemisphere. The alarming connections between Iran, Venezuela, Hezbollah, the FARC, drug cartels, criminal organizations, and Iranian sympathizers throughout Latin America could be leveraged by Iran to carry out terrorist attacks in the United States and against our allies in the region. Given Iran's recent efforts to intervene in Latin American affairs, the US Government should not downplay the implications of the recent decision on June 5, 2012 by Bolivia, Ecuador, Nicaragua, and Venezuela to be removed from the Inter-American Treaty of Reciprocal Assistance, also known as the Rio Treaty of 1947. This Western Hemispheric defense doctrine recognizes that an attack on a Western Hemispheric nation is an attack against us all, and any unraveling of a Western Hemispheric defensive treaty threatens the sovereignty of the United States and our allies throughout the Western Hemisphere. In accordance with the Monroe Doctrine, the United States should send a strong signal to the World that any effort by Iran and its surrogates to enroot operations in the Western Hemisphere is dangerous and a threat to our

peace, safety and prosperity.

We welcome the opportunity to discuss these matters with you more fully. If you have any questions or would like additional information on these observations and recommendations, please contact Dr. R. Nicholas Palarino, Staff Director or Mr. Brett DeWitt, Professional Staff Member for the Subcommittee on Oversight, Investigations and Management, House Homeland Security Committee at (202) 226-8417, who accompanied us on the Codel.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael T. McCaul", written over a horizontal line.

Michael T. McCaul
Chairman
Subcommittee on Oversight,
Investigations, and Management

Cc: The Speaker and Democratic Leader, U.S. House of Representatives
Chairman and Ranking Member, U.S. House of Representatives Committee on Homeland Security
Chairman and Ranking Member, U.S. House of Representatives Committee on Foreign Affairs
Chairman and Ranking Member, U.S. House of Representatives Committee on Armed Services
Chairman and Ranking Member, U.S. House of Representatives Permanent Select Committee on Intelligence
Chairman and Ranking Member, U.S. House of Representatives Committee on Oversight and Government Reform