



# U.S. Immigration and Customs Enforcement

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STATEMENT

OF

PATRICK J. LECHLEITNER  
ASSISTANT DIRECTOR  
INTERNATIONAL OPERATIONS

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

REGARDING

*“Illicit Mining: Threats to U.S. National Security and International Human Rights”*

BEFORE THE

U.S. SENATE  
COMMITTEE ON FOREIGN RELATIONS  
SUBCOMMITTEE ON THE WESTERN HEMISPHERE

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10:00 AM  
419 Dirksen Senate Office Building

## **Introduction**

Chairman Rubio, Ranking Member Cardin, and distinguished members of the Subcommittee:

On behalf of the Department of Homeland Security (DHS), thank you for the opportunity to testify before you today to discuss how U.S. Immigration and Customs Enforcement (ICE), Homeland Security Investigations (HSI), the largest investigative DHS Component, works with its international law enforcement partners to investigate transnational criminal organizations (TCOs) and the criminal activities of these TCOs, including human trafficking and money laundering, among other things. HSI protects U.S. borders by conducting multi-faceted law enforcement operations, and by partnering with foreign and domestic counterparts to combat criminal organizations and prevent terrorist activities. As a Senior Executive of HSI, I serve as Assistant Director of HSI International Operations.

HSI International Operations has a network of over 400 personnel, including over 180 special agents deployed to 78 offices and eight Department of Defense Liaisons across 52 countries, who conduct investigations against TCOs, terrorists, and other criminal organizations threatening our national security. HSI leverages its international footprint and partnerships to disrupt and dismantle TCOs seeking to exploit America's legitimate trade, travel, and financial systems; and enforces U.S. customs and immigration laws at and as appropriate, beyond our Nation's borders to prevent threats from entering the United States.

## **Combating Transnational Criminal Organizations**

HSI utilizes its broad legal authorities to investigate immigration and customs violations, including those related to export control, human rights abuses, narcotics, weapons and contraband smuggling, financial crime, cybercrime, human trafficking, migrant smuggling, child exploitation, wildlife trafficking, intellectual property theft, transnational gangs, immigration document and benefit fraud, and worksite enforcement. We are grateful for the continued congressional support that allows HSI to maintain critical operations at home and abroad and increase our efforts to target and combat dangerous transnational gangs and other criminal organizations.

During Fiscal Year (FY) 2019, HSI investigations led to over 36,000 criminal arrests, including criminal arrests of over 3,800 transnational gang members. HSI also seized over 1.4 million pounds of narcotics, made over 2,500 seizures for violations of U.S. intellectual property and commercial fraud laws, and seized over \$620 million in currency and monetary instruments. Additionally, HSI identified and assisted over 1,400 victims of human trafficking and child exploitation.

During the last two decades, transnational crime has expanded dramatically in size, scope, and impact, posing a significant threat to national security. HSI takes this threat very seriously, and targets TCOs at every critical location in the cycle: internationally, in cooperation with foreign counterparts, where transnational criminal and terrorist organizations operate; at our Nation's physical border and ports of entry, in coordination with U.S. Customs and Border Protection (CBP), where illicit smuggling cells attempt to exploit America's legitimate trade, travel, and

transportation systems; and in cities throughout the United States, where criminal organizations earn substantial profits off of their illicit activities.

As directed by the President's Executive Order 13773, *Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking*, HSI will continue to place a high priority and devote sufficient resources to dismantling TCOs and subsidiary organizations. HSI will continue to focus on cooperative work with other federal agencies, as well as with foreign counterparts, by sharing criminal intelligence and law enforcement information when appropriate and permitted by law.

### **Illegal Gold Mining**

Higher gold prices invigorate artisanal and small-scale gold mining (ASGM) throughout the world. Usually unregulated and outside the formal economic sector, ASGM and the gold it produces are a significant problem throughout Latin America, particularly in Venezuela, Suriname, Colombia, Ecuador, Bolivia and Peru. Consequences of ASGM include deforestation, environmental contamination, and loss of biodiversity. Mercury, a highly potent neurotoxin, is often used to extract gold, making ASGM the largest source of global mercury pollution and an important issue addressed in the Minamata Convention on Mercury. It is widely reported that mine workers face exploitation and forced labor, that child labor is not uncommon in the mines, that mining communities drive the demand for sex trafficking, and that health risks, due to exposure to mercury and other toxic chemicals, abound.

Gold mining in violation of the laws of the nation in which the activity occurs often takes place in remote areas, and is difficult to police, which leaves opportunities for organized criminal groups to carry out this activity. For example, HSI personnel stationed in Colombia and Peru work hand-in-hand with their law enforcement counterparts to investigate and dismantle TCOs involved in the illegal mining of gold.

The United States has a long history of protecting our environment and wildlife through the promulgation and enforcement of statutes exemplified by the Lacey Act, the Clean Diamond Trade Act, and the Trade Facilitation and Trade Enforcement Act, among many others. Since its inception, HSI has ardently investigated illicit actors, both individuals and businesses, whose activities lead them to our borders. Investigations spearheaded by HSI have ranged from "blood" diamonds mined in Africa, to unregulated harvesting of timber in the Amazon, to wildlife trafficking in Southeast Asia. HSI works in collaboration with federal partners such as CBP, U.S. Fish and Wildlife Service, U.S. Department of Agriculture's Office of Inspector General and Animal and Plant Health Inspection Service, and the U.S. Department of the Treasury Financial Crimes Enforcement Network and Office of Foreign Assets Control, as well as internationally with the International Criminal Police Organization (INTERPOL), to combat natural resources exploitation through the sharing of criminal intelligence and application, as appropriate, of U.S. customs and money laundering laws.

The activities of TCOs and other illicit actors are often diversified, regardless of whether calculated or opportunistic, touching on more than one type of crime. HSI recognizes the impetus of most criminal schemes is financial enhancement, and as such, financial investigations are the

cornerstone of HSI investigations. Financial irregularities are often cited as the tip leading to an HSI criminal investigation.

### **Peruvian Gold Investigation**

HSI leads the multi-agency *Operation Arch Stanton*. This Organized Crime Drug Enforcement Task Force (OCDETF) investigation is a joint effort among U.S. Federal (HSI, DEA, FBI, CBP, DOJ-Office of International Affairs, and IRS-Criminal Investigations), state and local law enforcement agencies. Since January 2018, *Operation Arch Stanton* has resulted in the conviction of executives from one of the largest American-owned precious metals purchasing and refining companies, of conspiracy to purchase over three billion dollars of criminally derived gold from Latin America (originating primarily from Peru) and the Caribbean. These proceeds were gained from unlawful criminal activities (including mining, foreign bribery, foreign smuggling, foreign narcotics trafficking, and the entry of goods into the United States by false means and statements). They subsequently transmitted over \$3 billion of wire payments from the United States to Latin America and the Caribbean to promote the delivery of additional criminally derived gold.

*Operation Arch Stanton* has also resulted in further charges against one executive and the indictment of an additional four Peruvian nationals in November 2017, who were charged in the Southern District of Florida for their alleged participation in this gold money laundering scheme. One of the suspects was arrested in Peru by the Peruvian Police for charges of illegal gold mining under Peruvian law and laundering more than \$630 million worth of gold. Pursuant to the terms of the Plea & Forfeiture Agreement filed with the court, the American-owned precious metals purchasing and refining company was sentenced to forfeit \$15 million to the United States, develop and maintain an effective compliance and ethics program, and be subject to a five year term of probation, during which time it will be prohibited from purchasing precious metals from outside the United States and required to comply with all further investigations.

Additionally, in October 2018, 10 members of a transnational criminal organization were arrested by Colombian authorities for violation of Colombian law concerning illegal gold mining, customs fraud, and money laundering. This organization used shell corporations to introduce illegally mined minerals into legitimate mineral trade sectors of the United States. The illegally mined gold was then paid for through a trade-based money laundering scheme.

### **Illicit Finance and Proceeds of Crime Unit**

HSI's Illicit Trade, Travel and Finance Division, through its Illicit Finance and Proceeds of Crime Unit (IFPCU), develops investigative techniques and typologies to identify and eliminate vulnerabilities in U.S. financial systems and criminally pursue perpetrators of financial crimes. The IFPCU enhances cooperation and forges partnerships with domestic and foreign law enforcement, money service businesses (MSBs), regulatory agencies, and non-government institutions. The IFPCU then leverages these partnerships to enhance HSI's financial investigations and various anti-money laundering (AML) programs. The IFPCU works with other government entities to provide AML assessments, training, best practices, and lessons learned in the fight against global money laundering.

The IFPCU continues to expand its outreach work with the private industry. In May 2018, the IFPCU participated in a conference with national and international precious metal and gem dealers to develop industry contacts, discuss trends, and provide education on the applicability of the U.S. Bank Secrecy Act and AML compliance guidelines. Of particular note, in March 2018, a U.S. gold refinery pleaded guilty to failure to maintain an adequate AML program.

In FY 2019, HSI initiated over 3,500 new financial investigations operating under the scope of the IFPCU and made over 2,600 criminal arrests, over 1,600 indictments and over 1,100 convictions, as well as the seizure of over \$620 million in illicit currency and criminal proceeds.

As the only investigative law enforcement agency with direct access to trade data, HSI is uniquely positioned to provide analytical, strategic, and tactical support for complex long-term and high-profile investigations, including third-party money laundering and trade-based money laundering investigations, across multiple programmatic areas.

### **Trade Transparency Unit**

HSI's Trade Transparency Unit (TTU) was created in 2004 and establishes TTUs in partner countries to share trade data to detect trade-based money laundering and sanctions violations as well as commercial smuggling and other crimes that generate illicit proceeds. TTUs detect suspicious transaction and financial discrepancies and coordinate investigative and enforcement activities with domestic and international HSI offices and partners. HSI has TTU agreements with seventeen countries, including the Latin American countries of Argentina, Brazil, Colombia, Chile, Ecuador, Paraguay, Peru, and Uruguay. Formal information sharing agreements are used to exchange valuable trade data, providing visibility to both sides of trade transactions. As such, TTUs offer another means to link international customs and law enforcement agencies together in combating transnational crime.

### **National Targeting Center – Investigations**

HSI's National Targeting Center - Investigations (NTC-I) was established in December 2013, in collaboration with CBP, to enhance our shared border security mission. As the investigative arm of DHS, HSI's increased manpower and concerted efforts at the NTC support the entire border security continuum, from CBP interdictions and HSI investigations, to the joint exploitation of intelligence. NTC-I serves as HSI's central targeting and coordination center and plays a critical role in promoting border security, public safety, and national security through the identification and investigation of TCOs, terrorists, and other criminal actors attempting to undermine DHS's border security efforts.

The NTC-I methodology involves identifying and cultivating the financial and trade aspects of each individual investigation, identifying, seizing, and forfeiting criminal assets, and disrupting and dismantling transnational criminal networks. The HSI NTC-I methodology also involves the coordination of efforts between multiple HSI, federal, state and international agencies to maximize resources and results to identify, disrupt, and dismantle criminal enterprises, while

bolstering the U.S. Government's efforts to combat money laundering and the financing of terrorism.

### **Law Enforcement Information Sharing Efforts**

In addition to leveraging domestic assets, HSI International Operations Attaché personnel deployed to 78 offices in 52 countries are uniquely positioned to use established relationships with host country law enforcement, including the engagement of foreign partner Transnational Criminal Investigative Units (TCIUs). TCIUs are comprised of foreign law enforcement officials with DHS training who have the authority to investigate and enforce violations of law in their respective countries. Also, included in TCIUs are customs officers, immigration officers, and prosecutors who undergo a strict vetting process to ensure that shared information and operational activities are not compromised. Since our law enforcement officers working overseas do not possess general law enforcement or investigative authority in most host countries, partnering with these TCIUs enables HSI to promote direct action in its investigative leads while respecting the sovereignty of the host country and cultivating international partnerships.

HSI International Operations partners with TCIUs in 13 countries. TCIUs identify targets, collect evidence, share intelligence, and facilitate the prosecution of TCOs both in-country and through the U.S. judicial system. These efforts, often thousands of miles from the U.S.-Mexico border in countries like Colombia and Panama, essentially act as an extended outer layer of security for our Southwest Border.

### **Conclusion**

Thank you again for the opportunity to appear before you today and for your continued support of DHS and our mission. HSI is committed to continuing its successful practice of sharing information with domestic and foreign partners and leveraging its resources around the world to stem cross-border criminal organizations and threats. I appreciate your interest in these important issues and the efforts I have discussed today.

I look forward to any questions you may have.