

**STATEMENT OF
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BEFORE THE
UNITED STATES SENATE
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON COMMERCE, JUSTICE, SCIENCE
AND RELATED AGENCIES**

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Chairman Shelby, Ranking Member Mikulski, and Members of the Subcommittee:

Good morning, and thank you for inviting me to testify on behalf of the Drug Enforcement Administration (DEA) regarding the President's Fiscal Year (FY) 2016 Budget request. DEA is an organization of more than 9,000 employees dedicated to the vital mission of disrupting and dismantling those drug trafficking organizations posing the greatest threat to the United States. I would like to express our collective appreciation for the support that this subcommittee has shown to us over the years. Furthermore, I welcome the opportunity to continue our partnership and to share with you DEA's recent accomplishments and our future plans to help secure our nation and protect our citizens.

DEA is the federal law enforcement leader in combating complex and sophisticated drug trafficking and transnational criminal organizations worldwide. As an example, DEA investigations conducted in partnership with federal, state, local, and international counterparts have contributed to the arrest of major international criminals. The recent arrests of Servando Gomez-Martinez, a.k.a. "La Tuta" and Omar Trevino Morales are another win for Mexico in the fight against brutal criminal cartels. The arrests strike at the heart of the leadership structure of the Knights Templar and the Zetas and serve as yet another warning that no criminal is immune from arrest and prosecution. Their capture, along with last year's capture of Joaquin "El Chapo" Guzman Loera, the leader of the violent Sinaloa Cartel, signal major steps forward in our shared fight against drug trafficking and violence.

Whether countering the threat posed by drug cartels in Mexico; drug financiers and facilitators in Europe; transshipment and distribution coordinators based in west Africa; insurgency groups operating in southwest Asia; or domestic distribution cells operating in cities across the US; DEA works to build relationships with our law enforcement partners to develop strategies, analyze intelligence, and execute successful counternarcotics programs to bring violators to justice and protect the American people.

We also appreciate Congress' efforts to protect the public from the dangers of designer synthetic drugs. These drugs are one of the most rapidly evolving challenges we face. In response to this growing threat, DEA has coordinated a series of law enforcement actions

designed to disrupt the international production and domestic distribution of synthetic designer drugs. This past May, the second phase of *Project Synergy*, which involved more than 45 DEA offices, resulted in the serving of nearly 200 search warrants, arrest of more than 150 individuals, and seizure of hundreds of thousands of individually packaged, ready-to-sell synthetic drugs by federal, state, and local law enforcement authorities, as well as hundreds of kilograms of raw synthetic products to make thousands more, along with more than \$20 million in cash and assets. In addition to targeting retailers, wholesalers, and manufacturers, many of these investigations continued to uncover the massive flow of drug-related proceeds to countries in the Middle East, including Yemen, Jordan, Syria, Lebanon, and others.

DEA targets the world's biggest, most powerful and "Most Wanted" drug traffickers, designated as Consolidated Priority Organization Targets (CPOTs), as well as other Priority Target Organizations (PTOs). These designations are given to drug trafficking organizations with an identified hierarchy engaged in the highest levels of drug trafficking and drug money laundering with significant international, national, regional, or local impact. There have been 183 CPOTs identified since the Department of Justice started tracking them in FY 2003. Cumulatively, 140 (77 percent) have been indicted in the United States, 107 (58 percent) have been arrested here and abroad, and 61 (33 percent) have been extradited to the United States to face justice. FY 2014 saw several successes against CPOTs – including seven who were extradited to the United States; one who surrendered to United States authorities; and six more who were arrested and are in custody outside of the United States.

The most significant drug trafficking organizations today are the dangerous and highly sophisticated Mexican Transnational Criminal Organizations (TCOs) that perpetrate violence along the Southwest Border. Mexican TCOs continue to be the principal suppliers of heroin, methamphetamine, cocaine, and marijuana to the United States. Domestically, distribution cells have become an increasing threat to the safety and security of our communities by forging alliances with Mexican TCOs.

Historically, the image of organized crime in the United States has been hierarchical organizations exerting influence over criminal activities at the local level with gangs of loosely affiliated groups exerting influence over criminal activities in neighborhoods, cities, or states. This remains true today; however, many of these organizations now have direct connections to Mexican TCOs to distribute heroin and other drugs throughout the country. In particular, the majority of the methamphetamine in the United States is produced in Mexico and much of it is distributed as a result of these affiliations. It is a symbiotic criminal relationship – the Mexican TCOs have the transportation infrastructure in place to deliver the drugs to domestic distribution cells which have established and tested distribution networks. This is the new face of organized crime.

The threat of these organizations is magnified by the high level of violence associated with their attempts to control and expand drug distribution operations. They often engage in armed home invasions of rival drug storage locations to steal drugs or money with innocent and hardworking citizens caught in the crossfire. The crime and violence perpetrated by these groups harm communities across the United States. DEA is

uniquely positioned to target and dismantle the local distribution cells and the international drug trafficking organizations with whom they conspire.

In addition, the distribution cells and the Mexican and South American traffickers who supply them are the main sources of heroin in the United States today. Heroin use in this country has reached alarming levels and many localities are reporting increases in heroin related deaths. A contributing factor to increasing demand for heroin is prescription opioid abuse. Prescription drug abuse is the nation's fastest-growing drug problem. Recently, the Centers for Disease Control and Prevention reported that 43,982 people died of a drug overdose in the United States in 2013, the most recent year for which information is available. Nearly 52 percent of those drug overdose deaths (22,767) involved prescription drugs. Of those deaths, 71 percent (16,235) involved an opioid analgesic, also known as prescription painkillers. The report also reflected significant increases in heroin related deaths - 8,257 people died of a heroin overdose in 2013, nearly tripling since 2010. These deaths represent not just a statistic, but our family members, friends, neighbors, and colleagues.

The annual economic cost of nonmedical use of prescription opioids in the United States was estimated at more than \$55 billion in 2007. The number of drug overdose deaths, particularly from controlled prescription drugs, has grown significantly in the past decade and in 2012 surpassed motor vehicle crashes as the leading cause of injury death in the United States. The Drug Enforcement Administration remains committed to preventing, detecting, and deterring the diversion of pharmaceutical controlled substances that supply drug addiction and abuse.

DEA's Diversion Control Program is using all criminal and regulatory tools possible to identify, target, disrupt, and dismantle individuals and organizations responsible for the illicit manufacture and distribution of pharmaceutical controlled substances in violation of the CSA. The deployment of Tactical Diversion Squads (TDS) is DEA's primary method of criminal law enforcement in the Diversion Control Program. The recent expansion of the TDS program has resulted in 66 operational TDSs throughout the United States, covering 41 states, Puerto Rico, and the District of Columbia. These TDSs incorporate the enforcement, investigative, and regulatory skill sets of DEA Special Agents, Diversion Investigators, other Federal law enforcement, and state and local Task Force Officers. The expansion of the TDS groups has enabled the Diversion Groups to concentrate on the regulatory aspects of the Diversion Control Program.

FY 2016 BUDGET REQUEST

The FY 2016 President's Budget request will provide DEA with the resources needed to build upon our successes and to continue to address these emerging threats. The budget requests \$2.092 billion for the DEA's Salaries and Expenses Account, an increase of 2.9 percent over FY 2015. In FY 2016, DEA expects to face an estimated \$49.8 million in increased costs to maintain current operations. In addition, the Budget requests \$371.5 million for the Diversion Control Fee Account (DCFA), which is necessary to cover the cost of operating DEA's Diversion Control Program. The amount requested represents a

\$31.7 million increase over DEA's FY 2015 funded operations, primarily due to the restoration of FY 2015 sequestration in FY 2016. These resources will allow DEA to continue targeting significant drug trafficking organizations, consistent with the Department of Justice's Smart on Crime Initiative.

In addition, DEA is requesting enhancements in the areas of International Drug Enforcement Priorities (\$12.0M); De-confliction and Information Sharing (\$7.4M); and National Security (\$4.5M). The requested enhancements provide DEA with the tools necessary to lead and assist our federal, state, local and international partners in targeting the most significant drug trafficking organizations.

Let me summarize the DEA efforts that will be supported with this enhanced funding.

INTERNATIONAL DRUG ENFORCEMENT

Transnational Criminal Organizations are a growing threat to U.S. national security. Their operations fuel corruption, destabilize governments, and undermine the rule of law, and are overwhelmingly funded by profits from drug trafficking. Over the last 40 years, DEA has developed effective programs for combating these organizations and has seen significant results.

While we continue to target Mexican and South American TCOs in the traditional drug trafficking corridors, we are increasingly seeing them expand their footprint in Africa, which affects the U.S. both directly and indirectly. Africa is a key storage and transshipment location for South American cocaine destined for distribution in Europe and elsewhere. These organizations are partnering with local criminal groups for logistical support and using drug-related profits to further their illegal activities in the U.S., Africa and Europe. DEA's experience shows that in order to address the threat posed to the U.S. by these TCOs, long-term success will depend upon the successful implementation and continued development of programs that bolster the law enforcement capacities and capabilities of our host nation counterparts worldwide. The FY 2016 President's Budget supports two of these critical international programs: Sensitive Investigative Units and Bilateral Investigations Units.

Sensitive Investigative Units

Funds requested for International Drug Enforcement Priorities will be used to support and expand a key element of DEA's international efforts: the Sensitive Investigative Unit (SIU) program. DEA's SIU program helps build effective and vetted host nation units capable of conducting complex investigations targeting major drug trafficking organizations. DEA currently mentors and supports 13 SIUs, which are staffed by over 800 foreign counterparts. The success of this program has unquestionably enhanced DEA's ability to fight drug trafficking on a global scale. To maintain this operational momentum, \$8.1 million is needed to sustain and further develop the capacity and capabilities of existing SIUs. This funding will support training, vetting, program coordination, judicial wire intercept systems and other IT-related requirements.

Bilateral Investigations Units

Bilateral Investigations Units (BIUs) are one of DEA's most important tools for targeting, disrupting, and dismantling significant TCOs. The BIUs use extraterritorial authorities to infiltrate, indict, arrest, and convict previously "untouchable" TCO leaders involved in drug trafficking. The FY 2016 President's Budget proposes enhancing the operational funding for BIUs by \$3.9 million and expanding their capabilities by establishing a BIU Financial Investigative Team (FIT). The BIU-FIT will focus on the investigating the financial aspects of these organizations. The proposed increase will allow DEA to continue to build on the success we have had in targeting, disrupting, and dismantling TCOs as well as denying TCOs revenue from illicit drug proceeds before they can be used to fund other criminal activities.

DE-CONFLICTION AND INFORMATION SHARING

De-Confliction Systems

The President's FY 2016 Budget requests \$1.5 million which will allow DEA to better leverage our expertise in de-confliction and information sharing to promote increased cooperation between our federal, state, and local law enforcement partners. Enhancements will allow DEA to increase its capability to coordinate many of the Department's violent crime and international organized crime investigations. These systems are such an integral component of the Department of Justice's (DOJ) de-confliction efforts that in May 2014, the Deputy Attorney General specifically directed all DOJ law enforcement components to use DEA's systems to de-conflict ongoing investigations.

El Paso Intelligence Center

The El Paso Intelligence Center (EPIC) offers tactical, operational, and strategic intelligence support to federal, state, local, tribal, and international law enforcement agencies and provides de-confliction services, leveraging databases from both internal and external stakeholders. EPIC has relationships with law enforcement agencies in all 50 states and partner organizations in the international law enforcement community. Included in the President's Budget request is an additional \$5.9 million to increase the capabilities of EPIC's information systems, including funds to upgrade the existing IT system to a more robust system portal; enhance analytical capabilities; and support updates to vital technology equipment and compliance with security requirements.

NATIONAL SECURITY

DEA ensures that national security information obtained during the execution of our worldwide drug law enforcement mission is expeditiously shared with both the national security and intelligence communities. DEA's Office of National Security Intelligence (ONSI) shares more than 5,000 reports a year that contain information on topics of national security interest. The FY 2016 President's Budget requests funding to support the Defensive Counterintelligence Program (DCI-P), which serves as a central coordination point for all DEA DCI-P matters, including personnel reliability; physical security; safeguarding of both intelligence and law enforcement sensitive sources and

methods; and general security and counterintelligence threat awareness and threat detection. In addition, the FY 2016 President's Budget requests resources for additional reports writers, ensuring that DEA will continue to meet its statutory responsibility to share national security-related information, and for other national security activities.

CONCLUSION

DEA's enforcement efforts have contributed significantly to the overall strategy to reduce the availability of drugs in the United States. According to an analysis by the Substance Abuse and Mental Health Services Administration, illicit drug use rates are lower by approximately one-third compared to 30 years ago. Since 2006, we have seen important decreases in the number of past month users, aged 12 and older of cocaine (from 1.0 percent to 0.6 percent, or roughly a million fewer persons). Statistics like these demonstrate that through a balanced drug control strategy, one that includes strong enforcement, education, prevention, and treatment components, we can make significant progress in protecting our nation from drug abuse and its consequences.

DEA's unique, single mission focus gives us the ability to focus resources on disrupting and dismantling the world's "Most Wanted" drug traffickers that have the most significant impact on the U.S. drug market. With your support and the backing of the American people we will continue our efforts to address these challenges. I would be pleased to answer any questions you may have.