



# Department of Justice

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**STATEMENT OF**

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**BEFORE THE**

**CAUCUS ON INTERNATIONAL NARCOTICS CONTROL  
UNITED STATES SENATE**

**FOR A HEARING ENTITLED**

**DRUG TRAFFICKING ACROSS THE SOUTHWEST BORDER AND  
OVERSIGHT OF THE U.S. COUNTERDRUG ASSISTANCE TO MEXICO**

**PRESENTED**

**NOVEMBER 17, 2015**

**Statement of Jack Riley  
Acting Deputy Administrator  
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Before the Caucus on International Narcotics Control  
United States Senate  
November 17, 2015**

**INTRODUCTION**

Chairman Grassley, Ranking Member Feinstein, and Members of the Senate Caucus on International Narcotics Control: on behalf of the approximately 9,000 employees of the Drug Enforcement Administration (DEA), thank you for the opportunity to discuss the issue of drug trafficking across the Southwest Border (SWB) and United States (U.S.) counterdrug assistance to Mexico.

Today, Mexican Transnational Criminal Organizations (TCOs) remain the greatest criminal drug threat to the United States; no other group can challenge them in the near term. These Mexican poly-drug organizations traffic heroin, fentanyl, methamphetamine, cocaine, and marijuana throughout the United States, using established transportation routes and distribution networks. They control drug trafficking across the SWB and are moving to expand their share of U.S. illicit drug markets, particularly heroin markets.

National-level gangs and neighborhood gangs continue to form and expand relationships with Mexican TCOs. Many gangs rely on Mexican TCOs as their primary drug source of supply, and Mexican TCOs depend on street-level gangs, many of which already have a customer base, for drug distribution. Additionally, gangs profit through drug transportation activities, enforcement of drug payments, and by securing drug transportation corridors from use by rival gangs.

Mexican TCOs exploit a user population struggling with the disease of addiction. Drug overdoses are the leading cause of injury-related deaths here in the United States, eclipsing deaths from motor vehicle crashes and firearms.<sup>1</sup> There were over 46,000 deaths in 2013, or approximately 120 per day, over half of which involved either a prescription opioid medications or heroin. These are our family members, friends, neighbors, and colleagues.

The DEA's focus is targeting the most significant, sophisticated, and violent trafficking organizations that profit from exploiting persons with substance use disorders. DEA's strategic priorities include targeting Mexican Consolidated Priority Organization Targets (CPOTs) and Priority Target Organizations (PTOs), which are the most significant international and domestic drug trafficking and money laundering organizations.

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<sup>1</sup> Centers for Disease Control and Prevention, Web-based Injury Statistics Query and Reporting System (WISQARS) [online], (2014), available at: <http://www.cdc.gov/injury/wisqars/fatal.html>.

## **CURRENT ASSESSMENT OF THE THREAT**

Based on active law enforcement cases, the following Mexican TCOs are operating in the United States: the Sinaloa Cartel, Beltran-Leyva Organization (BLO), New Generation Jalisco Cartel (Cartel de Jalisco Nueva Generación or CJNG), the Los Cuinis, Gulf Cartel (Cartel del Golfo or CDG), Juarez Cartel, La Linea, Michoacán Family (La Familia Michoacána or LFM), Knights Templar (Los Caballeros Templarios or LCT), and Los Zetas. While all of these Mexican TCOs transport wholesale quantities of illicit drugs into the United States, the Sinaloa Cartel remains the most active supplier. The Sinaloa Cartel leverages its expansive resources and organizational structure in Mexico to facilitate the smuggling and transportation of drugs throughout the United States.

Mexican TCO operations in the United States typically take the form of a supply chain system that relies on compartmentalized operators in that chain who are only aware of their own specific function, and remain unaware of other operational aspects. In most instances, transporters for the drug shipments are independent third parties who work for more than one Mexican TCO. Since operators in the supply chain are insulated from one another, if a transporter is arrested the transporter is easily replaced and unable to reveal the rest of the network to law enforcement.

The foundation of Mexican TCO operations in the United States is comprised of extended family and friends. Families affiliated with various Mexican TCOs in Mexico vouch for U.S.-based relatives or friends that are deemed trustworthy to run various aspects of the drug trafficking operations in the United States. Actual members of Mexican TCOs are usually sent to important U.S. hub cities to manage stash houses containing drug shipments and bulk cash drug proceeds. While operating in the United States, Mexican TCOs actively seek to maintain low profiles and avoid violent confrontations between rival TCOs or U.S. law enforcement.

Mexican TCOs transport illicit drugs over the SWB through ports of entry using passenger vehicles or tractor trailers. Illicit drugs are typically secreted in hidden compartments when transported in passenger vehicles or comingled with legitimate goods when transported in tractor trailers. Once across the SWB, Mexican TCOs will initially utilize stash houses in a number of hub cities to include Dallas, Houston, Los Angeles, Atlanta, and Phoenix. The illicit products will then be transported via these same conveyances to distribution groups in the Midwest and on the East Coast. Mexican TCOs also smuggle illicit drugs across the SWB using other methods including tunnels, maritime conveyances, and aircraft.

## **HEROIN**

There are four major heroin-producing regions in the world, but heroin bound for the U.S. market originates predominantly from Mexico and Colombia. The heroin market in the United States has been historically divided along the Mississippi River, with western markets consuming Mexican black tar and brown powder heroin, and eastern markets consuming white powder. Over the last two decades, white powder heroin has been sourced primarily from Colombia. The largest, most lucrative heroin markets in the United States are the white powder markets in major eastern cities: New York City and the surrounding metropolitan areas,

Philadelphia, Chicago, Boston and its surrounding cities, Washington, D.C., and Baltimore. Mexican traffickers are expanding their operations to gain a larger share of these markets. Mexican organizations are now the most prominent whole-sale heroin traffickers in the DEA Chicago, New Jersey, Philadelphia, and Washington, D.C. Field Divisions areas of responsibility and have greatly expanded their presence in the New York City area.

Overdose deaths involving heroin are increasing at an alarming rate, having almost tripled since 2010. Heroin purity is rising while price per pure gram is dropping. As mentioned, it comes predominately across the SWB and is produced with greater sophistication from powerful TCOs, such as the Sinaloa Cartel. These Mexican-based TCO's are extremely dangerous and violent and continue to be the principal suppliers of heroin to the United States.

Heroin is most commonly brought to the United States overland across the SWB or transported by couriers on commercial airlines. Seizures indicate a substantial increase in heroin availability in the United States. According to National Seizure System (NSS) data, heroin seizures in the United States increased 81 percent over five years, from 2,763 kilograms in 2010 to 5,014 kilograms in 2014. Traffickers are also transporting heroin in larger amounts. The average size of a heroin seizure in 2010 was 0.86 kilograms; in 2014 the average heroin seizure was 1.74 kilograms.

“Alleged Mexican White” (AMW) heroin is made from Mexico-produced poppies and processed into heroin hydrochloride using South American processing methods. The DEA Special Testing and Research Laboratory, which uses signature analysis to determine the geographic source region of heroin samples, has analyzed an increasing number of Mexico-sourced heroin samples. Testing indicates that Mexican TCOs may be producing white heroin in Mexico and also may be mixing South American heroin with Mexican brown powder to create a product more appealing to white powder markets in the eastern United States. Further, DEA investigative reporting also indicates Mexican TCOs are producing white heroin.

The suspected production of white powder heroin in Mexico is important because it indicates that Mexican traffickers are positioning themselves to take even greater control of the U.S. heroin market. It also indicates that Mexican traffickers may rely less on relationships with South American heroin sources-of-supply, primarily in Colombia, in the future. If Mexican TCOs can produce their own white powder heroin, there will be less of a need to purchase white powder heroin from South America to meet demand in the U.S.

## **FENTANYL**

DEA has become increasingly alarmed over the addition of fentanyl into heroin sold on the streets, as well as the use of fentanyl analogues such as acetyl fentanyl. Fentanyl, a Schedule II drug, is 25 to 40 times more potent than heroin<sup>2</sup> and presents a serious increased risk of overdose death for a heroin user. In addition, fentanyl can be absorbed by the skin or inhaled,

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<sup>2</sup> Centers for Disease Control, Emergency Response Safety and Health Database, FENTANYL: Incapacitating Agent, [http://www.cdc.gov/niosh/ershdb/emergencyresponsecard\\_29750022.html](http://www.cdc.gov/niosh/ershdb/emergencyresponsecard_29750022.html), accessed March 19, 2015; U.S. Department of Justice, Drug Enforcement Administration, Office of Diversion Control, Drug & Chemical Evaluation Section, Fentanyl, March 2015.

which makes it particularly dangerous for law enforcement officials who encounter the substance during the course of an enforcement operation. On March 18, 2015, DEA issued a nationwide alert to all U.S. law enforcement officials about the dangers of fentanyl and fentanyl analogues and related compounds. In addition, due to a recent spike in overdose deaths related to the use of acetyl fentanyl, on July 17, 2015, DEA used its emergency scheduling authority to place acetyl fentanyl in Schedule I of the Controlled Substances Act.

Clandestinely-produced fentanyl is primarily manufactured in Mexico, with its analogs and precursors obtained from distributors in China. Fentanyl is smuggled across the SWB in kilogram quantities and stored at stash houses, often with other drugs. It is transported and concealed in spare tires, gas tanks, and hidden compartments. Fentanyl is also transported across the country through mail courier services.

## **METHAMPHETAMINE**

Most of the methamphetamine available in the United States is clandestinely produced in Mexico and smuggled across the SWB. Traffickers most commonly transport methamphetamine in tractor trailers and passenger vehicles with hidden compartments. In addition, traffickers send methamphetamine through various mail services or by couriers traveling via bus or commercial airline. Domestic production continues to occur at much lower levels than what is trafficked from Mexico, and seizures of domestic methamphetamine laboratories have declined, most likely due to the increasing availability of high-purity, high-potency Mexican methamphetamine and sustained domestic enforcement efforts.

Methamphetamine availability continues to increase in the United States. According to the 2015 National Drug Threat Survey (NDTS), one third of responding agencies reported that methamphetamine was the greatest drug threat in their areas. Additionally, 42 percent of the respondents reported methamphetamine was highly available, meaning the drug is easily obtained at any time. NDTS respondents also reported methamphetamine as the drug that most contributes to both violent crime (38.2 %) and property crime (33.4 %). The purity and potency of methamphetamine seizures sampled through the DEA Methamphetamine Profiling Program (MPP) remain high. Mexico-produced methamphetamine is particularly pure and potent. Mexican TCOs control wholesale methamphetamine distribution, while local criminal groups typically control retail distribution.

## **COCAINE**

Cocaine availability in the United States has stabilized well below the availability levels observed prior to 2007, when cocaine availability first began to decline significantly. Use indicators also show a steady decline in cocaine consumption in the United States when compared to the previous 10 years. Most of the cocaine smuggled into the United States is transported over the SWB (87%), with a smaller percentage (13%) transported through the Caribbean corridor.

Mexican TCOs continue to dominate the cocaine transportation infrastructure in the United States with little to no competition. After the cocaine is smuggled across the U.S. –

Mexico border, it is generally moved to major hub cities in Arizona, California, and Texas, near the SWB. The cocaine is then transported via interstate highways to the Midwest and East Coast, to include major cities such as Atlanta, Chicago, and New York.

In the past, Colombian organizations controlled a wider cocaine transportation network, but are now operating in only a small number of locations along the East Coast. Today, Mexican TCOs rely on associated U.S.-based organizations, or independent third parties, to transport cocaine to their distribution cells. The distribution of cocaine at the retail-level is typically carried out by local U.S. criminal groups and street gangs. At the present time, there appear to be no other criminal groups that possess the requisite power to challenge Mexican TCO dominance of cocaine transportation in the United States.

## **MARIJUANA**

Marijuana is smuggled into the United States predominantly from Mexico in large volumes, with relatively smaller volumes from Canada and the Caribbean corridor. In fact, marijuana seizures along the SWB totaled over 984,600 kilograms in 2014. The marijuana that is smuggled from Mexico is typically classified as “commercial-grade” or “low-grade” marijuana. The quality of marijuana produced in Mexico and the Caribbean is thought to be inferior to the marijuana produced domestically in the United States or Canada; however, law enforcement reporting indicates that Mexican cartels are attempting to produce higher-quality marijuana to compete for the lucrative U.S. market for high-quality marijuana.

Large quantities of foreign-produced marijuana are smuggled into the U.S. via personally-owned vehicles, commercial vehicles, buses, subterranean tunnels, rail cargo containers, ultralight aircraft, and maritime vessels.

Mexican TCOs smuggle large quantities of marijuana from Mexico into the United States through subterranean tunnels along the SWB. Subterranean tunnels allow traffickers to avoid enforcement activities at ports of entry. Mexican TCOs may allow independent traffickers to use the tunnels for a fee; however, reporting indicates that the fees are often substantial, such as half the drug proceeds or half the quantity of drugs smuggled.

Mexican TCOs continue to send shipments of marijuana via non-commercial maritime vessels from the West Coast of Baja California, north to the central California coast. Operators of “pangas” – small, fast-moving vessels – cruise great distances from the California shoreline to avoid law enforcement detection.

## **DEA RESPONSE TO MEXICAN DRUG TRAFFICKING ACROSS THE SOUTHWEST BORDER**

DEA is addressing the threat both domestically and internationally. DEA prioritizes its resources by targeting CPOTs and PTOs, which are the most significant international and domestic drug trafficking and money laundering organizations. We partner with federal, state, local, tribal, and international entities to target these identified threats utilizing a range of programs.

### *Anti-Heroin Task Force Program*

As directed by Congress, the Department of Justice has joined with the Office of National Drug Control Policy to convene an interagency task force to confront the growing use and trafficking of heroin in America. The DEA and more than 28 Federal agencies and their components are actively participating in this initiative, including Federal experts from medicine, public health and education. The task force expects to have a final report for the President and Congress by the end of 2015.

### *International Enforcement: Sensitive Investigative Units*

A significant component of DEA's International Drug Enforcement Priorities is to support and expand a key element of DEA's international efforts: the Sensitive Investigative Unit (SIU) program. DEA's SIU program, nine of which are in the Western Hemisphere, to include Mexico, helps build effective and vetted host nation units capable of conducting complex investigations targeting major TCOs.

### *International Enforcement: Bilateral Investigations Units*

Bilateral Investigations Units (BIUs) are one of DEA's most important tools for targeting, disrupting, and dismantling significant TCOs. The BIUs have used extraterritorial authorities to infiltrate, indict, arrest, and convict previously "untouchable" TCO leaders involved in drug trafficking.

### *Special Operations Division*

Established in 1994, the Special Operations Division (SOD) is a DEA-led multi-agency operations coordination center with participation from Federal law enforcement agencies, the Department of Defense, the Intelligence Community, and international law enforcement partners. SOD's mission is to establish strategies and operations to dismantle national and international trafficking organizations by attacking their command and control communications. Special emphasis is placed on those major drug trafficking and narco-terrorism organizations that operate across jurisdictional boundaries on a regional, national, and international level.

### *El Paso Intelligence Center*

The El Paso Intelligence Center (EPIC) is a national intelligence center focused on supporting law enforcement efforts in the Western Hemisphere with a significant emphasis on the SWB. Through its 24-hour watch function, EPIC provides law enforcement officers, investigators, and analysts immediate access to participating agencies' databases. This function is critical in the dissemination of relevant information in support of tactical and investigative agencies, deconfliction, and officer safety. EPIC also provides significant tactical, operational, and strategic intelligence support to state and local law enforcement agencies, especially in the areas of clandestine laboratory investigations and highway interdiction.

### *Cooperation with Mexico:*

The DEA's presence in Mexico represents our largest international footprint. The ability to have DEA Special Agents assigned to 11 different offices throughout Mexico is a reflection of the level of cooperation that we continue to enjoy with our Mexican counterparts. DEA supports bi-lateral investigations with the Government of Mexico by providing information and intelligence to develop investigations that target leaders of TCOs throughout Mexico.

We view our working relationship with the Mexican Authorities as strong, and getting stronger. In 2014, Mexican law enforcement officials arrested cartel leaders Hector Beltran-Leyva, Servando Gomez-Martinez, and Omar Trevino Morales. These actions represent significant successes for both the United States and Mexico in our shared struggle against TCOs. The arrests struck at the heart of the leadership structure of the Knights Templar Cartel, the Beltran-Leyva Organization, and the Los Zetas Cartel; and highlight the continuing cooperation between Mexican and U.S. law enforcement. The United States and Mexico have established a strong and successful security partnership in the last decade and, to that end, the U.S. government stands ready to work with our Mexican partners to provide any assistance, as requested, to build upon these successes.

### **CONCLUSION**

Mexican TCOs remain the greatest criminal drug threat to the United States. These Mexican poly-drug organizations traffic heroin, methamphetamine, cocaine, and marijuana throughout the United States, using established transportation routes and distribution networks. They control drug trafficking across the SWB and are moving to expand their share of U.S. illicit drug markets. Their influence up and down the supply chain, their ability to enter into new markets, and associations with gangs are of particular concern for the DEA. DEA will continue to address this threat domestically and abroad by attacking the crime and violence perpetrated by the Mexican-based TCOs which have brought tremendous harm to our communities.