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Senate Caucus on International Narcotics Control

*****AS-PREPARED*** Opening Statement: “Chinese Money Laundering Organizations: Cleaning Cartel Cash”**

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Illicit narcotics often come into the United States from other places, by way of complex supply chains: cocaine from South America, or heroin from Afghanistan and Asia’s Golden Triangle. Today’s scourge – fentanyl – usually begins in Chinese chemical factories before passing through Mexico on the way to the United States. Fentanyl and other synthetic opioids can be made just about anywhere, by just about anyone, with only a few chemical ingredients, making interdiction and enforcement efforts difficult.

A single kilogram of fentanyl can produce more than 1 million counterfeit pill dosages and generate millions of dollars in revenue, so an intercepted package or seized supply is just a cost of doing business for cartels. A lot of people are dying from fentanyl overdose — 436 died of drug overdose in Rhode Island in 2022 alone. So, we need to supplement interdiction efforts against fentanyl with solutions to dismantle the way cartels operate.

For every gram of fentanyl sold into America, there’s a chemical supply chain. For every dollar of illicit fentanyl sold in America, there’s a dollar in revenue to get back to the cartels. By attacking the supply chain and the money flow, we can supplement interdiction efforts. In particular, we must ensure that dirty money cannot be hidden in our country on its way back into the pockets of cartels, terrorists, and other transnational criminals. That is why the Corporate Transparency Act that Senator Grassley and I passed into law to shed some light into shell corporations was so important.

The revenue side, like the supply chain, is an international business. Chinese money laundering organizations have gotten very good at shielding ill-gotten gains. These organizations launder cartel cash quicker and cheaper than competitors, often with a money-back guarantee. Treasury’s *2024 National Money Laundering Risk Assessment* identifies Chinese money laundering organizations as some of the worst money laundering actors, “enabl[ing] Mexican cartels to seamlessly exchange [U.S. dollars] derived from the sale of narcotics for Mexican pesos.” Chinese money laundering organizations enrich drug trafficking organizations and, in turn, finance the production of fentanyl. It’s a cycle that we need to disrupt.

The U.S. and our international partners have been slow to adapt to this threat. Globally, less than 1% of illicit financial flows are confiscated each year, according to the United Nations. At our last hearing, a retired DEA agent told us that less resources are dedicated to money laundering investigations today than twenty years ago. We can and must turn that trend around.

I have introduced a bipartisan bill to establish a cross-border financial crime center within Homeland Security to coordinate federal financial crimes investigations and information related to the U.S. border. This center would bolster the United States’ ability to take on CMLO networks, and should be included in this year’s NDAA package.

Treasury, under our Corporate Transparency Act, has established a beneficial ownership registry, which will help law enforcement identify who's behind anonymous shell corporations used in criminal schemes. Treasury is also addressing money laundering vulnerabilities in the investment and residential real estate sectors, and I hope will soon cover the commercial real estate sector as well.

Unfortunately, there are licensed, white-collar professionals in America's legal, accounting, and investment industries who enable transnational criminals. My ENABLERS Act would place commonsense guardrails on American professionals to ensure that cartels, terrorists, and kleptocrats cannot find refuge in our legitimate economy.

Treasury, DOJ and other federal agencies on the front lines need resources against financial crime and cartels. That's why I'm co-leading the annual FinCEN appropriations letter with Co-Chair Grassley.

I welcome budding signs of cooperation from Mexico and China. Treasury Secretary Yellen just announced a new U.S.-China working group on illicit finance. I encourage this initiative, and hope for concrete outcomes.

But let me be clear: the urgency of the fentanyl crisis demands that we not solely depend on the goodwill of other countries. We can, and must, take steps here at home to make our financial sector more transparent, hold money launderers and complicit professionals to account, and run enforcement efforts hard against the revenue and supply chain side of the cartels' deadly business.

With that, I turn it over to Co-Chair Grassley.