

**Questions for the Record from Senator Sheldon Whitehouse**  
**U.S. Senate Caucus on International Narcotics Control**  
**‘Chinese Money Laundering Organizations: Cleaning Cartel Cash’**  
**Submitted on May 9, 2024**

In your testimony, you mentioned that drug cartels “...rely on illicit enablers to supply...money laundering services to carry out their unlawful agenda.”

1. Has DEA seen professional enablers, such as lawyers, accountants, and company and trust formation agents, exploited by or complicit with CMLOs?

**Response:** Professional money launderers such as accountants, lawyers, and company and trust formation agents, along with others who provide professional services to criminal organizations, typically are not involved in the commission of the underlying predicate offense. They provide their professional services to transfer funds on behalf of third parties, knowing that the funds are proceeds of crime. DOJ has engaged with lawmakers to strengthen and enforce statutes and regulations that impose anti-money laundering obligations on these gatekeeper professionals. For example, the Administration has expressed support for the ENABLERS Act, which would impose anti-money laundering requirements on professionals such as lawyers, accountants, and company and trust formation agents. While DEA currently does not have first-hand knowledge of professional enablers who are complicit in working with or being exploited by CMLOs DEA is aware of instances in which bank and financial accounts in the names of limited liability companies (LLCs), trusts, or escrow accounts are being utilized to launder narcotic proceeds.

2. Does the involvement of licensed professionals in money laundering schemes complicate or impede DEA’s investigations? If so, how?

**Response:** The use of LLCs, trusts, and escrow accounts to launder drug proceeds both complicates and impedes DEA investigations. Every layer of complexity and anonymity that is utilized to conceal the true beneficiary of the laundered drug proceeds is done to thwart law enforcement attempts to identify and prosecute the individuals involved in the criminal activity. LLCs, trusts, and escrow accounts require further investigative steps by law enforcement to identify the owners of the accounts and how the owner of the accounts operates within the hierarchy of the CMLO. For example, investigators may need grand jury subpoenas, witness interviews, or foreign legal assistance to unveil the true ownership structure of legal entities used to facilitate criminal activity. Agents must then work to identify the individuals who are the beneficial owners of the LLCs, trusts, and escrow accounts. Each of those investigative steps consumes valuable time and resources. In some cases, by the time law enforcement has identified the owner of the account, the CMLO will have already created or is utilizing a new LLC, trust, or escrow account. This can further delay the DEA investigation into a money laundering scheme.

3. Can you provide examples in which DEA observed professional service providers complicit in professional money laundering schemes?

**Response:** Although professional enablers have been charged with participating in other money laundering schemes, no such charges have been pursued thus far against professionals who acted to aid CMLOs. During numerous DEA undercover investigations, agents have been instructed by professional service providers to deposit known drug proceeds into bank and financial accounts that are in the names of LLCs, trust accounts, or escrow accounts to legitimize the drug proceeds. Whether the professional service providers were complicit or aware that they were assisting professional money laundering schemes is unknown at this time.

**Questions for the Record from Senator Charles E. Grassley  
U.S. Senate Caucus on International Narcotics Control  
“Chinese Money Laundering Organizations: Cleaning Cartel Cash”**

The report issued by the House Select Committee on the Strategic Competition between the United States and the Chinese Communist Party titled “The CCP’s Role in the Fentanyl Crisis” uncovered that PRC authorities, including China’s Ministry of Public Security, have actively thwarted U.S. enforcement efforts by notifying investigation targets to enable their evasion from further detection. Moreover, PRC officials, including the PRC Ministry of Public Security (MPS) have refused to share critical information to enable U.S. enforcement efforts and have refused to pursue any fentanyl-related prosecutions of their own.

1. Which specific elements of the PRC government does DEA partner within counter-narcotics enforcement efforts?

**Response:** The PRC Ministry of Public Security (MPS).

2. In your opinion, is the PRC a trustworthy and reliable partner nation when it comes to counter-narcotics interdiction and enforcement efforts?

**Response:** The fentanyl supply chain is a global problem that requires us to have global partners, including China, to work with us towards disrupting and dismantling the supply chain. Engaging with China and opening up dialogue is a necessary and important step in pursuing a global approach to tackle this issue. We are hopeful that this dialogue and open channels of communication turn into action on China’s part.

3. Was the Administration’s November 2023 relaxation of sanctions on China’s Institute of Forensic Science, a component of the PRC’s Ministry of Public Security, which actively thwarts U.S. counter-narcotics trafficking efforts a wise policy decision?

**Response:** Please refer to ONDCP and/or State Department

The recently enacted Reforming Intelligence and Surveillance Act amended the definition of “foreign intelligence information” to include information that relates to the “international production, distribution, or financing of illicit synthetic drugs, opioids, cocaine, or other drugs driving overdose deaths, or precursors of any aforementioned.”. This will presumably allow our

intelligence community to target foreigners for intelligence relating to international drug trafficking under traditional FISA authorities and FISA Section 702 targeting authorities.

4. How will this new, expanded authority under FISA empower and/or enhance DEA's mission and ability to combat illicit narcotics trafficking?

**Response:** As a member of the Intelligence Community, the amended language in FISA will enable DEA to more precisely target the illicit networks supplying precursor chemicals and producing fentanyl. This information will assist DEA in saving more lives.