



**LAZARUS**  
CONSULTING

## Responses to Questions for the Record

Hearing: “Dirty Money: Chinese Organized Crime in Latin America” – U.S. Senate Caucus on International Narcotics Control (December 9, 2025)

Witness: Leland Lazarus

**Senator John Cornyn**

### **Question 1: Evaluate Chinese law enforcement assistance in Latin America. Where is the line between helpful and harmful aid?**

Chinese law enforcement engagement in Latin America and the Caribbean (LAC) can be a double-edged sword. On one hand, cooperation under proper oversight can help dismantle Chinese criminal networks operating abroad. For example, in 2016 Chinese and Argentine police successfully took down the “Pixiu” clan, a Chinese mafia group in Argentina, demonstrating the potential benefits of collaborative policing.<sup>1</sup> During my 2025 visit to Trinidad and Tobago organized by the U.S. Embassy, I engaged local police officers who said they received some Mandarin language training from the Chinese embassy. China has also offered law enforcement training and technology to LAC partners as part of its Global Security Initiative, and has even donated more pedestrian equipment like helmets and vests. These forms of assistance, when transparent and respecting local sovereignty, can bolster capacity to combat transnational crime. On the other hand, Chinese aid can cross into harmful territory if it undermines the rule of law or serves Beijing’s interests at the expense of host nations. Reports have revealed that China’s overseas police training sometimes introduces authoritarian tactics focused on protecting Chinese assets abroad.<sup>2</sup> Even more troubling, Beijing has established unofficial “police service stations” in some countries to pursue Chinese fugitives or dissidents, without host government approval. Such unauthorized operations violate sovereignty and erode trust.<sup>3</sup> Chinese officials have, at times, been reluctant to crack down on criminal networks that align with China’s strategic or economic interests, blurring the line between state and organized crime.<sup>4</sup> The Chinese

---

<sup>1</sup> <https://www.argentina.gob.ar/noticias/gdesarticulamos-una-organizaci%C3%B3n-que-extorsionaba-comerciantes-chinos>

<sup>2</sup> <https://www.theguardian.com/world/article/2024/sep/11/china-to-train-thousands-of-overseas-law-enforcement-officers-to-create-more-fair-world-order#:~:text=Some%20human%20rights%20groups%20have,the%20belt%20and%20road%20initiative>

<sup>3</sup> <https://safeguarddefenders.com/sites/default/files/pdf/Patrol%20and%20Persuade%20v2.pdf>

<sup>4</sup> <https://www.brookings.edu/articles/how-chinese-criminal-networks-fuel-illicit-markets-across-the-americas/#:~:text=Unlike%20most%20other%20criminal%20actors,such%20corrupt%20practices%20and%20illegality>

government has made increased law enforcement assistance a priority in its 2025-2027 China-CELAC Joint Action Plan and White Paper, which means we will see this trend continue.<sup>5</sup> Such assistance is helpful when it strengthens local authorities' ability to fight crime under agreed rules, but it becomes harmful if used as a cover for extrajudicial activities, political influence, or repression. LAC governments should welcome cooperation against crime on their terms – for instance, information-sharing or joint investigations into Chinese gangs – while firmly rejecting any unilateral law enforcement activities by China on their soil.<sup>6</sup>

**Question 2: How should the United States design support programs for Latin American law enforcement to counter the “Fujian mafia,” including overcoming language and knowledge barriers?**

The term “Fujian mafia” refers to Chinese organized crime networks, many originating from Fujian province, that operate in overseas Chinese diaspora communities[4]. LAC law enforcement agencies often face significant language and cultural barriers in detecting and infiltrating these networks. To assist our partners, the United States can implement several targeted support programs:

- **Specialized Training and Exchanges:** Leverage the experience of U.S. police departments that have dealt with Chinese organized crime domestically. For example, New York City and Los Angeles have large Chinese communities and years of experience combating Fujianese gangs. U.S. agencies can arrange exchanges and training programs where Mandarin and Fujianese-speaking officers from NYPD, LAPD, and other departments share techniques with LAC counterparts. These could include how to cultivate informants in Chinese communities, conduct surveillance in culturally sensitive ways, and unravel money trails that span the Pacific. The Department of State's International Narcotics and Law Enforcement (INL) programs and International Law Enforcement Academies could incorporate modules on Chinese TCOs, taught by such experts. U.S. instructors who speak the relevant dialects or have worked on Asian organized crime task forces would greatly enhance LAC officers' knowledge and investigative skill sets.
- **Language and Analytical Support:** Overcoming the language barrier is paramount. In the near term, FBI and DEA field offices in the region might embed linguists or utilize contract interpreters to assist with cases involving Chinese suspects. Another approach is partnering LAC police with ethnic Chinese law enforcement from the U.S. or elsewhere. Notably, Taiwan's law enforcement has experience monitoring triads and could serve as a valuable partner. The U.S. can facilitate cooperation whereby Taiwanese officers help train Latin American units and provide translation and analytic support for investigations. This collaboration can start with countries that have formal ties with Taiwan, and expand informally to others, using U.S. convening power. By bringing in Mandarin, Fujianese,

---

<sup>5</sup> [https://english.www.gov.cn/news/202512/10/content\\_WS693962c3c6d00ca5f9a08069.html](https://english.www.gov.cn/news/202512/10/content_WS693962c3c6d00ca5f9a08069.html)

<sup>6</sup>

[https://static1.squarespace.com/static/5b7ea2794cde7a79e7c00582/t/681b74fba80e1318671fb063/1746629886617/Triads+Snakeheads+and+Flying+Money\\_+The+Underworld+of+Chinese+C.pdf#:~:text=%E2%80%A2%20Increase%20law%20enforcement%20cooperation,attempts%20by%20China%20to%20unilaterally](https://static1.squarespace.com/static/5b7ea2794cde7a79e7c00582/t/681b74fba80e1318671fb063/1746629886617/Triads+Snakeheads+and+Flying+Money_+The+Underworld+of+Chinese+C.pdf#:~:text=%E2%80%A2%20Increase%20law%20enforcement%20cooperation,attempts%20by%20China%20to%20unilaterally)

and Cantonese speaking experts, we help bridge the gap until local forces develop their own linguistic capabilities.

- **Community Engagement and Recruitment:** Earlier this month (January 2026), I visited Panama at the invitation of the U.S. Embassy to speak to various stakeholders about Chinese malign influence in LAC. While there I met with local Chinese diaspora leaders, and what surprised me was that many of them were frustrated with the Chinese embassy and wanted to actively work with the U.S. and local law enforcement. But they felt ostracized and disconnected from local police forces. U.S. assistance programs can encourage and fund initiatives to build trust between law enforcement and local Chinese communities. For instance, police-community liaison committees could be formed in areas with sizable Chinese diaspora populations. U.S. advisors can share best practices on conducting outreach through Chinese business associations, hometown associations, and community centers. By establishing anonymous hotlines and informant rewards, authorities may encourage community members to report extortion or trafficking activities. Furthermore, offering opportunities for diaspora community members to serve as police translators, cultural advisors, or even sworn officers is critical. Over time, increasing the ranks of bilingual, culturally knowledgeable officers will greatly improve host nations' ability to counter the Fujian mafia on their own.

## **Senator Sheldon Whitehouse**

### **Question 1: What are the national security and law enforcement benefits of publicly disclosing air and land shipping manifests?**

Enhancing transparency in shipping manifests for air and land cargo would yield enormous national security and law enforcement benefits. Currently, only ocean vessel manifests must be made public, which leaves law enforcement “blind” to a huge volume of trade arriving by aircraft, trucks, and rail. Nearly half of the value of U.S. imports now comes via air or land transport, modes for which manifest data remain confidential. Criminal organizations exploit these transparency gaps to move illicit goods undetected – whether it be drug precursors, laundered cash hidden in cargo, counterfeit products, or other contraband. By extending public disclosure requirements to air and land manifests, Congress would be closing a major loophole that traffickers and money launderers currently abuse.

Making this data public (with appropriate privacy safeguards) arms investigators, analysts, and even industry watchdogs with a powerful tool. We have seen how accessible ocean shipping data has been used to uncover wrongdoing: for example, open manifest records helped expose major sanctions evasion schemes, identify shipments tainted by forced labor, trace counterfeit pharmaceuticals, and intercept drug smuggling operations. Applying similar transparency to air and land shipments would similarly shine light on suspicious flows that might otherwise escape notice. Law enforcement could more readily “connect the dots” between consignors, consignees, and routes associated with illicit trade. Patterns indicative of narcotics or precursor chemical trafficking, for instance, might be flagged earlier with comprehensive manifest access.

### **Question 2: How would the proposed CLEAN FTZ Act help fight Chinese organized crime?**

Chinese and other organized crime groups have adeptly exploited free trade zones (FTZs). Throughout Latin America and the Caribbean, poorly regulated FTZs have enabled smugglers to transship counterfeit goods, narcotics precursors, illegally mined minerals, and wildlife products under the radar of customs authorities. They also facilitate trade-based money laundering schemes, whereby criminal networks (including Chinese mafias) mask the movement of dirty money by mingling it with trade flows. The Containing and Limiting the Extensive Abuses Noticed in Free Trade Zones (CLEAN FTZ) Act of 2025 directly targets these vulnerabilities. It establishes a formal rating system to assess countries on how well their free trade zones comply with international standards against illicit trade. Each country would receive a tiered rating (I through IV) based on the performance of its FTZs in preventing trafficking, money laundering, and other crimes. Importantly, those ratings would be made public and updated annually, creating reputational pressure on low-performing jurisdictions to improve oversight.

By shining a spotlight on high-risk free zones, the CLEAN FTZ Act incentivizes foreign governments to clean up those havens of smuggling. The Act equips U.S. authorities – particularly Customs and Border Protection – to engage with partners on strengthening FTZ security, and even recommends best practices to countries falling short. Crucially, it provides for consequences: if certain zones or actors continue to enable illicit trade, the Act allows for sanctions and financial penalties against the culpable entities. This means Chinese criminal syndicates and their facilitators who use free zones to operate would face greater risk of exposure and punitive action.

### **Question 3: Are Chinese money laundering organizations and drug cartels using cryptocurrency, and what does this imply about the importance of anti-money laundering and sanctions evasion safeguards?**

In recent years, Chinese money laundering organizations (MLOs) and LAC cartels have increasingly turned to cryptocurrencies to move and obscure their illicit funds. This trend is well-documented and has been the focus of multiple U.S. law enforcement actions. Chinese underground bankers – who specialize in laundering proceeds for criminal clients – use crypto as a bridge between cartel cash in the Americas and the financial system in China. A typical scheme works as follows: drug sales in the U.S. yield large amounts of dollar cash, which Mexican cartel associates hand off to Chinese brokers. Those brokers convert the bulk cash into cryptocurrency (often by buying digital assets like stablecoins) and then transfer the value across borders instantly. On the other side of the world, the crypto can be converted back into Chinese yuan or used to purchase goods and chemicals, thereby bypassing traditional banking trails. Notably, Chinese chemical suppliers of fentanyl precursors are part of this crypto-fueled laundering cycle. A recent analysis found that out of more than 120 Chinese precursor manufacturers studied, 97% were willing to accept payment in cryptocurrency.<sup>7</sup> This means cartels can pay for drug ingredients using Bitcoin or Tether, directly linking narcotics supply chains to digital currency transactions. Cartel operatives themselves have also experimented with cryptocurrency by purchasing Bitcoin in bulk and funneling drug profits through exchanges and online wallets to disguise their origin. This evolution underscores why strong anti-money laundering (AML) and sanctions-evasion safeguards in the crypto sector are critically important. Vigilant regulation and

---

<sup>7</sup> <https://www.trmlabs.com/resources/blog/understanding-the-use-of-cryptocurrencies-by-cartels#:~:text=globally%20or%20used%20to%20purchase,offered%20payment%20in%20cryptocurrencies>

oversight are needed to prevent cryptocurrency exchanges, mixers, and other platforms from becoming safe havens for criminals. When crypto businesses implement robust Know-Your-Customer (KYC) checks and transaction monitoring, they can detect and report illicit activity rather than enable it. U.S. agencies have been actively sanctioning cryptocurrency wallet addresses and accounts linked to Chinese laundering networks and cartel operatives. The Office of Foreign Assets Control (OFAC) has designated numerous digital wallets tied to these schemes, cutting off their access to reputable exchanges. These efforts rely on tracing blockchain transactions – a task made possible only if exchanges cooperate and if law enforcement can follow the money on digital ledgers. Additionally, international information-sharing about suspicious crypto transfers is vital to stop criminals from hopscotching to unregulated platforms.

#### **Question 4: Is illegal, unreported, and unregulated (IUU) fishing being used as a cover for organized crime?**

Yes. IUU fishing has become entwined with organized criminal activity in multiple ways. Firstly, the act of large-scale illegal fishing itself is often conducted by sophisticated transnational networks – including Chinese syndicates – that operate very much like organized crime groups. They employ illicit methods (forged licenses, violating quotas, fishing in protected waters) to harvest valuable marine resources worth billions on black markets. A 2024 report by Earth League International meticulously documents the vast networks of Chinese illegal wildlife traffickers, and IUU fishing is one of their key revenue streams.<sup>8</sup>

Beyond that, fishing vessels engaged in IUU operations are frequently used as platforms to smuggle other illicit goods. For example, investigations have found that some Chinese distant-water fishing fleets operating off Latin America’s coasts have also been smuggling contraband, such as bulk shipments of counterfeit cigarettes, into Latin American ports.<sup>9</sup> Around the world, it is well documented that fishing boats are used to move narcotics and even precursor chemicals for drug production. Estimates suggest that maritime smuggling via fishing vessels accounts for roughly \$80 billion of illicit commerce annually – about 15% of the global drug trade’s value.<sup>10</sup>

Chinese organized crime groups have specifically leveraged IUU fishing channels for profit and concealment. These networks exploit the fishing industry to traffic in protected marine species and wildlife products. Chinese mafia outfits have formed partnerships with local Latin American crime groups and corrupt fishing operators to poach high-value marine life – such as sea cucumbers, abalone, shark fins, and the swim bladders of the totoaba fish – which are then smuggled to China.<sup>11</sup> In Mexico, for instance, Chinese traffickers collude with cartels to obtain totoaba bladders (a delicacy in China), an enterprise so lucrative it has been dubbed the “aquatic

---

<sup>8</sup> <https://earthleagueinternational.org/wp-content/uploads/2024/04/ELI-Operation-STELLA-MARIS-Investigative-Report-22-April-2024-1.pdf>

<sup>9</sup> <https://www.heritage.org/global-politics/report/the-china-connection-illegal-fishing-narcotics-trafficking#:~:text=firsthand%20reports%20of%20Chinese%20fishing,counterfeit%20cigarettes%20into%20Latin%20America>

<sup>10</sup> <https://www.heritage.org/global-politics/report/the-china-connection-illegal-fishing-narcotics-trafficking#:~:text=Throughout%20the%20world%2C%20fishing%20vessels,China%2C%20the%20participation%20of%20these>

<sup>11</sup> <https://www.brookings.edu/articles/how-chinese-criminal-networks-fuel-illicit-markets-across-the-americas/#:~:text=harvested%20by%20Chinese%20actors,from%20large%20croaker%20fish%20species>

cocaine.” Such wildlife trafficking via fishing routes is highly organized and often linked to the same Chinese triads involved in narcotics and money laundering. The illicit proceeds from IUU fishing and associated smuggling are laundered through similar methods (“flying money” underground banks, trade-based schemes) that Chinese criminal networks use for other crimes.<sup>12</sup>

### **Question 5: Is IUU fishing also being used as a cover for intelligence activities?**

There is a concerning possibility that some Chinese IUU fishing activities could double as a cover for intelligence gathering, although public evidence is limited. China operates the world’s largest distant-water fishing fleet, and experts have noted that Chinese vessels could be equipped with advanced surveillance gear or personnel to covertly monitor foreign waters.<sup>13</sup> China has a known mechanism for maritime intelligence called the People’s Armed Forces Maritime Militia. In regions like the South China Sea, China routinely embeds maritime militia personnel on fishing trawlers. These individuals, while ostensibly crewmen, serve as the “eyes and ears” of the Chinese state, tracking other nations’ vessels and sometimes engaging in provocative maneuvers under civilian cover.<sup>14</sup> They work in coordination with the Chinese Coast Guard and Navy to project presence and gather information, as demonstrated by a January 2026 large-scale maneuver in the East China Sea involving thousands of fishing vessels in what looked like vast sea barriers.<sup>15</sup>

Transplanting that model abroad, one can imagine that as Chinese fleets roam the Western Pacific, Atlantic, or Latin American waters, some could be tasked with quietly observing U.S. or partner nation naval activities, mapping critical maritime infrastructure, or collecting signals intelligence. A large fishing mothership equipped with high-grade communications equipment could linger in another country’s Exclusive Economic Zone and record data, all while appearing to be just hauling squid. The sheer scale of China’s fleet provides ample cover for a few vessels to perform dual roles. We have already seen incidents of Chinese “ocean research” ships and other ostensibly civilian vessels behaving suspiciously near undersea cables and sensitive sites in the Indo-Pacific. It stands to reason that illegal fishing operations – which often operate beyond close scrutiny – might also serve Beijing’s intelligence objectives if opportunities arise.

---

<sup>12</sup> <https://www.drugcaucus.senate.gov/wp-content/uploads/2025/12/Senate-Intl-Narcotics-Subcommittee-Testimony-3-Lazarus-1.pdf#:~:text=fentanyl%2C%20launder%20billions%20of%20dollars%2C,networks%2C%20given%20the%20death%20of>

<sup>13</sup> <https://www.brookings.edu/articles/how-chinese-criminal-networks-fuel-illicit-markets-across-the-americas/#:~:text=because%20seafood%20continues%20to%20significantly,gathering%20intelligence%20in%20vast%20areas>

<sup>14</sup> <https://www.heritage.org/global-politics/report/the-china-connection-illegal-fishing-narcotics-trafficking#:~:text=China%E2%80%99s%20distant%20water%20fishing%20fleet,zone%20tactics.REF%20f>

<sup>15</sup> <https://www.nytimes.com/interactive/2026/01/16/world/asia/china-ships-fishing-militia-blockade.html>