

Questions for the Record from Senator Sheldon Whitehouse
U.S. Senate Caucus on International Narcotics Control
“Global Gangsters: Hezbollah’s Latin America Drug Trafficking Operations”
October 21, 2025

Submitted to Robert F Clifford

1. *Under current U.S. law, the U.S. government can proceed with in rem administrative forfeiture against assets valued up to \$500,000. Using in rem administrative forfeiture, the US government can take possession of certain assets and then provide public notice of the government’s intent to confiscate the property; the owner can then file a claim to challenge the seizure in a judicial proceeding before the property is forfeited. If no one files a viable claim, then the property is summarily forfeited. However, the U.S. government currently cannot use in rem administrative forfeiture against a foreign kleptocrat’s illicit assets valued above \$500,000 and must instead rely on time-sensitive judicial forfeiture.*
 - a. *Should a foreign kleptocrat or narco-trafficker have more rights in the U.S. court system for a forfeitable asset worth \$1 billion than a U.S. citizen does with respect to a forfeitable property up to \$500,000?*

Response: During my twenty-four years with the FBI, the asset forfeiture program has proven to be one of the most effective tools to fight corruption, organized crime, and terrorism. The ability to seize the ill-gotten gains of outlaw motorcycle gangs, organized crime figures, drug traffickers, and terrorist organizations has had an immediate and profound detrimental effect on these threats.

Of the many justifications for asset forfeiture, two have been present in virtually every investigation I was involved with. The first is **punishment and deterrence**. I cannot overstate the effectiveness of how depriving the criminal or terrorist of funds or property directly contributed to the disruption and dismantlement of their organizations and operations. The second is **targeting elusive criminals and terrorists**. Asset forfeiture is an essential tool in cases where a criminal prosecution in federal court is difficult or impossible. Much of my FBI career was devoted to extraterritorial jurisdiction—pursuing terrorists such as Hezbollah who had killed or kidnapped American citizens in foreign countries. Often, the **perpetrators were far beyond the reach of U.S. courts. Asset forfeiture again proved to be a unique tool to disrupt terrorist enterprises and infrastructure.**

Currently, forfeiture against assets valued above \$500,000 cannot use *in rem* administrative forfeiture. Any amount over \$500,000 will require referral to the Department of Justice, the

initiation of judicial action in federal court, the establishment of a preponderance of evidence between the property and the underlying offense and notice to all potential owners and interested parties of their opportunity to contest the seizure.

- b. Would it make sense to allow the U.S. government to proceed with in rem administrative forfeiture against illicit assets of international criminal organizations and foreign kleptocrats, even if the assets are valued above \$500,000?*

Response: Based upon my experience in investigating international organized crime, narcotics traffickers, and terrorist organizations, **the threshold of \$500,000 is woefully low and contributes to bad actors and their associates being able to keep their illegally obtained assets, escape punishment, and continue to operate their criminal enterprises unimpeded.** Simply put, the current *in rem* requirement for a judicial forfeiture proceeding is inordinately bureaucratic and cumbersome. Knowing the sophistication of international drug cartels and terrorist organizations, this delay will provide these dangerous actors with ample time and opportunities to move targeted assets way beyond the reach of the U.S. government.

2. *You've investigated many cases over the years.*

- a. In your opinion, are opaque shell and front companies often used by major international drug trafficking organizations and terrorist groups?*

Response: During my three decades of investigating terrorist groups such as Hezbollah and the Islamic State, and state sponsors of terrorism including Iran and North Korea, I found secrecy to be by far their greatest ally. This secrecy is a premium, and nowhere is it most valued than in opaque shell and front companies. **These opaque shell and front companies protect and propagate illegal activity and conceal it from law enforcement.** This activity encompasses everything from laundering illicit cash proceeds to trafficking cocaine to concealing identities for espionage operations to evading sanctions to obtain critical technology and components for weapons of mass destruction (WMD). These opaque shell and front companies are used to create a false sense of legitimacy, exploit weak legal jurisdictions, and operate across international borders.

- b. When your investigations came across opaque corporate structures, did this impede or slow them down?*

Response: The use of opaque corporate structures by criminal and terrorist groups and state sponsors of terrorism has been a **constant, ever-changing challenge and impediment to law enforcement.** During my time as an FBI agent and especially as the Legal Attaché to the European Union, I observed how Iran and Russia would ruthlessly exploit any legal weakness or loophole to

establish opaque companies with ever-increasing levels of anonymity. **The ability to logically follow investigative leads would sometimes spiral down into a labyrinth of shell corporations, offshore entities, false front companies, and disguised ownership.** This exploitation of corporate secrecy poses an imminent threat to the security of the United States and its allies.

Beneficial ownership is crucial to effective law enforcement and successful criminal prosecution. Enhanced transparency and fully identifying real individuals hiding behind anonymous entities is unequivocal in combatting terrorist financing, money laundering, and sanctions evasion, to include WMD component smuggling.

c. Why is it important to identify beneficial ownership information during an investigation?

Response: **Beneficial ownership is inherently positive during criminal and terrorism investigations for combatting financial crime, transparency, and gathering evidence.** Beneficial ownership also strengthens international law enforcement and intelligence cooperation. Virtually every terrorism or WMD proliferation investigation I was involved with was dependent upon beneficial ownership protocols and robust international information sharing.

From Hezbollah money laundering front businesses in the Tri-Border Area of South America, to Iranian shell companies in the U.S. and Europe evading sanctions, to Russian oligarchs profiting from the war in Ukraine, secrecy is the single common denominator. U.S. and allied law enforcement cannot successfully identify, penetrate, and dismantle these global threats without reliable beneficial ownership information.