

Statement of
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***“Disrupting the Market: Strategy, Implementation,
and Results in Narcotics Source Countries”***

Executive Summary

The vast majority of our country’s drug control program is based at home: it is dedicated to domestic law enforcement, border interdiction, and treatment and prevention programs within the United States. However, about nine percent of the federal drug control budget is dedicated to international efforts. That investment in source countries is critical. A balanced, effective drug control program must include an international element because, while the United States has its share of marijuana growers and has seen an increase in methamphetamine laboratories throughout the country, the greatest drug threat lurks outside of our borders.

Transnational drug trafficking organizations headquartered outside our borders seek to prey upon vulnerable American citizens by supplying vast amounts of dangerous drugs. For example, approximately 90 percent of the cocaine hydrochloride (finished product) entering the United States originates in or passes through Colombia. Source country efforts are essential because traffickers are not restricted by boundaries. The very nature of the drug trade is transnational. It respects no borders, recognizes no jurisdictions, and favors no nationalities. Drugs have always been an international phenomena to some degree. Drug smuggling across international borders is a centuries-old problem; but what is new is the scope. The speed of high-tech communications and instant electronic transfer of funds allow traffickers to market drugs faster and farther than ever before. Consequently, rather than focus solely on stemming the flow after these drugs have crossed into the United States, the DEA takes a transnational approach, and focuses on drug control efforts at the point of origin—the source country.

In short, the DEA and our allies employ a strategy of attacking the power and pocketbook of international criminal organizations that threaten our national security. In implementing this strategy, our source country efforts seek to disrupt the drug market and deny drug trafficking organizations safe refuge outside the legal jurisdiction of the United States. The DEA’s international focus and substantial overseas presence continues to reap dividends for our nation’s counter-drug efforts. Through steady persistence the DEA and its host nation counterparts have intercepted tons of precursor chemicals and dismantled previously untouchable trafficking organizations, all while

enhancing the critically important law enforcement infrastructure in principal source countries.

The DEA employs a broad, three-tiered approach to operations in source countries:

- First, we work with our international counterparts to disrupt and ultimately dismantle the organizational heart of drug trafficking organizations. We target the top echelon of leadership, and offer the intelligence and operational support needed to execute these organizational offensives. We also work through chemical control programs to deny traffickers necessary ingredients in the manufacture of illicit drugs. The goal is to increase risks for traffickers, decrease availability of drugs in this country, and build successful prosecutions to put international traffickers out of commission.*
- Second, we build international cooperation and enhance law enforcement institutions in our partner countries. The DEA is the premier drug law enforcement agency in the world, and is committed to sharing that expertise with our counterparts. Our mission is to enlist foreign support to fight transnational crime and equip our partners with the means and know-how to combat drug trafficking organizations.*
- Third, we provide the critical international assistance needed to break the drug trade as a financial source for terrorists. The DEA works using undercover and other investigative techniques to uncover drug and terrorism-related money laundering activities using the international financial institutions and alternative remittance systems.*

Chairman Souder, Ranking Member Cummings and distinguished members of the subcommittee, it is my distinct pleasure to appear before you once again in my capacity as Chief of Operations of the DEA. Before I begin, Mr. Chairman, I would like to recognize you and the members of the committee for your outstanding support of DEA's mission and the men and women who serve it.

In this testimony, the DEA will offer specific examples of how we work across the globe to target the heart of drug trafficking organizations, establish and enhance our international cooperation, and sever the source of drug proceeds to terrorists. There are a number of countries that cause DEA concern because of their sourcing of the drug trade; including Burma, Bolivia, Peru, Afghanistan, and the Netherlands. I will focus on Mexico, Colombia, and Peru to examine our current strategy and the successes we have achieved in the global effort to fight drug trafficking both domestically and internationally.

MULTI-COUNTRY ERADICATION STRATEGIES

DEA's Source Country Initiative

The purpose of DEA's Source Country Initiative is to expand international drug programs in Latin America by disrupting and dismantling drug trafficking organizations in foreign countries, reduce the flow of drugs to 1992 levels, and destroy the drug traffickers surrogate networks in the United States. DEA began development of the Source Country Initiative in 1996, when Congress authorized 75 Special Agents and appropriated \$60 million in Congressionally Mandated Programs. In addition to staffing, the Source Country Initiative also consists of annual appropriations totaling \$20 million for Vetted Units and \$2 million for the Peru Riverine Program.

As a result of this initiative, DEA was able to enhance source country operations by placing additional Special Agents in support of Latin America, and provide increased drug law enforcement assistance to Bolivia, Colombia and Peru. Intelligence information derived from this presence has enabled DEA domestic offices to immobilize many of the foreign-based surrogate trafficking networks before they have become entrenched in the United States.

Sensitive Investigative Units

The heart of DEA's international operations may lie in the Sensitive Investigative Unit (SIU), a program that began as a result of collaboration with Colombia and has since been used as a model for the formation of such units in other countries. This group of specifically trained and vetted police officers, which carry out highly sensitive investigations directly impacting upon the United States, have been directed to target the command and control centers of the world's most significant drug trafficking organizations. There are currently 29 distinct SIUs operating in nine different countries around the world (Mexico, Colombia, Ecuador, Peru, Brazil, Pakistan, Thailand, Dominican Republic and Uzbekistan). They are organized based on their investigative responsibilities, which include high level investigations of major drug trafficking organizations, chemical investigations, and money laundering. A residual benefit of this program is the long-term enhancement of the integrity and professionalism of law enforcement.

SIU operational success stories are common, but carry special significance because in every case, the host nation has exercised a capability that the DEA has helped them to build. While we give them the capability to address what is for them a domestic problem, it actually extends all the way to the streets of the United States. In each case, the SIUs have tackled complex multinational narcotics investigations that resulted in the disruption of trafficking organizations far from our shores.

Operation Seis Fronteras

In FY 2000, Operation Seis Fronteras was established as a South American regional initiative to control and combat the illicit use of precursor and essential chemicals utilized in the production of cocaine and heroin. This DEA sponsored initiative includes core operational participation by Colombia, Peru, Bolivia, Venezuela, Ecuador, Argentina, Brazil and Chile. Several representatives from Central America, the Caribbean, and the European Union have also participated in Seis Fronteras planning meetings and intelligence exchanges. To date, there have been five Seis Fronteras operational phases, which have resulted in the seizure of hundred-ton quantities of solid chemicals, and several million liters of liquid chemicals. This initiative has formed a lasting partnership in the region to address chemical diversion and the organizations that supply essential chemicals to clandestine laboratories.

Centers for Drug Information

In September 2001, the DEA sought to implement a plan that would achieve communications connectivity between law enforcement officials in neighboring countries. Member nations that agreed to participate in the Centers for Drug Information (CDI) project would have access to a cost effective communications network (the Internet infrastructure) enabling person-to-person information exchanges. Four regional Centers located in geographical regions of Mexico and Central America, the Andean Ridge, the Southern Cone, and the Caribbean will facilitate the collection of counter-narcotics intelligence and ensure the timely analysis and dissemination of the collected intelligence to network members.

The DEA has since provided law enforcement personnel in 41 countries in Latin America and the Caribbean with a network of over 150 computers sharing a wide array of tactical and investigative information. This computer network will permit access to electronic mail using standard Internet connections, through which information concerning ongoing investigations can be shared. DEA expects all four regional Centers and off-site locations to be fully operational beginning this month.

PRINCIPAL SOURCE COUNTRIES

Mexico: *A Model of Progress*

Mexico is a source country for heroin, marijuana, and methamphetamine available in the United States. The country faces an array of drug-related problems ranging from production and transshipment of illicit drugs to corruption, violence, and increased internal drug abuse. Powerful and well-organized Mexican organizations control drug production and trafficking in and through Mexico, as well as the laundering of drug proceeds. These organizations also have made a concerted effort to corrupt and intimidate Mexican law enforcement and public officials. In addition, the geographic proximity of Mexico to the United States and the voluminous cross-border traffic between the countries provide ample opportunities for drug smugglers to deliver their illicit products to U.S. markets.

Despite these problems, the Government of Mexico has achieved tangible victories against drug trafficking organizations since President Vicente Fox-Quesada assumed office in December 2000. Mexican law enforcement has executed a number of significant arrests that have had a disruptive impact on some of Mexico's most entrenched and violent drug trafficking organizations. Perhaps the most notable arrests were of Gulf Cartel head, Osiel Cardenas-Guillen, who was apprehended on March 14, 2003, and the arrest of Arellano-Felix Organization head, Benjamin Arellano-Felix, on March 10, 2002.

Just yesterday, Attorney General John Ashcroft announced the unsealing of two indictments charging a total of 12 individuals who represent the top hierarchy of the Arellano-Felix Organization (AFO). Long-reputed to be one of the most notorious multi-national drug trafficking organizations ever, the AFO controlled the flow of cocaine, marijuana and other drugs through the Mexican border cities of Tijuana and Mexicali into the United States. Its operations also extended into southern Mexico as well as Colombia.

In an unprecedented show of international cooperation between the United States and Mexico in criminal narcotics prosecutions, Mexican Attorney General Rafael Macedo-De La Concha, whose office provided substantial assistance to the U.S. during the course of the investigation, joined Attorney General Ashcroft to announce the indictments. The indictments allege that, beginning in the mid-1980s and continuing to the present, the AFO was responsible for the importation and distribution of hundreds of tons of cocaine and marijuana in the United States. In addition, the indictment alleges twenty murders in the U.S. and Mexico that were carried out by the AFO.

DEA is incredibly proud to have been a part of the international cooperation exhibited by the Federal Bureau of Investigation, the Internal Revenue Service, the Bureau of Immigration and Customs Enforcement and the California Bureau of Narcotics.

Although there have been no extraditions of high-level Mexican drug traffickers by the Government of Mexico since the October 2001 decision barring extradition if the fugitive faced a potential life sentence, we are encouraged that the Government of Mexico has sought reconsideration of this decision by the Mexican Supreme Court.

Heroin

Although not the leading producer of heroin, virtually all of the opium converted to heroin in Mexico is destined for the United States. In 2002, the potential production of pure heroin in Mexico was estimated to be 5.6 metric tons, which is slightly below the six-year average of 7.2 metric tons. Moreover, according to DEA's Heroin Signature Program, approximately 30 percent of wholesale heroin seized at ports of entry in 2001 were of Mexican origin.

As of 2002, eradication efforts by the Government of Mexico have increased, resulting in the decrease of opium gum and pure heroin production. During 2002, the Mexican Army deployed as many as 20,000 soldiers at any one time to eradicate drug crops manually, while the Mexican Federal Attorney General's Office employed helicopters to spray herbicides on illicit

crops. Within the past six months, drug traffickers have taken aggressive steps to combat the eradication efforts of the Mexican Government. A recent example involved the downing of a helicopter used to spray the poppy fields by small arms fire which resulted in the death of several Mexican law enforcement officials.

Mexican opium cultivation is widely dispersed across a large potential growing area in the western Sierra Madre mountains. This cultivation region is further divided into northern growing areas (primarily Sinaloa and Chihuahua states) and southern growing areas (primarily Guerrero state). While the Government of Mexico does not produce estimates of illegal drug crop cultivation, the U.S. Government estimates that Mexico's 2002 net opium poppy crop cultivation was approximately 2,700 hectares. The 2002 figure represents a 33 percent decrease from 2001's estimate of 8.4 metric tons. Rainfall, or lack thereof, is seemingly the most influential factor in opium yield. For example, a sharp decline in heroin production to 3.4 metric tons in 2000 was due to a severe drought in Mexico during 1999 and 2000. During 2001, however, rainfall in key growing areas returned to near normal levels, allowing opium poppy cultivation to rebound to pre-drought levels.

Marijuana

In 2002, Mexican eradication forces destroyed 30,800 hectares of marijuana. These efforts keep marijuana fields small in size – on average less than 1,000 square meters in area – and widely dispersed and hidden to prevent detection by reconnaissance assets. The relatively low cost, easy processing, and high profit margins associated with marijuana have sustained cannabis cultivation as a reliable source of profit for Mexican drug trafficking organizations.

Mexican drug trafficking organizations have long relied upon the consistent income generated through marijuana trafficking. In relying upon marijuana as a significant cash crop, Mexican organizations undoubtedly utilize this crop as a ready source of revenue to fund countless nefarious activities, including the satisfaction of drug debts to other international cartels.

Methamphetamine

Drug trafficking organizations (DTOs), using large-scale laboratories based in Mexico and the Southwestern United States, currently produce the majority of the methamphetamine available in this country. As a result, it appears that Mexican DTOs control the majority of the methamphetamine supply in the United States. During the last ten years, Mexican DTOs gained their foothold in the United States by marketing inexpensive, high purity methamphetamine. Mexican DTOs yield extraordinary profits from methamphetamine production and trafficking because they do not need to depend on Colombian suppliers. These DTOs have secured access to precursor chemicals (specifically ephedrine and pseudoephedrine) on the international market, which has greatly facilitated their ability to produce large amounts of methamphetamine.

Over the years, the Government of Mexico has not had the appropriate personnel to oversee the flow of precursor chemicals throughout Mexico. At the request of DEA, the Agencia

de Federal Investigaciones (AFI) has recently agreed to create a Sensitive Investigations Unit within the AFI to investigate precursor chemicals/illicit pharmaceuticals trafficking in Mexico.

During FY 2003, the U.S. Government will continue to assist and steer Mexican counterparts towards investigations that can translate into successful prosecutions of cases involving diversion of controlled chemical and pharmaceutical products. To date, no criminal case has been filed against a chemical diverter in Mexico. The United States will continue their efforts to convince Mexico to establish a Chemical Control Task Force or to create an SIU dedicated solely to the investigation of diversion-related cases. Additionally, the United States will continue to encourage Mexico to organize and carry out joint operations, such as the proposed "Operation Pepe," to investigate the legitimate uses and possible diversion of precursor chemicals used in the production of methamphetamine. The United States will also continue to encourage the Mexican Government to take a more aggressive stance against "date rape" drugs and controlled pharmaceutical products that are easily obtained in and along the U.S.-Mexico border. Finally, the United States will continue supporting the initiatives and goals of the U.S.-Mexico Bilateral Chemical Working Group, and promote and enhance the Mexican diversion control program in FY 2003.

Mexican Sensitive Investigative Units

The vetted unit initiative is the centerpiece of our counter-drug cooperation with the Government of Mexico. There are currently 180 investigators and tactical persons on board throughout 11 SIUs. Vetted units are essential in creating the confidence required to exchange sensitive law enforcement information with our Mexican counterparts and in establishing the competence of these Mexican authorities to effectively act on this information in order to obtain meaningful results that advance our bilateral counter-drug interests. As an example, the SIU program in Mexico was instrumental in the successful completion of Operation Lion's Grip, which targeted the Flores-Larios methamphetamine group. This multi-national investigation resulted in the seizure of 15 methamphetamine labs and over 130 lbs. of methamphetamine with a potential street value of over \$1 million.

The Fox Administration has embraced the vetting concept to such an extent that they are now using it as the model to conduct integrity screening for all personnel assigned to the Mexican Federal Attorney General's Office. This new found interest in rooting out corruption has been the driving force behind recent counter-drug successes in Mexico. The SIUs are Mexico's primary participants in any bilateral efforts. On a larger scale, the vetted unit initiative has proven to be a highly effective tool throughout Latin America.

Airport Interdiction Program

In order to improve the coordination of interdiction efforts against drug couriers, DEA agents in Bogota, along with Colombian officials, have invited Mexican law enforcement and DEA Mexico Country Office Agents to travel to Bogota and participate in briefings concerning effective ways to identify organizations responsible for current smuggling activities. While still in their developmental stage, these efforts will

undoubtedly yield dividends as law enforcement authorities exchange intelligence on the trends associated with airline smuggling ventures.

Collective Targeting

In February 2003, DEA and Mexican law enforcement officials met in Mexico to develop a protocol for the exchange of sensitive information and leads to be shared in combating priority enforcement targets. In May 2003, a second meeting was held in Houston, Texas, resulting in the identification of five poly-drug targets that DEA and Mexican law enforcement officials will attack in a coordinated effort. Strategy and coordination meetings will be held on a quarterly basis for the exchange of investigative information and to evaluate the status of these investigations.

The Osiel Cardenas Organization

The Osiel Cardenas Organization controls the Southwest Border smuggling corridor through Matamoros, Mexico into the Brownsville, Texas area. This major drug trafficking organization controls what is left of the old Gulf Cartel under Juan Garcia Abrego, who remains in a Texas prison. The head of this organization, Osiel Cardenas-Guillen, and seven of his associates are under indictment in the Southern District of Texas. Cardenas and ten of his associates are wanted for the assault and attempted kidnappings of DEA Special Agent Joseph Dubois and Federal Bureau of Investigation Special Agent Dan Fuentes on November 9, 1999. During the assault, individuals of this organization were armed with AK-47 and AR-15 assault rifles, demonstrating complete disregard for the safety of U.S. law enforcement officers.

On March 14, 2003, Cardenas was arrested in Matamoros, Mexico. He was charged under Mexican law with violations of organized crime statutes, as well as crimes against health, money laundering, and narcotics trafficking. Until his arrest, Cardenas had been the DEA Mexico-Central America Division's number one priority target. Working under the same philosophy applied in the case of Agustin Vasquez Mendoza, the accused killer of DEA agent Richard Fass, the Monterrey Resident Office and four SIUs had been focusing on Cardenas' capture with increased Mexican Government assistance. This additional assistance represented part of an encouraging, sustained effort on the part of the Fox Administration to bring high-level traffickers to justice.

Colombia: *Confronting the Threat*

Colombia produces the vast bulk of the world's cocaine. In fact, approximately 90 percent of the finished cocaine product reaches the United States. DEA has also become increasingly concerned with the high purity of South American heroin that has in recent years dominated the eastern United States.

COLOMBIAN DRUG SEIZURES (2001 & 2002)¹

COCA	2001	2002
Eradication (ha)	84,250	122,965
Net Cultivation (ha)	169,800	144,450
OPIUM		
Eradication (ha)	2,583	3,371
Net Cultivation (ha)	6,540	4,900
SEIZURES		
Heroin/Morphine (mt)	0.798	0.699
Opium (mt)	0.002	0.110
Cannabis (mt)	80	73
Cocaine Base/Basuco (mt)	26.70	30.00
Cocaine HCl (mt)	57.30	94.00
Total Arrests	15,832	15,199

¹The seizure and eradication data for the following table was derived from the U.S. State Department's International Narcotics Control Strategy Report as reported by the Colombian Government. Seizure data shows combined CNP and Colombian military figures. The cultivation figures are based on information from the U.S. Crime and Narcotics Center (CNC). Figures are in hectares (ha) and metric tons (mt).

The excellent U.S./Colombian extradition relationship accounts for the extradition of 114 Colombian nationals to the U.S. in the past two and a half years. Those extradited have been high-level drug traffickers and drug-related money launderers, as well as terrorists and other organized crime members, and many of these have been charged in the U.S. as a result of coordinated U.S. and Colombian investigations.

Cocaine

Mexico and Central America comprise the primary corridor for cocaine moving to the United States. The Administration's cocaine flow data indicates that, in 2002, about 72 percent of all cocaine hydrochloride (HCl) departing South America (including much from Colombia's North or Pacific coasts) toward the United States transited Central America or Mexico via eastern Pacific or western Caribbean routes. Cocaine arriving in Mexico usually is transported into the United States via the Southwestern Border with Mexico. Generally, cocaine arriving in Central America is transhipped to Mexico for further shipment to the United States.

The Caribbean is the other major corridor for cocaine moving to the United States. The Administration's cocaine flow data indicates that, in 2002, about 27 percent of all cocaine HCl departing South America towards the United States transited various Caribbean islands. The remaining one percent went directly from South America to the mainland United States without any intermediary stops.

With approximately 144,450 hectares of net coca cultivation in 2002, Colombia potentially produced 680 metric tons of cocaine base. This represents a 15 percent decline from the 795 metric tons of cocaine base Colombia potentially produced in 2001. Regardless, Colombia continued to account for about 77 percent of the world's potential

cocaine base production. This is a dramatic trend considering Colombia produced about 25 percent of the world's cocaine base as recently as 1995. Accordingly, in the past seven years, Colombian traffickers have become less dependent on Peruvian or Bolivian cocaine base sources of supply because of domestic coca cultivation.

Heroin

With approximately 4,900 hectares of opium poppy under annual cultivation in 2002, Colombia potentially produced 11.3 metric tons of 100 percent pure heroin in 2002, a decrease from 15.1 metric tons in 2001. DEA analysis indicates that wholesale-level Colombian heroin seized by the Bureau of Immigration and Customs Enforcement (BICE) in 2002 had an average purity of 79.6 percent.

By global standards, Colombia produces relatively little heroin—less than five percent of the world's total estimated production in 2002. However, all available law enforcement investigative and intelligence reporting confirms that high purity, low-priced South American heroin continues to dominate the heroin market in the eastern United States. Given its strong grip on the domestic market, heroin from Colombia continues to be a major public health and drug law enforcement threat to the United States.

Bogota Heroin Task Force

In FY 2002, DEA received Congressional approval to establish the Bogota Heroin Task Force (BHTF), whose goal is to aggressively address South American heroin at its source. The BHTF is a combined DEA and Colombian National Police (CNP) Task Force comprised of 13 DEA personnel and 40 CNP officials. The BHTF focuses its efforts on targeting heroin trafficking organizations, especially those with regional and international implications. Intelligence derived from the BHTF also supports the State Department and CNP opium poppy eradication program, the in-country interdiction of chemicals and heroin production materials, and the establishment of drug intelligence information exchange systems between the CNP, Colombian Military, and other Andean Countries.

The formation of this Task Force has significant importance for the United States because approximately 59 percent of the heroin seized in the United States is of Colombian origin. This is in contrast with an estimated combined total of 24 percent arriving from Southwest Asia (16 percent) and Southeast Asia (8 percent).

Heroin/Rural Confidential Source Program

The Bogota Country Office (BCO) has developed a heroin Confidential Source (CS) Program to develop human intelligence to assist in identifying and targeting those involved in the production and trafficking of heroin in Colombia. The goals of this project include the location of poppy cultivation areas, routes of opium latex movement, morphine base and heroin HCl production labs, as well as the identification of chemists, brokers, and those exercising a command and control function within the heroin

trafficking organization. Information collected under this program will be used to develop leads that facilitate the Heroin Task Force's targeting and dismantling of heroin trafficking groups, and to assist the State Department in their eradication efforts.

Airport Interdiction Program

The majority of the South American heroin leaves Colombia as a result of couriers carrying multi-kilogram quantities aboard Colombian commercial flights destined to the United States directly or through other intermediary countries (i.e., Panama, Mexico, etc.). In response to this threat, DEA, along with host nation counterparts and the State Department's Narcotics Affairs Section (NAS), has implemented an extensive strategy to improve airport interdiction programs throughout Colombia. The foundation of this initiative is to improve the training and equipment needs to support the interdiction efforts of assigned officers.

Operation Rebound: *Success at the Source*

The target of this investigation was a Medellin, Colombia-based heroin trafficking organization with cells operating in New York, Newark, and Philadelphia. This organization sent heroin shipments via airline couriers from Colombia to New York, usually via Venezuela, carrying the heroin secreted in suitcases, shoes, wallets, etc. Over 19 kilograms of heroin were seized and 40 defendants were arrested as a result of this investigation.

Riverine Program

In late 2002, the Lima Country Office (LCO) Riverine Program was expanded to include support to neighboring countries, including Colombia. This regional Riverine strategy was designed to deny major trafficking organizations the use of the river systems in Peru, Colombia, Ecuador, and Brazil. This expansion will give the respective countries an enhanced ability to address the most current drug threats facing the United States. In particular, this expansion will include the waterways along the coasts of northern and eastern Colombia. DEA Intelligence indicates that drug trafficking organizations operating in these areas are using waterways to traffic illicit narcotics, precursor chemicals, and weapons shipments.

Colombian Sensitive Investigative Units

The DEA Intelligence Group in Colombia provides analytical support for numerous counter-drug initiatives including the SIUs. These groups of foreign law enforcement officials are vetted, trained, equipped and guided by DEA. Staffing levels for the five SIUs in Colombia are 160 national or local officers. The SIUs, each with a specialized mission, are located primarily in major cities.

Operation Pegasus II

On March 27, 2003, the BCO, Colombian National Police Sensitive Investigations Unit (CNP-SIU), the Colombian Fiscalía's Office, the Colombian Navy, and the Tampa District Office executed the takedown of Operation Pegasus II, a multi-district, multi-agency, Organized Crime Drug Enforcement Task Force (OCDETF) investigation. The Mario Valencia-Trujillo organization was responsible for transporting multi-ton loads of cocaine from the Pacific Coast of Colombia. The enforcement operation involved the coordinated execution of 55 search warrants and seven U.S. Provisional Arrest Warrants (PAW) in the following Colombian cities: Cali, Medellin, Puerto Tejada, Bogota, and Buenaventura. Fifteen of the nineteen targets were arrested. Among the seized items were \$30,000 in United States Currency, 60,000,000 in Colombian pesos (approximately \$24,000 U.S. dollars), \$100,000 in jewelry and watches, HF communication equipment used to communicate with fishing vessels, six fishing vessels, and several weapons.

Operation Wirecutter

On January 15, 2002, the BCO Group II, in conjunction with the Departamento Administrativo de Seguridad (DAS), the DAS/DEA Sensitive Investigative Unit, the Colombian Fiscalía's Office, the Special Operation Division (SOD) and the New York El Dorado Task Force, culminated Operation Wirecutter. This 11-month joint operation with the Bureau of Customs and Border Protection and the New York El Dorado Task Force targeted the money laundering activities of Colombian national, Norberto Romero-Garavito, and several of his associates. During the course of this investigation, approximately 400 kilograms of cocaine, 5.5 kilograms of heroin and over \$2.3 million was seized. Romero-Garavito was extradited to the United States on March 7, 2003.

The investigation initiated more than 45 wiretaps of both fixed and cellular telephones in Bogota, Colombia. The intelligence gleaned from the wiretaps revealed that Romero-Garavito was a money broker who maintained numerous contacts with other money brokers and money laundering facilitators. This investigation demonstrated that Romero-Garavito's money laundering network was capable of laundering millions of dollars in drug proceeds for drug traffickers in Colombia.

The BCO and DAS/DEA SIU executed ten search warrants and arrested eight principal Colombian targets in this investigation. The arrests were effected pursuant to requests for provisional arrest warrants issued by the Southern District of New York. Searches were executed on primary residences and businesses belonging to the targets. Numerous weapons and volumes of documents related to money laundering activity were seized. Extradition of the defendants to the United States is pending.

The SIU groups in Colombia were also instrumental in the successful completion of Operation Millennium, Operation Nueva Generacion and Operation Carga Mortal. Operation Nueva Generacion resulted in the seizure of in excess of 9,000 kgs of cocaine and 41 arrests while Operation Carga Mortal, conducted jointly with several DEA offices and the DEA Special Operations Division (SOD), resulted in the seizure of 45 kgs of heroin and 105 arrests.

Impact on Terrorist Organizations

The DEA's presence in source countries such as Colombia has served to ferret out significant terrorist operatives involved in the drug trade. Cases developed by the Bogota Country Office include the indictment of four members of the Revolutionary Armed Forces of Colombia (FARC), including the second-in-command of the FARC, Jorge Briceño-Suarez, and Tomas Molina Caracas, the commander of the 16th front of the FARC. One of the FARC defendants has been arrested and is in U.S. custody. In addition, the Venezuela Country Office has developed a case against leaders of Autodefensas Unidas de Colombia (AUC), a Colombian paramilitary organization that, like the FARC, has been designated by the State Department as a foreign terrorist organization. AUC leaders indicted in the U.S. include Carlos Castaño-Gil, the head of the AUC and one of his top commanders, Salvatore Mancuso. Even DEA's domestic operations encounter drug trafficking organizations that have ties to narco-terrorist groups.

- In November 2002, in a joint DEA and FBI OCDETF investigation, Operation White Terror, members of the AUC offered to exchange drugs for weapons. The defendants were attempting to purchase Warsaw Pact-made weapons including shoulder-fired anti-aircraft missiles, automatic rifles, 60 million rounds of ammunition, grenades and rocket-propelled grenade launchers in exchange for the cocaine. Four suspects were indicted in the Southern District of Texas on charges of conspiring to distribute a controlled substance, and providing material support to a terrorist organization (Title 18 of the U.S. Code, Section 2339B). Two of those suspects waived extradition in Costa Rica and were brought to the United States on December 20, 2002.

On June 24, 2003, one of the suspects, Carlos Ali Romero-Varela, pled guilty. His sentencing hearing is scheduled for July 17, 2003. Also on that same date, another suspect, Uwe Jensen, pled guilty; his sentencing hearing is scheduled for September 18, 2003.

- On November 13, 2002, the U.S. Government announced that Jorge Briceño-Suarez was named in a superseding indictment for his narcotics trafficking activities. Jorge Briceño-Suarez commands the Eastern Bloc of the FARC and is a member of the FARC Secretariat. As Eastern Bloc Commander, Briceño-Suarez (direct superior of Tomas Molina-Caracas) is responsible for the activities of four FARC Mini-Blocs that operate in the vast eastern plains of Colombia.

- On September 24, 2002, the U.S. Government announced an indictment charging leaders of the AUC with trafficking over seventeen tons of cocaine into the United States and Europe beginning in early 1997. Charged in the indictment are AUC leader Carlos Castaño-Gil, AUC military commander Salvatore Mancuso, and AUC member Juan Carlos Sierra-Ramirez. According to the indictment, Carlos Castaño-Gil directed cocaine production and distribution activities in AUC-controlled regions of Colombia.
- March 7, 2002, FARC 16th Front Commander Tomas Molina-Caracas and several of his Colombian and Brazilian criminal associates were indicted in the District of Columbia for conspiring to manufacture and distribute cocaine with the intent and knowledge that it would be illegally imported into the United States. In June 2002, Surinamese authorities detained DEA fugitive Carlos Bolas; a Colombian national and FARC member who was named in the March 2002 indictment. Shortly thereafter, DEA agents transported Bolas from Suriname to the Washington D.C. area for arraignment in U.S. District Court. This marked the first time that the U.S. indicted and arrested a member of a terrorist organization involved in drug trafficking.

Intelligence Collaboration in Colombia

In May 2003, the Colombian Army Counter Drug (CD) Brigade and the Colombian National Police conducted a joint operation for the first time in the Department of Narino, Colombia. As a result of this coordinated enforcement operation, over 4 tons of cocaine HCl, tons of precursor chemicals, and several laboratories were seized and destroyed. The success of this operation was a direct result of intelligence provided by the BCO. Furthermore, DEA leadership led to the first ever joint operations between the (CD) Brigade Colombian and the CNP. This is a significant enhancement in the level of cooperation between these two Colombian organizations.

Peru: A Key to Counternarcotics Efforts

Peru is the second largest cocaine producer in the world and a major exporter of cocaine HCl and cocaine base in South America. Peruvian cocaine and cocaine base is primarily distributed to markets in the United States, South America, Mexico, and many countries in Europe and Asia. In addition, Peru legally produces cocaine base for sanctioned United States and European companies. Peru also exports metric ton quantities of coca leaf for medical and commercial consumption in the United States. Another area of focus are the controls over chemicals utilized to process cocaine as well as methamphetamine.

Apart from consistent coca cultivation and the resulting cocaine production threat, an increasing international concern has been the steady emergence of opium poppy cultivation in Peru. This illicit activity has resulted in a significant increase in opium latex trafficking, as evidenced by the rise in latex seizures by the Peruvian National

Police (PNP). DEA Intelligence indicates that opiate trafficking in Peru, including opium poppy cultivation, the production of opium latex, and morphine is primarily concentrated in the northern and central parts of the country, with poppy cultivation also sited in the Huallaga Valley.

PERUVIAN DRUG SEIZURES (2001 & 2002)¹

COCA	2001	2002
Eradication (ha)	3,900	7,134
Net Cultivation (ha)	34,000	36,600
SEIZURES		
Coca Leaf (mt)	13.8	25.7
Cocaine Base (mt)	5.71	8.7
Cocaine HCl (mt)	2.77	3.7
Heroin (mt)	.004	.014

¹The seizure and eradication data for the following table was derived from the U.S. State Department's International Narcotics Control Strategy Report as reported by the Peruvian Government. The cultivation figures are based on information from the U.S. Crime and Narcotics Center (CNC) and Lima Country Office. Figures are in hectares (ha) and metric tons (mt).

Cocaine

Historically, Peru supplied most of the cocaine base used in Andean cocaine production, but Peru now ranks second to Colombia in terms of both coca leaf cultivation and cocaine production. Due to sustained eradication and interdiction efforts in the past, coca cultivation in Peru dropped from 115,000 hectares in 1995 to 36,600 hectares in 2002. Accordingly, Peru's estimated potential cocaine production has decreased by 68 percent in recent years, from 460 metric tons in 1995 to 140 metric tons in 2002. Approximately 1,604 hectares have been eradicated during 2003.

Coca Eradication Efforts

Eradication essentially has been stalled since cocalero (coca farmer) protests in February and March 2003 led the Peruvian Government to issue a presidential decree that suspended eradication operations in most of the principal coca growing areas. Accordingly, the counter-drug successes achieved in recent years are at risk of being reversed. Peruvian Government information indicates that prices for Peruvian coca leaf have increased. U.S. Crime and Narcotics Center (CNC) estimates indicate that some Peruvian coca farmers are replanting coca fields they had previously abandoned.

Heroin

Because of an emerging opium trafficking threat, the DEA Lima Country Office (LCO) in concert with the PNP, formed a "Special Opium Group." The group is comprised of ten members of the PNP dedicated full-time to opium latex and morphine investigations, and is supported by members of the SIU. The focus of the group is to produce strategic and tactical intelligence specifically related to the identification of

criminal organizations dedicated to trafficking opium products, identification of zones of opium cultivation and suspected morphine conversion laboratories, and routes used to transport opium and its derivatives to neighboring countries.

Chemical Controls

Peruvian chemical control laws are inadequate to effectively curb the unrestricted importation and distribution of the multi-ton quantities of essential chemicals required to process cocaine. However, with DEA support through Operation Seis Fronteras, the PNP has seized over 610 metric tons of essential chemicals since January of this year, compared with the 510 metric tons seized in all of 2002. Furthermore, U.S. Embassy in Lima and the Government of Peru have established a bilateral interagency group to address the broader issue of chemical control.

During Operation Seis Fronteras IV, conducted in September-October 2002, the Peruvian Anti-Narcotics Chemical Control Unit seized over 300,000 metric tons of precursor chemicals. In response to the success of Seis Fronteras, and to enhance Government of Peru counter-narcotics policy, Peru recognized the importance of monitoring chemical importation, hazardous chemical storage and handling, and chemical training for the PNP. The government has requested DEA assistance to coordinate this effort. Contact and coordination with DEA's Office of Diversion Control and the Office of Forensic Sciences has resulted in the establishment of a DEA team which will meet with Government of Peru chemical and hazardous waste experts later this year.

Airbridge Denial Program

During the early 1990s, Peru led the Andean region in the production of coca leaf and cocaine base, although the processing of each into cocaine HCl largely occurred in Colombia. To accomplish the processing in Colombia, traffickers transported large quantities of cocaine base from Peru to Colombia via aircraft. The flight path most commonly utilized by these traffickers became known as the "airbridge." The Peruvian Government subsequently initiated an interdiction program in an attempt to address the threat posed by these flights.

In 1995, the United States began providing intelligence support to assist the Peruvian interdiction efforts. These interdiction efforts and an aggressive eradication program contributed to a decline in the cultivation of coca and the potential cocaine base production. However, between 1997 and the suspension of the program in 2001, traffickers undertook increased actions intended to thwart the Peruvian efforts. The Peruvian Air Force's only successful interception of a trafficker occurred during January 2001. The U.S. Government suspended support of this program during April 2001, following the mistaken "shootdown" of a missionary aircraft. Preparations to restart U.S. support to Peru's air interdiction program continue under National Security Council directives. DEA has no active role in the development, management, or reestablishment of the Airbridge Denial Program, but will participate in providing intelligence

information to support the initiative in accordance with National Security Council guidance.

Riverine Program

Established in 1997, the Riverine Program is the only program specifically designed to target trafficking of narcotics and precursor chemicals along South American waterways. The Riverine Program's most significant achievements have been the construction of the Riverine Training School, maintenance facilities, and the Peruvian National Police forward operating base along the Amazon River.

Peruvian Sensitive Investigative Units

There are two SIUs throughout five different regions that consist of 135 foreign law enforcement officials vetted, trained, equipped, and guided by the DEA in Peru. The SIU Program has conducted investigations that led to the dismantling of the Cachique-Rivera organization and the arrest of two major drug traffickers. These units also conducted an investigation that led to the seizure of 1,760 kgs of cocaine, the dismantling of a cocaine processing lab, and the arrest of 27 individuals. In monitoring organizations with a role in the increased Peruvian opium cultivation, the SIUs have been instrumental in assisting the DEA with targeting this activity.

On June 7, 2002, the LCO, the Peruvian National Police Illicit Drug Trafficking Division (DITID), and the LCO Sensitive Investigative Unit along with coordination from the DEA Special Operations Division, Miami Division, Bogota Country Office and Mexico Country Office, culminated a six month investigation of Nelson Paredes-Ortiz. The investigation targeted a cocaine smuggling organization comprised of Colombian, Guatemalan, Mexican and Peruvian violators. The LCO, DITID, and SIU conducted an investigation that led to the seizure of 1,760 kilograms of cocaine, a fuel truck, \$18,000 in U.S. Currency, one 9mm-hand gun, a fully operational cocaine conversion laboratory, and the arrest of 28 defendants. The laboratory was believed to be capable of producing 600 kilograms of cocaine weekly.

Conclusion

DEA's enforcement strategy incorporates close coordination with source countries to increase risks for traffickers, decrease availability of drugs in this country, and build successful prosecutions of international traffickers. In addition to substantial seizures and prosecutions that have disrupted the domestic and international drug market, our collaborations have established confidence within the ranks of source country law enforcement, resulting in an increasing flow of intelligence.

DEA has achieved success in numerous operations and initiatives that were only a vision just several years ago. As we continue to work diligently abroad with our source country counterparts, the DEA will continue to employ its Priority Targeting apparatus to

attack the most formidable trafficking organizations and deprive them of the financial resources that potentially fuel violence, corruption, and terrorism.

Successful endeavors such as Operation Seis Fronteras, the SIU Program, the arrest of Osiel Cardenas in Mexico, Operation Rebound in Colombia, and the indictments related to the Arellano-Felix Organization exemplify the encouraging prospects of DEA's source country initiatives. More important, perhaps, are the lasting effects that these efforts will have on the nurturing of strong, professional law enforcement institutions throughout the world.

Thank you, Mr. Chairman. I will be happy to respond to any questions the committee may have.