

**March 20, 2024**

**Testimony Submitted to the U.S. Senate before the Emerging Threats and Spending Oversight Subcommittee of the Committee on Homeland Security and Governmental Affairs**

**“Strengthening International Cooperation to Stop the Flow of Fentanyl into the United States”**

**Christopher J. Urben  
Managing Director, Nardello & Co.  
Assistant Special Agent in Charge (Retired), Special Operations Division  
U.S. Drug Enforcement Administration**

Chair Hassan and Ranking Member Romney, and distinguished members of this Subcommittee, thank you for the opportunity to address you today on the importance of international cooperation in combating the global trade in fentanyl and other deadly narcotics. This growing trade has killed hundreds of thousands of Americans, destabilized Mexico and our southern border, and adversely affected our nation’s communities and its financial integrity. International cooperation, particularly with Mexico and China, but also with law enforcement agencies and financial regulators around the world, can help stop the flow of fentanyl into the United States and the movement of narcotics proceeds through our financial system.

I saw firsthand the damage done by the international trade in narcotics, including fentanyl and other deadly drugs, during a 24-year career as an agent and executive with the US Drug Enforcement Administration (“DEA”). I started off on the front lines targeting leaders of transnational criminal organizations (“TCOs”), who were trafficking drugs into the United States and laundering crime proceeds through US financial institutions and trade-based money laundering. I also spent time abroad, at US Embassies in Brussels and Copenhagen, working with our international partners to increase international collaboration against TCOs and malicious state actors. In 2018, I was assigned to the DEA’s Special Operations Division (“SOD”), where I supervised a team that focused on a new and evolving threat: Chinese Money Laundering Organizations (“CMLOs”) and other elements of Chinese organized crime globally.

Over the course of my career with the DEA, I observed the transformative potential of international cooperation in achieving our mission and increasing global stability. The clearest example of this potential is Plan Colombia, the US-Colombian initiative launched in 2000 to provide security and economic development assistance to help combat the spread of narcotics, train law enforcement personnel, and promote economic growth.

At the time Plan Colombia was started, Colombia was struggling with cartel-initiated violence, as Mexico is now, and battling insurgencies led by the FARC (*Fuerzas Armadas Revolucionarias de Colombia* or Revolutionary Armed Forces of Colombia) and AUC (*Autodefensas Unidas de Colombia* or United Self-Defense Forces of Colombia). As a result of decades of partnership between US and Colombian authorities—which has included extensive work between the DEA and trusted Colombian counterparts, resulting in the extradition of high-level narcotics traffickers

to the US to face justice—the country has been transformed. It now has a stable government that is free of insurgencies, it has seen a significant reduction in violence, and it has become a solid long-term partner of the United States in combating the global narcotics trade and associated money laundering.

During my work in Brussels and Copenhagen, I collaborated extensively with counterparts from European countries, some of which were young democracies that until recently were under the control of the Soviet Union, on significant criminal, regulatory, and national security matters. Our collaboration helped us hold accountable criminals operating out of those countries, increased the capacity of those countries to counteract the destabilizing influence of TCOs and other malign actors, and kept our country safe.

When I returned to the US, I saw the profound negative effect of the *lack* of international cooperation in the dramatic increase in the flow of fentanyl and other synthetic opioids into the country, and the increased flow of money through CMLOs, cryptocurrency, and other emerging money laundering techniques.

Lack of international cooperation with China on counternarcotics matters has enabled Chinese-manufactured fentanyl precursor chemicals to be exported to Mexico and other countries – sometimes directly to United States – where they can be transformed into drugs that are killing hundreds of thousands of Americans.

Lack of collaboration with China on anti-money laundering practices has contributed to the rise of CMLOs as a primary vehicle through which Mexican drug cartels and other TCOs launder their cash. CMLOs charge only one to two percent of the amount they are laundering, can deliver funds to the traffickers in their home countries immediately, and can guarantee payment of laundered funds. Previously, money launderers charged higher rates, required longer turnaround times, and made no guarantees. The CMLO model is a dramatic improvement for TCOs: it has allowed them to ship a greater amount of dangerous drugs into the United States and achieve greater profits from that deadly trade.

Several aspects of the CMLO threat could be addressed much more effectively if US and Chinese law enforcement and financial regulators were able to work together. In particular:

- Desire to avoid Chinese capital controls ensures a constant stream of customers looking to buy dollars in the US, making it harder to separate legitimate from illegitimate transactions. Lack of US-China collaboration allows the Chinese to evade capital controls without detection, while fueling CMLO activity in the United States.
- CMLOs use technology to their advantage, advertising the sale of dollars in Internet chat rooms and communicating and transacting primarily via *WeChat*, an encrypted network that facilitates speed and trust within the CMLO. As these encrypted *WeChat* transmissions are resistant to surveillance by US law enforcement, they cannot be used to disrupt CMLOs or build cases against their leaders. However, Chinese authorities, who have access to *WeChat* and other Chinese communication tools, could share information on CMLO activity with US law enforcement if the two countries were collaborating effectively.

Thus, both US and Chinese authorities have an interest in working more closely together to combat money laundering activity linked to TCOs.

Our relationship with Mexico on these matters is stronger, but there is still significant opportunity for improvement. The Mérida Initiative's emphasis on shared responsibility led to significant international cooperation, but the persistence of TCO activity in Mexico, and of drug smuggling activity across the US-Mexico border, reflected the limitations of that approach. In 2021, the governments of Mexico and the United States announced a security cooperation plan: the Bicentennial Framework for Security, Public Health, and Safe Communities. The Bicentennial Framework sought to reopen and improve bilateral channels to address illegal drug trafficking and organized crime, facilitate extraditions, and allow US agents to work in Mexico, among other topics. For its part, the Mexican government stated that it sought to leave behind the failed, warlike security approach associated with the launch of the Merida Initiative and to prioritize more effective anti-violence strategies. The Bilateral Framework has promise, but it has not achieved a Plan Colombia-type transformation of Mexico, has not effectively halted TCO activity, and has not stopped the flow of fentanyl into the US from Mexico.

There is promise for the future, however. The resumption of dialogue between the US and China on counternarcotics matters is an encouraging sign. We have strong relationships with Mexican authorities, and the approaching presidential election in Mexico offers the possibility of a new bilateral emphasis on combating narcotics trafficking and money laundering activity. We have a long history of collaboration with both countries in important areas, despite disagreements on other areas. Progress on these critical topics is possible.

In the meantime, we can work more effectively with other governments and private sector partners around the world to combat the flow of fentanyl into the US. Sanctions, if applied globally and on a quicker timetable, can effectively cut off manufacturers of precursor chemicals and facilitators of TCO activity, including CMLOs, from the global financial system, diminishing their capabilities and making them targets for further enforcement efforts. Investments and enhancements in port and border security around the world would reduce the flow of fentanyl and precursor chemicals through transit points into the United States.

The private sector can also help. At Nardello & Co., a global investigative firm that I joined in 2022, we are working on ways to help financial institutions and other entities identify and address CMLO activity by shutting down accounts and reporting suspicious activity to the authorities. If done on a global scale, CMLOs and other launderers of TCO proceeds would find it much more difficult to move the money that is the lifeblood of the fentanyl trade. Shipping companies also can enhance the security of their operations to prevent their unwitting use to facilitate the flow of drugs into the US.

Finally, the US could do more on its own to combat the flow of fentanyl into the United States by, for example, adopting laws that would enable law enforcement agencies to hold accountable more smugglers, distributors, and money launderers and facilitate seizures of fentanyl before it can kill.

Thank you to the Subcommittee for calling attention to this important issue. I look forward to answering your questions, and to future discussions with the Subcommittee and its staff about this important matter.