

NARCOTERRORISM AND THE LONG REACH OF U.S. LAW ENFORCEMENT

HEARING

BEFORE THE

SUBCOMMITTEE ON TERRORISM,
NONPROLIFERATION, AND TRADE

OF THE

COMMITTEE ON FOREIGN AFFAIRS

HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

—————
OCTOBER 12, 2011
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Serial No. 112-67
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Printed for the use of the Committee on Foreign Affairs



Available via the World Wide Web: <http://www.foreignaffairs.house.gov/>

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U.S. GOVERNMENT PRINTING OFFICE

70-664PDF

WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
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WEDNESDAY, OCTOBER 12, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TERRORISM,
NONPROLIFERATION, AND TRADE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 12:30 p.m., in room 2172 Rayburn House Office Building, Hon. Edward R. Royce (chairman of the subcommittee) presiding.

Mr. ROYCE. This hearing will come to order. Today we're looking at the topic of narcoterrorism. Our hearing comes as a narcoterrorism-related case exploded into the public eye yesterday afternoon.

The Justice Department detailed an Iranian directed plot to assassinate a foreign Ambassador on U.S. soil. From what we know, a key conspirator in the plot approached a Drug Enforcement Administration informant seeking to hire a drug cartel hit squad to carry out the attack here in Washington, DC.

A plot was planned over multiple meetings in Mexico between the man now in U.S. custody and people that he at the time believed were cartel members.

Iran's Quds Force conceived of a plot to recruit Mexican narcotraffickers in this assassination effort on U.S. soil. The fact that they would do that I don't think should be a great surprise. Clearly, this deadly force felt comfortable navigating the expansive criminal networks south of our border.

For years, border security advocates saying that just because we had one or two Hezbollah operatives come across the border, that it was alarmism to say that this could ever escalate into the type of situation that we face today. But this plot proves just how important a secured border is to our national security.

The Kourani case predates this. In that particular instance, it was the brother of the head of Hezbollah's security operation, the very individual, the very general who was shelling Haifa. It was his brother who came across the border in the trunk of a car and made his way up to Michigan to be reunited there with a cadre of confederates that had embedded itself there. And that, fortunately, was discovered at that time.

I saw a little bit of his brother's handiwork because we were in Israel, in Haifa during the Hezbollah War, and his brother was in charge of the missile attacks which were coming in to downtown Haifa, where they had even launched an attack on the trauma hos-

pital. Well, this was the individual's brother who was apprehended here on U.S. soil.

Yesterday, incidentally, the trial of international arms dealer, Viktor Bout, began in New York City. And Bout was brought down by DEA agents in May of '08 for conspiracy to supply weapons to the FARC, a designated terrorist group. Another example of this type of nexus that occurs. And this "shadow facilitator" was notorious for supplying arms to dictators and terrorists. After I and others pushed hard for Bout's extradition from Thailand, the "Merchant of Death" is finally getting his day in court. Michael Braun, who quarter-backed this operation for the DEA, will testify a little bit about this operation.

These cases illustrate two things. The first is the nexus between drugs and terrorism, and the second is the long arm of U.S. law enforcement.

Unquestionably, the links between drugs and terrorism are growing at an alarming pace. Last year, the DEA tallied 18 of 44 State Department-designated Foreign Terrorist Organizations as having links to the drug trade. And this includes the FARC, Hezbollah, Hamas, and al-Qaeda.

Earlier this year, the Treasury Department designated Lebanese Canadian Bank as a "primary money laundering concern," finding that as much as \$200 million per month in drug money was laundered through that bank into the coffers of Hezbollah to fund their operations. Meanwhile, ties between Hezbollah and Mexican drug cartels have obviously strengthened. And this makes sense, drug cartels get Hezbollah's smuggling and explosive expertise, and Hezbollah gets a presence on the lawless Mexican border.

As Doug Farah will testify, the ties between transnational criminal networks and terrorist organizations are "morphing into something new." Looking forward, attacking those links will be critical to countering terrorist plots. As the U.S. Attorney for the Southern District of New York recently said, "The long arm of the law has to get even longer."

With a unique set of authorities, human sources, and expertise, the DEA has been bringing a cutting edge approach to attack this nexus abroad. But as we will hear today, despite its robust international posture in some continents like Africa, the DEA's presence is spread very, very thin. And that's just one of the many challenges it faces.

The subcommittee looks forward to hearing from the DEA in the near future. And I'll now turn to Mr. Connolly for his opening statement.

Mr. CONNOLLY. Thank you, Mr. Chairman. And thank you for holding this hearing.

And, obviously, the announcement yesterday of the unbelievably bold plot to assassinate the Saudi Ambassador here in Washington at a crowded restaurant that could involve hundreds of people, innocent people, is really extraordinary to contemplate. And it's very chastening, and yet maybe not surprising that the plotters turned to drug traffickers skilled in the arts, unfortunately, of murder and assassination, and terror to carry out their plot. Where else would you go in terms of the requisite skill set to pull off such an arrogant and breathtakingly bold crime here in Washington, DC?

So, in some ways it really is a sobering reality that I hope, as you suggest, Mr. Chairman, has the policy community refocusing on this issue. It has been a while now since a number of terror groups from the Beqaa Valley in Lebanon with Hezbollah to the sort of unpoliced areas in the borders of Laos, Cambodia, and Thailand, to large swaths of the Upper Huallaga Valley in Peru and other parts of Bolivia and South America, while we're seeing the nexus between terrorists and drugs. Drugs are an easy source of financing.

Now, one of the things that has to concern us as Americans is what is happening south of our border in the northern part of Mexico, large swaths of which look more and more, frankly, like a failed state that ought to be equally sobering for all Americans. That's our border, that's our neighbor.

If we're looking for a model that mostly succeeded in turning this threat around when it all looked lost it's Colombia. And I will say that, having an honest discussion about this here in this Congress is not always easy, because there are some subjects some folks don't want to talk about.

Resources to deter the threat is one of them. Guns are another.

When I went to Mexico in a codel last year to talk to the Attorney General of Mexico about the pending threat the single most efficacious thing he could cite that would make a difference would be the reimposition of the assault weapon ban here in U.S. law, because of the unfettered trafficking of U.S.-made or U.S.-provided weapons going into Mexico.

We could sharp the ATF on a different committee I'm a member of. We had hearings on the ATF, and much has been made of Fast and Furious, but what isn't talked about, or isn't always welcome is it's Congress that has prevented the ATF from having a permanent directive for 6 long years. It's Congress that has actually cut back on the resources ATF has requested.

We had one ATF agent who's a former cop from New York City who testified that on one block in Manhattan there are more police officers than there are the entire ATF force policing the southwest border of the United States. So, we have to get serious, too, about this threat. We can't just pontificate about it, and rhetorically decry the nature of the threat, which is very real. We also have to be willing to make some tough decisions in terms of the allocation of resources to make sure we're meeting that threat, and policy decisions that may not always be welcome, but that also are a necessary part of the dialogue.

I thank you, Mr. Chairman.

Mr. ROYCE. Mr. Poe from Texas.

Mr. POE. Thank you, Mr. Chairman. Mr. Farah, good to see you again today.

Several observations about this whole situation. I think it's important that we be realists as Americans to know exactly what's taking place. International terrorism we talk about, we realize is a bad thing, and people in the name of certain political beliefs want to cause harm to Americans. But we must also understand that terrorists want to get into the United States some way to do their mischief.

The easiest way to get in the United States, of course, is to go through Mexico. If you get to Mexico, you can get to the U.S., no matter—I mean, Mexico has a problem of two sea borders, two land borders, and it's difficult to patrol. And I think that's the reason the Iranian operative from the government, in my opinion, sought help from the Zetas.

The Zetas, a notorious outfit. They remind me of the old TV series "Paladin." Probably none of you all remember that, the chairman probably does. Paladin had a card that said, "Have gun will travel," and that was his business card. And that's like the Zetas, they have guns and they will travel. And they come to the United States, they'll go anywhere for money, and any criminal enterprise that can facilitate them bringing in money they'll be involved in.

We have to understand, in my opinion, that this is a growing problem of international terrorist groups in the name of some political philosophy working with the people who will do anything for filthy lucre, money, and what we can do with that.

It's still the same problem. We've got people and drugs coming north, and we've got guns and money going south of our international border with Mexico. We've done a lot, but the drug trade still occurs down there in south Texas, so it's important that we recognize the problem, and we actually have a strategy to deal with this on an international terrorist basis, as opposed to a kind of a hit and miss tactical strategy.

Don't get me wrong. I think our border patrol agents, the DEA, they do a great job. They do a lot of good things the American public never knows about for security reasons, but I think maybe more boots on the ground, on the border to keep those cartels from passing into the U.S. is something we need to look harder at. Sure, it's the job of the Border Patrol to be the first line of defense, but they need some help.

The Texas border is the same distance from New Orleans as it is to New York City. That's a long border with just a handful of folks trying to keep out the bad guys. So, I look forward to hearing from you and have several questions for all three of you.

Thank you, Mr. Chairman.

Mr. ROYCE. Thank you, Judge Poe.

We're now joined by our distinguished panel.

Mr. Doug Farah is a senior fellow with the International Assessment and Strategy Center. For two decades, Doug served as a foreign correspondent and investigative reporter for the Washington Post covering Latin America, as well as West Africa.

In November 2001, Farah broke the story about al-Qaeda's links to the West African diamond trade. In November 2007, Doug co-authored "Merchant of Death," detailing Viktor Bout's deadly trade. He has been a valuable resource to this subcommittee and its staff for many years, and we appreciate him appearing here today.

We also have Mr. Michael Braun, managing partner at Spectre Group International. Before entering the private sector, Braun served for 34 years in law enforcement including nearly 4 years as the Assistant Administrator and Chief of Operations for the U.S. Drug Enforcement Administration. He was responsible for DEA's

227 domestic and 87 foreign officers and several divisions, so we thank him for his service and welcome him here today.

Dr. Vanda Felbab-Brown is a fellow at the Brookings Institution. She is an expert on illicit economies and national and international conflicts, and she has done extensive research on South Asia, on Burma, on the Andean region, and on Mexico. She is the author of "Shooting Up, Counterinsurgency and the War on Drugs."

All of the witnesses have their testimony in the record at this time, so I'd ask them all to encapsulate this into 5 minutes, if they would, and we'll begin with Mr. Farah. Thank you.

**STATEMENT OF MR. DOUGLAS FARAH, SENIOR FELLOW,
INTERNATIONAL ASSESSMENT AND STRATEGY CENTER**

Mr. FARAH. Thank you, Chairman Royce. It's always a pleasure to be here and work with your committee.

As you described earlier, yesterday the Justice Department announced the stopping of a plot by the Iranian Government using special Quds Force operatives to assassinate the U.S. Ambassador in the United States.

This is significant, I think, for multiple reasons. In my written testimony, I describe there are multiple alliances forming across Latin America among transnational criminal organizations, drug trafficking structures, terrorist groups in criminalized states that present a significant and perhaps unprecedented challenge to U.S. national security interests from that region.

The allegation that Iran, a criminalized state which sponsors Hezbollah, one of the world's premier terrorist organizations in dealing with the Zetas, a non-state drug trafficking organization that controls key access points to cross the U.S. border truly is a perfect storm.

This possibility, a hostile state using special forces and proxy agents to engage in criminal organizations for operations inside the United States has long been downplayed and sometimes ridiculed in policy making circles. Yet, the signs of this type of gathering storm have been evident for some time, including possible collaboration on the transportation of WMD components.

As the recent White House strategy put forward by the NSC to combat transnational organized crime noted, "While many terrorist links to transnational organized crime are opportunistic, this nexus is dangerous, especially if it leads to a transnational organized crime network to facilitate the transfer of weapons of mass destruction and materials to terrorists."

This is not a remote possibility. As the Iran assassination plot demonstrates, many things that were once unthinkable are now possible. The ideological boundaries and operational constraints that kept many groups from working together during the Cold War have largely been eclipsed, and there is a constant blurring of the lines that once separated organized crime from terrorist groups.

The reasons are multiple and are driven, in part, by what the Drug Enforcement Administration has accurately identified as the crucial element in the logistical structure for both groups. The emergence of a small group of super fixers or shadow fixers, those who are able to provide specific, unique services to multiple groups

regardless of ideology, motivation or location. And Viktor Bout, I think, is one of the premier examples of that type of person.

These new realities render obsolete the usual definitions and assumptions about non-state actors, nation states and how they relate to each other. Hezbollah engages in criminal activities in West Africa and Latin America, yet also acts as a proxy for Iran's foreign policy and military intelligence activities. The FARC in Colombia produces most of the world's cocaine and is used as an instrument of power by the Bolivarian Alliance led by Venezuela's Hugo Chavez.

It is the hybrid nature of these organizations and the increasing support they receive from criminalized states that makes the role of the shadow facilitators so vital. They understand how to exploit the scenes in the international, legal, and economic structures and work with both terrorist and criminal organizations. They specialize in placing people and products in the same pipelines, in the same illicit structures and exploiting the same weaknesses.

Criminalized states frequently use transnational organized criminal organizations as a form of state craft bringing new elements that fundamentally alter the structure of global power. The spread of criminalized states and the benefits they offer are often overlooked in our policy making and in our thinking about the changing world order; yet, its implications are enormous.

Rather than operating on the margins of the state or seeking to co-op small pieces of state machinery, the transnational organized crime groups in this construct operate in concert with the state on multiple levels. Within that stable environment, a host of new operations open from the sale of weapons to the use of national aircraft and shipping registries, as Viktor Bout showed, to easy use of banking structures, the acquisition of diplomatic passports, and other identification forms.

Hugo Chavez and his allies in Ecuador, Bolivia and Nicaragua have allowed Iran, a state sponsor of terror, to open financial facilities, fund companies and dedicated shipping lines to evade sanctions on his nuclear program. At the same time, Iran is carrying out multiple mining activities in Latin America that directly benefit his missile and nuclear programs without transparency or public scrutiny.

As has historically been the case, nation states have been slow in recognizing and adapting to the new series of threats and dramatic shifts in transnational organized crime in general, and particularly its relationship to terrorist organizations.

This administration's transnational organized crime strategy released earlier this year was the first strategy released since 1995. In those 16 years, the world's illicit economy globally grew to represent up to 9-10 percent of the world GDP, or \$6.2 trillion, a figure that ranks just behind the US, and EU, and ahead of Japan and China as global economic forces.

The United States, despite its sluggish response, is among the most forward-looking nations in terms of policy relating to the criminal terrorist nexus. There have been some remarkable achievements by a small group within the government that have understood the challenges in the move to face them in new and innovative ways.

As the chairman mentioned, the DEA has been particularly adept at identifying and capturing through complex operations several of the world's most prominent super fixers, including Monzer Al Kassar and Viktor Bout.

With a unique set of authorities and support from other agencies, the DEA has broken new ground in tracking the network of relationships among drug trafficking organizations and terrorist groups around the world, but this is not enough. It is, indeed, a brave new world we are facing. The challenges of the transnational organized criminal state and terrorist nexus are underestimated at our own peril.

Congress and the administration must insure that steps are taken commensurate with the scope and scale of the emerging global actor threat. Rather than tackling the enormous scope of the problem, the transnational organized crime terrorist nexus is generally treated as a slightly more serious version of what we have seen in the past. Instead, the enormous complexity, adaptive capacity and economic resources of the state and non-state actors must be viewed as something far larger and more dangerous than a simple iteration of past structures. It must be viewed as the dynamic, flexible, global phenomenon that can react more quickly than government, has more resources than any individual state, and has no underlying loyalty to the current world order.

Thank you.

[The prepared statement of Mr. Farah follows:]

Testimony of Douglas Farah

Senior Fellow, International Assessment and Strategy Center

Adjunct Fellow, Center for Strategic and International Studies

Before the House Committee on Foreign Affairs
Subcommittee on Terrorism, Nonproliferation and Trade

“Narcoterrorism And the Long Reach of U.S. Law Enforcement”

October 12, 2011

Over the past month Central American counter-narcotics intelligence forces began unraveling a massive money movement operation that included – for the first time in their experience – a mixing of funds from Mexican drug trafficking organizations (DTOs); Chinese Triads; Russian transnational criminal organizations and the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*—FARC), a designated terrorist entity and cocaine exporter.

The money, totally more than \$100 million, largely in bulk cash in various currencies arrived in Guatemala and El Salvador, was converted to larger bills and moved by land and air to Panama, where it then entered the formal financial sector through various banks and front companies.¹

Several things are particularly striking about this episode: the mixing of transnational organized crime (TOC) and terrorist funding streams; the wide variety of groups now using the same channels and brokers (super fixers) to move their cash; the mixture of proceeds from different types of illicit transactions (e.g., cocaine trafficking, human trafficking, extortion, casino money laundering) into a larger pool; and, the fact that the operation was undertaken by a joint group of former Marxist guerrillas and former right-wing politicians, who once waged war against each other but now are combining their experience and knowledge to work together for mutual profit.

This is only one recent example of how the growing ties between TOCs from multiple regions, and terrorist organizations, are morphing into something new which represents unprecedented dangers for the Homeland and our capacity to successfully combat these new entities. This ability of disparate groups with different ideologies, business models and structures to work together shows just how far the multi-polar, post Cold War world has developed.

The ideological boundaries and operational constraints that kept many groups from working together during the Cold War have largely been eclipsed, and there is a consistent blurring or erasing of the lines that once separated organized crime (for-profit enterprises) from terrorist (political/theological goals) groups. The reasons are multiple, and are magnified and empowered by what the Drug Enforcement Administration (DEA) has accurately identified as a crucial element in the logistical structure of both groups: the emergence of a small group of “super fixers” -- those able to provide specific, unique services to multiple groups regardless of ideology, motivation or location.

This can be air cargo services and access to weapons stocks, as the case of Viktor Bout illustrates; high-end document forgery; offshore money laundering facilities, the acquisition of legitimate diplomatic passports for international criminals and

¹ Author interviews with intelligence officers directly involved in the investigating the operations.

terrorists, and other activities. Multiple groups need the same services, and hence shop at the same few specialty brokers. That is why targeting these “super fixers” should be of the one of the highest priorities of the law enforcement and intelligence communities. If one can remove them or impede their actions, several organizations are hurt and the ability to link different types of activities is made more difficult.

As the recent White House strategy put forward by the NSC to combat transnational organized crime noted

Terrorists and insurgents increasingly are turning to crime and criminal networks for funding and logistics. In FY 2010, 29 of the 63 top drug trafficking organizations identified by the Department of Justice had links to terrorist organizations. While many terrorist links to TOC are opportunistic, this nexus is dangerous, especially if it leads a TOC network to facilitate the transfer of weapons of mass destruction material to terrorists.²

Other examples abound of the blurring of the criminal-terrorist nexus. As I wrote in the National Defense University’s PRISM journal³, designated Latin American terrorist organizations and drug cartels are now carrying out business with emerging West African criminal syndicates to move cocaine northward to lucrative and growing markets in Europe and the former Soviet Union.⁴ The West African criminal syndicates, in turn, are often allied and cooperate in illicit smuggling operations with operatives of Al Qaeda in the Islamic Maghreb (AQIM), a radical Islamist group that declared its allegiance to Osama bin Laden and its alliance with al Qaeda.⁵

The group has, in recent years, relied primarily on kidnappings for ransom to finance its activities, and is estimated by U.S. and European officials to have an annual budget of about \$10 million.

An ongoing relationship with the FARC and other DTOs from Latin America to protect cocaine shipments into Europe would exponentially increase AQIM’s revenue stream, and with it, the operational capacity. Other cases show that AQIM would transport cocaine to Spain for the price of \$2,000 a kilo. Had the proposed arrangement been in place for the 1,500-kilo load passing through Liberia, the terrorist group would have reaped \$3 million in one operation. Had it been the

² “Fact Sheet: Strategy to Combat Transnational Organized Crime,” Office of the Press Secretary, the White House, July 25, 2011.

³ Douglas Farah, “Terrorist-Criminal Pipelines and Criminalized States: Emerging Alliances,” PRISM, Center for Complex Operations, National Defense University, Vol. 2, No. 3, Spring 2011.

⁴ Benjamin Weiser and William K. Rashbaum, “Liberian Officials Worked With U.S. Agency to Block Drug Traffic,” New York Times, June 2, 2010.

⁵ For a history of AQIM see: “Al Qaeda Group Backs al Qaeda,” BBC News, October 23, 2003, accessed January 16 at: <http://news.bbc.co.uk/2/hi/africa/3207363.stm>. For an understanding of the relationship among the different ethnic groups, particularly the Tuareg, and AQIM, see: Terrorism Monitor, “Tuareg Rebels Joining Fight Against AQIM?” Jamestown Foundation, Vol. 8, Issue 40, November 4, 2010.

4,000-kilo load, the profit of \$8 million would have almost equaled the current annual budget of AQIM.

AQIM's stated goal is to overthrow the Algerian state, and, on a broader level, to follow al Qaeda's strategy of attacking the West, particularly Europe. The ability to significantly increase its operating budget would facilitate recruiting, the purchase of weapons and the ability to carry out larger and more sophisticated attacks across a broader theater. It would also empower AQIM to share resources with its parent al Qaeda structure and other radical Islamist groups in Africa and elsewhere, increasing the overall operational capacity to attack the United States and related targets.

The central aspect that binds these disparate organizations and networks that, in aggregate, make up the bulk of non-state armed actors, is the informal (meaning outside legitimate state control and competence) "pipeline," or series of overlapping pipelines, that these operations need to move products, money, weapons, personnel and goods in both directions.

These pipelines are perhaps best understood as a series of recombinant chains whose links can couple and de-couple as necessary to meet the best interests of the networks involved -- as well as to rapidly evade or react to detection and disruption contingencies. Among other things, this operational modality presents a difficult challenge to intelligence collection and analysis by both human and electronic means. In essence, if you want to smuggle 30 Chinese to enter the United States illegally, move 30 AK-47 assault rifles to an insurgent or terrorist group, or move 30 kilos of cocaine, or a batch of WMD precursors, a trafficker must pass through the same small group of gatekeepers that allow the movement of illicit goods to flow unimpeded.

The flow of goods is not linear, meaning it does not just flow in one direction, but is usually circular. Nor is the flow always limited to a single commodity. For example in Liberia, timber and diamonds flowed out through inter-related networks to different markets in Europe and Lebanon, and the money to pay for them moved back through financial networks tied to Hezbollah. Al Qaeda "blood diamonds" from Sierra Leone and Liberia moved through Hezbollah networks to Antwerp, and the money flowed back through different Islamist channels.⁶

When one buyer was no longer able to function, others stepped in to fill the void. In the cocaine trade, the drugs flow from South America to markets in the United States, Canada and Europe, often through the same channels used to illicitly move human beings, contraband and other drugs such as marijuana. As northbound interdiction has improved, the cartels have begun sending significant amounts of

⁶ For a complete look at the blood diamond trade and al Qaeda and Hezbollah roles in the West African trade see: Douglas Farah, *Blood From Stones: The Secret Financial Network of Terror*, Broadway Books, New York, 2004.

cocaine to West Africa for transshipment north to the growing markets in Central Europe.⁷

Hybrid Groups and Criminal States

These new realities render the usual definitions and assumptions about non-state actors, nation-states and how they relate to each other, obsolete. And once-clear distinctions between terrorists, insurgents, criminal gangs and militias are also far blurrier in practice, with few groups falling neatly into one category or even two. Insurgencies in Colombia and Peru are also designated terrorist groups by the United States and other governments, and engage in parts of the transnational criminal structure.

Hezbollah engages in criminal activities in West Africa and Latin America, yet also acts as a proxy for Iran's foreign policy and military/intelligence activities. These emerging hybrid structures change quickly and the pace of change has accelerated in the era of instantaneous communication, the Internet and the criminalization of elements of religious and political groups.

While the groups that overlap in different pipeline structures are not necessarily allies, and in fact occasionally are enemies, they often make alliances of convenience that are short-lived and shifting. Even violent drug cartels, which regularly engage in bloody turf battles, also frequently engage in truces and alliances, although most end as soon as they are no longer mutually beneficial, or when the balance of power shifts among them. More permanent alliances may emerge over time with the maturation of the globalized TOC and TOC-State nexus.

It is the hybrid nature of these organizations, and the increasing support they receive from "criminalized states," which will be discussed in detail below, that makes the role of the 'shadow facilitators' so vital. They understand how to exploit the seams in the international legal and economic structure, and work with both terrorist and criminal organizations. They specialize in placing people and products into the same pipelines and the same illicit structures, and exploiting the same state weaknesses.

The TOC groups and terrorist organizations often devote significant time and resources to penetrating and corrupting the different part of the state apparatus in those countries where they wish to operate, in order to maximize profits and minimize risks. As the recent NSC study noted,

⁷ Amado Philip de Andrés, "Organized Crime, Drug Trafficking, Terrorism: The New Achilles' Hell of West Africa," Commentary, Fundación Para las Relaciones Internacionales y Diálogo Exterior (FRIDE), Madrid, Spain, May 2008. De Andrés is the deputy regional representative for West and Central Africa, United Nations Office on Drugs and Crime.

TOC penetration of states is deepening and leading to co-optation in some states and weakening of governance in many others. TOC networks insinuate themselves into the political process through bribery and in some cases have become alternate providers of governance, security, and livelihoods to win popular support. The nexus in some states among TOC groups and elements of government – including intelligence services and personnel – and big business figures threatens the rule of law.⁸

While it is true that TOC penetration of the state threatens the rule of law, it also poses significant new threats to the Homeland, a threat far different from the traditionally recognized issues with “failed” states or “ungoverned spaces.”

This paradigm of a criminal state differs in important ways from the traditional look at “weak” or “failed” state, which assume that government that is not exercising a positive presence and fulfilling certain basic functions (public security, education, infrastructure) is not a functioning state. In fact these states can be highly efficient at what they choose to do, particularly if they choose to participate in an ongoing criminal enterprise. Their weakness exists in the fields of positive state function, but not in other important areas.

As Clunan and Trinkunas rightly note, the essential issue

Is not lack of governance per se, but rather who governs the spaces. Governance de facto exists in areas frequently claimed as ungoverned spaces, such as feral cities, failed states, offshore financial markets, marginally regulated reaches of the internet and tribal areas such as those found on the Afghanistan-Pakistan border, yet it is mostly exercised by non-state actors ranging from insurgents to warlords to clans to private corporations. The notion of ungoverned spaces can be more broadly applied to legal, functional, virtual and social arenas that either are not regulated by states or are contested by non-state actors and spoilers.⁹

So, while the NSC recognition of the enormous and rapidly evolving threat is helpful and significant, it falls short of recognizing the true dimensions of the TOC-state relationship in many regions and the emergence of criminalized states, particularly in Latin America. It therefore does not fully articulate the new level of threat beyond the economic sphere and criminal-terrorist nexus and the danger posed by “failed” states. This shortcoming risks a standard *status quo ante* response – perhaps more money by agency and lane, for instance drugs or human trafficking -- without recognizing that the full range of threats and statecraft is implicated on a globally interconnected scale requiring a new and strategic-level cross-agency coordinated

⁸ “Fact Sheet: Strategy to Combat Transnational Organized Crime,” op. cit.

⁹ Anne L. Clunan and Harold A. Trinkunas, “Conceptualizing Ungoverned Spaces,” *Ungoverned Spaces: Alternatives to State Authority in an Era of Softened Sovereignty*, op cit., p. 19

response in order to ensure intelligence, diplomatic, security and other policies can understand, anticipate and counter the threat.

The term “criminalized state” refers to states where the senior leadership is aware of and involved – either actively or through passive acquiescence – in transnational criminal enterprises and where TOC is used as an instrument of state power and where levers of state power are incorporated into the operational structure of one or more TOC groups. The benefits may be for a particular political movement, theocratic goals, terrorist operations or personal gain of those involved, or a combination of these factors.

Criminalized states frequently use TOCs as a form of statecraft, bringing new elements to the “dangerous spaces” where non-state actors intersect with regions of weak sovereignty and alternative governance systems.¹⁰ This fundamentally alters the structure of global order.

The spread of criminalized states and the benefits they offer are often overlooked in our policymaking and in our thinking about the changing world order, yet its implications are enormous. While we have a mechanism for designating state sponsors of terror (including Iran and North Korea, with access to nuclear capacity), we have none for designating criminal states that often enable the terrorist activities. Complicating the Latin American case is the fact that the host countries are democratic in form and name, even as they increasingly are sliding away from democracy in practice and resist cooperation with the U.S. and international bodies on issues like narcotics. This ‘democratic mask’ makes it difficult for the U.S. to engage fully in effective diplomacy and countermeasures; hence, it provides the TOC nexus with additional insulation.

The possibility of TOC networks facilitating the transfer of weapons of mass destruction for terrorists, as noted by the NSC, is a dangerous one but assumes that the TOC groups and terrorists are in confrontation with states and their multiple law enforcement and intelligence tools. With the emergence of criminalized states we face the prospect of TOC networks facilitating such transfers under the explicit or implicit protection of one or more states, greatly increasing the chances of success. Parts of this pipeline are already being developed in Latin America, often overlapping with those in place in Africa, parts of Europe, and Asia.

As the TOC-state relationship consolidates, the recombinant criminal-terrorist pipelines become more stationary or rooted, and more dangerous to nations still operating within the rule of law. Rather than being pursued by state law

¹⁰ The phrase “dangerous spaces” was used by Phil Williams to describe 21st century security challenges in terms of spaces and gaps, including geographical, functional, social, economic, legal and regulatory holes. See: Phil Williams, “Here be Dragons: Dangerous Spaces and International Security,” [Ungoverned Spaces: Alternatives to State Authority in an Era of Softened Sovereignty](#), Anne L. Clunan and Harold A. Trinkunas editors, Stanford University Press, 2010, pp. 34-37.

enforcement and intelligence services in an effort to impede their activities, TOC groups (and perhaps terrorist groups) are able to operate in a more stable, secure environment, something that most businesses, both licit and illicit, crave.

Rather than operating on the margins of the state or seeking to co-opt small pieces of the state machinery, the TOC groups in this construct operate in concert with the state on multiple levels. Within that stable environment, a host of new options open, from the sale of weapons to the use of national aircraft and shipping registries to easy use of banking structures to the acquisition of diplomatic passports and other identification forms.

Examples of the benefits of a criminal state can be seen across the globe. For example, the breakaway republic of Transnistria, near Moldova, known as “Europe’s Black Hole,” is a notorious weapons trafficking center from which dozens of surface-to-air missiles have disappeared, run by former KGB officials. Under state auspices, the republic, unrecognized by any outside country but on friendly terms with Russia, runs one of the largest human trafficking networks in world and other criminal enterprises. U.S. and European intelligence reports have repeatedly linked Transnistria to attempts to sell black market nuclear weapons to a variety of potential buyers.¹¹

Charles Taylor in Liberia is another example. At his peak (1998-2002), he had Russian, Israeli and South African TOCs operating in a country the size of Maryland. The state, while failing to meet the basic needs of its people and fulfilling virtually none of the traditional roles of states (defending national borders, providing basic education and health services, sanitation, garbage collection, mail delivery), had a virtual monopoly on power as well as control of the “honey pots” of natural resources.

Under Taylor’s direction, the extraction of timber, diamonds and gold were carried out with relative efficiency, but the benefits went to Taylor, his inner circle and those outsiders doing business with him. Hezbollah and al Qaeda operated without threat in the “blood diamond” trade, greatly enhancing their financial structures. The Liberian aircraft registry was ‘rented out’ to Russian weapons merchant Viktor Bout, whose sales fanned numerous wars in the region to unprecedented heights of brutality, and Liberian diplomatic passports were issued to notorious international criminals.¹²

¹¹ For a more complete look at Transnistria and an excellent overview the global illicit trade, see: Misha Glenny, McMafia: A Journey Through the Global Criminal Underworld, Alfred A. Knopf, New York, 2008.

¹² For a complete look the operations of Taylor, currently on trial in the Special Court for Sierra Leone in the Hague for crimes against humanity, see: Douglas Farah, Blood From Stones: The Secret Financial Network of Terror, Broadway Books, New York, 2004.

The threat, already serious, increases dramatically with the nesting of criminal/terrorist groups within governments that are closely aligned ideologically, such as Iran and the Bolivarian states in Latin America led by Venezuela, and are identified sponsors of designated terrorist groups, including those that actively participate in the cocaine trafficking trade. The states have publicly declared nuclear aspirations and the ability to move large quantities of virtually anything – including WMD and WMD components through their network.

Venezuela under Hugo Chávez and Ecuador under Rafael Correa, along with Evo Morales in Bolivia and Daniel Ortega in Nicaragua, have publicly and privately supported the FARC rebels in Colombia, a designated terrorist organization and TOC group that produces some 70 percent of the cocaine consumed in the United States. This support, in the form of money, weapons, sanctuary and joint business enterprises helps allow FARC-produced cocaine to flow to the outside world and survive the military battering the group has undergone at the hands of the Colombian military and police.¹³

Chávez and his allies have allowed Iran, a state sponsor of terror, to open financial facilities, front companies and dedicated shipping lines to evade sanctions on its nuclear program. At the same time Iran is carrying out multiple mining activities in Latin America that directly benefit its missile and nuclear programs without normal transparency and with no public scrutiny, while moving aggressively to expand intelligence gathering capacities and military access.¹⁴

A Case Study

In order for the different components of this complex equation to function as a whole, each side must get what it wants in order to make it profitable enough to continue.

For example, Charles Taylor in Liberia needed two things: weapons for his wars and a market for the diamonds and timber he was able to use to pay for the weapons and his taste for the finer things in life. The FARC needs to move cocaine to U.S. and European markets in order to obtain the money necessary to maintain its army of some 10,000 troops. In order to do that the FARC, with the help of traditional drug trafficking organizations, must move their product through Central America and Mexico to the United States—the same route used by those who want to move illegal aliens to the United States, and those who want to move bulk cash shipments, stolen cars and weapons from the United States southward.

¹³ For a look at the weapons transfers see: “Los ‘rockets’ Venezolanos,” *Semana* (Colombia), July 28, 2009. For a look at documented financial and logistical support of Chávez and Correa for the FARC see: “The FARC Files: Venezuela, Ecuador and the Secret Archives of ‘Raúl Reyes,’” An IISS Strategic Dossier, International Institute for Strategic Studies, May 2011.

¹⁴ Douglas Farah, “Strategic Security Issues,” International Assessment and Strategy Center, Defense Threat Reduction Agency Advanced Systems and Concept Office, May 2011.

All of these goods traverse the same territory, pass through the same gatekeepers and are often interchangeable along the way. A kilo of cocaine can be traded for a batch of AK-47 assault rifles before either of the goods reaches what would normally be its final destination.

The relationship of Taylor, Viktor Bout and the middleman who introduced them, a Kenyan named Sanjivan Ruprah, offers an interesting example of the symbiotic relationship that develop in criminal states.¹⁵

The relationship helped allow Bout to master the art of leveraging the advantages offered by criminal states. These included registering his aircraft in Liberia and later Equatorial Guinea; purchasing End User Certificates from Togo; and political and economic protection across the continent. The exchange of commodities such as diamonds for weapons was largely unpunishable because, while it violated United Nations sanctions, it was not specifically illegal in any particular jurisdiction.¹⁶

Ruprah had worked with several private military companies and mining interests in the Democratic Republic of Congo (DRC), as well as being married to the sister of a leader of one of the DRC's main Rwandan-backed military factions. Described as an "arms broker" in numerous UN panel of experts reports, Ruprah had also directed the Kenyan office of Branch Energy, a company that in the early 1990s negotiated to obtain control of the diamond mining rights of Sierra Leone. Branch Energy, through Ruprah, also reportedly introduced Executive Outcomes (EO) to the government of Sierra Leone who used them to fight against the RUF because the government forces were in such disarray.

Ruprah, by his own admission, met Taylor in the mid-1990s in Burkina Faso, before Taylor was president. He was seen more frequently in Monrovia starting in 1999, and he often stayed at the Hotel Africa, where Taylor housed his more privileged guests. In recognition of how valuable his services were or could be, in 1999 Taylor issued Ruprah a diplomatic passport under the name of Samir M. Nasr and gave him the title of Deputy Commissioner of Maritime Affairs.¹⁷

Ruprah introduced Bout into Taylor's inner circle, a move that fundamentally altered both the supply of weapons to Liberia and also to Taylor's proxy army, the Revolutionary United Front (RUF) in neighboring Sierra Leone. One of the favors Ruprah and Taylor could and did offer Bout was the chance to register several dozen of his rogue aircraft under the Liberian flag.

¹⁵ In 2008 Bout was arrested in Thailand in a DEA-led operation and is currently waiting trial in New York. Ruprah remains active in the West African region.

¹⁶ Douglas Farah and Stephen Braun, *Money, Guns, Planes and the Man Who Makes War Possible*, J. Wiley, Hoboken, NJ, 2007.

¹⁷ United Nations Report of the Panel of Experts for Liberia, United Nations Security Council, Report UNSC S/2000/1195, Dec. 20, 2000, 224-226. See also UNSC S/2001/1015, Oct. 26, 2001.

Ruprah, taking full advantage of operating in a criminal state, also was given the title of "Global Civil Aviation Agent Worldwide," giving him at least nominal control of the Liberian Civil Aviation Registry, and certainly gave him access to the registry.¹⁸

"I was asked by an associate of Viktor's to get involved in the Aviation registry of Liberia as both Viktor and him wanted to restructure the same and they felt there could be financial gain from the same."¹⁹

The case shows the how the state control of particular entities such as the aviation registry can be used to reward illicit networks in exchange for commodities such as weapons. It also shows how Ruprah, as the member of a broader network, was able to introduce Bout to Taylor, for the benefit of all three. Thus the state was in the business of maximizing its ability to earn revenue for a small group in the government while offering the desired impunity and profits for the illicit networks.

While this network took advantage of parts of Taylor's criminal state, there were other networks that included Hezbollah and al Qaeda that were able to take advantage of his protection to allow terrorist organizations to reap and hide significant profits.²⁰

The State Response to the Terrorist-Criminal Nexus

As has historically been the case, nation states have been slow and relatively ineffective in recognizing and adapting to a new series of threats and the dramatic shift in TOC in general and particularly its relationship to terrorist organizations. While the world has changed dramatically, and despite ample rhetoric to the contrary, most governments, including our own, have been slow to recognize and slower still to deal with the changes that confront us.

The NSC's Transnational Organized Crime strategy released earlier this year was the first such strategy released since 1995. In the interim period – 16 years in which this growing problem did not merit enough policy attention to be studied in a 'whole of government' fashion -- the world's illicit economy globally grew to represent up to 9-10% of world GDP, or \$6.2 Trillion -- a figure that ranks just behind the US and EU, and ahead of Japan and China as a global economic force. The United States is not alone in this, and in fact, despite its sluggish response, is among the more forward looking nations in terms of policy relating to the criminal-terrorist nexus.

While there is now considerable evidence, both in public cases working their way through the U.S court system and in other nations, as well as a significant amount of

¹⁸ United Nations Report of the Panel of Experts for Liberia, op cit.

¹⁹ Ruprah e-mail to author for the book *Merchant of Death: Money, Guns, Planes and the Man who Makes War Possible*, op cit.

²⁰ Farah, *Blood From Stones: The Secret Financial Network of Terror*, op cit.

academic literature on the subject, and a growing body of intelligence being gathered, the response of the U.S. government remains somewhat fragmented and compartmentalized.

However, there have been some remarkable achievements by small groups within the government that have understood the challenges and moved to face them in new and innovative ways. These include the Drug Enforcement Administration (DEA); the Global Threats office, JIATIF-South at the U.S. Southern Command and the Special Operations Command in the Defense Department and several groups within the Department of Homeland Security (DHS).

The DEA has been particularly adept at identifying and capturing, through complex operations, several of the world's most prominent "super fixers," including Monzer al Kassar and Viktor Bout. With a unique set of authorities, and the support of some of the groups mentioned, the DEA has also broken new ground in tracking the network of relationships among DTOs and terrorist groups in West Africa, while working within the U.S. government and with the Colombian National Police to disrupt the FARC's drug trafficking activities, and those associated with the Venezuelan power structure.

But this is not enough. As these groups amass growing economic power, control more territory (including pipelines that cross our border with impunity hundreds of times each day), and gain access to more criminalized states, the threat will grow, not recede. There is little time and few resources inside the government dedicated to understanding and mapping the threat and comprehending the inter-connected structures that allow criminal groups to gain growing economic might, imbued their structures within states that have overtly hostile intentions toward the United States (Venezuela, Iran and others), and infiltrate and use normal business and finance structures, often without the knowledge of the host institutions.

As noted, this lack of comprehensive awareness and response by the U.S. and other governments essentially serves to strengthen criminal/terrorist organizations like the Taliban, Hezbollah, the FARC and others, as well as terrorist and criminal states themselves. This community of state and non-state actors cannot be viewed through the state-centric lens that guided foreign and security policy throughout the Cold War and since. Rather, it requires a broad range of responses by the United States and in concert with its allies. This includes the law enforcement, defense and intelligence communities, obviously, but also diplomatic, economic, financial, regulatory and public diplomacy components. The whole of government approach to cut off the flow of funds, monitor and disrupt the alliances of state actors and their proxies, and weaken the capacity and legitimacy of criminal states is vital yet lacking. A new paradigm is needed, not a low level reshuffling of policy tools and resources or incremental, reactive, catch-up approach.

It is, indeed, a brave new world we are facing. The challenges of the TOC/criminal state/terrorist nexus are underestimated at our own peril. The NSC's recognition of

this growing threat is an important first step toward building a more coherent policy. Congress and the administration must ensure the next steps are taken commensurate with the scope and scale of this emerging global-actor threat. Rather than tackling the enormous scope of the problem, the TOC/criminal nexus is generally treated as a slightly more serious version of what we have seen in the past. Instead, the enormous complexity, adaptive capacity and economic resources of the state and non-state actors must be viewed as something far larger and more dangerous than a simple iteration of past structures. It must be viewed as a dynamic, flexible global phenomenon that can react more quickly than governments, has more resources than any individual state and has no underlying loyalty to the current world order.

Mr. ROYCE. Mr. Braun.

**STATEMENT OF MR. MICHAEL A. BRAUN, MANAGING
PARTNER, SPECTRE GROUP INTERNATIONAL, LLC**

Mr. BRAUN. Mr. Chairman, other members of this very distinguished and critically important subcommittee, I appreciate the invitation to speak before you today.

Doug Farah and I have long been on the same set of tracks headed in the same direction, so he's basically covered most of what I was going to say, but I want to highlight a few things. And I know you're itching to ask us lots of questions, and I'll just move on from there.

Mr. Chairman, you said early on in your statement that basically half of the designated foreign terrorist organizations are now involved in one or more aspects of the global drug trade. I think it's far worse than that. That's a very conservative estimate, as well it should be, but suffice it to say that it is a growing phenomenon. And, quite frankly, it's happened because of our successful prosecution of the global war on terror.

Two things that have happened specifically is state sponsorship declined significantly for terrorist groups after 9/11, which caused more of these groups to move to drug trafficking and to a lesser degree some other transnational organized criminal activity to fund their operations, to keep the movements alive.

The second thing that we've done is our nation has done yeoman's work working with coalition partners around the globe to identify and significantly disrupt the funding streams from very powerful private donors. Again, a second reason why more and more of these groups are having to turn to the drug trade, other organized criminal activity to keep their movements alive.

I would also like to say that Doug is exactly right, Mr. Chairman, Mr. Connolly, Mr. Poe, all of your comments with respect to this event that took place yesterday is the perfect example of what Doug and I have been preaching in this town for 8 or 10 years. And you talked about the very dangerous threat posed by this growing phenomenon, this growing confluence of drugs and terror. That is a very dangerous threat.

But what is just as threatening, and we need to understand this, is this committee gets it. You understand it, but far too many other folks in this town don't understand it, and they're not embracing the idea that these very powerful threats are coming together, and the consequences for allowing that to happen. So, there's a lot of education that needs to take place, as far as I'm concerned.

And then lastly, Mr. Chairman, I would like to thank you personally. I was over at DEA back in 2008 when the Bout case was playing out in those very critical days for several months there, and I can say this; that had it not been for you and the other members of this very important subcommittee, and some others in Congress, had it not been for your leadership and your push to get the Thais to extradite him, to do the right thing, to stand by the rule of law, there is no doubt in my mind that Viktor Bout would not be standing trial this week in New York. And as I have said many times in the past, he is, as far as I'm concerned, or was one of the most dangerous men on the face of the earth.

So, I am looking forward to answering your questions, and helping you and your staff members in any way that I can. Thank you.
[The prepared statement of Mr. Braun follows:]

Statement for the Record

Wednesday, October 12, 2011

By

Michael A. Braun

Before the Subcommittee on Terrorism, Nonproliferation, and Trade

COMMITTEE ON FOREIGN AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C.

Regarding

The Growing Confluence of Drugs and Terror

And the Face of 21st Century Global Organized Crime

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Background

Chairman Royce, Ranking Member Sherman, and Distinguished Members of the Subcommittee, I would like to thank you for the opportunity to testify today on the threat posed by the growing confluence of global drug trafficking organizations and terrorist groups. The security challenges posed by this threat are enormous. I believe it will be abundantly clear by the end of this hearing that most of the security challenges facing our Nation by this threat are not being appropriately and adequately addressed. What is even more ominous are the broader strategic implications, the by-product if you will, this activity has, and will continue to produce.

The plot to assassinate the Saudi Arabian Ambassador to the U.S. that was foiled today by the FBI and DEA qualifies as the perfect example of the looming threat posed by the drugs and terror nexus. A member of the Iranian Quds Force and an American of Iranian ancestry hired a DEA operative source, believing the informant to be a member of the ultra-violent Los Zetas drug trafficking organization, to carry out the assassination—on U.S. soil. This case should serve as a wake-up call for many in our federal law enforcement and intelligence communities.

Mr. Chairman let me say up front; that each of you on this subcommittee, and many of your colleagues throughout Congress, should be praised for all that you have done to support the multi-faceted counterterrorism and counternarcotics efforts of our Nation, and many other countries around the globe. I appreciate the fact that it is in that spirit you called us here today, to determine what we can do to help with the growing threat posed by the drugs/terror nexus.

Before entering the private sector on November 1, 2008, I served for almost four years as the Assistant Administrator and Chief of Operations with the U.S. Drug Enforcement Administration (DEA), and for one year as the Agency's Acting Chief of Intelligence. I also served in a number of DEA offices throughout the United States, including service on both our Southern and Northern borders, on both our East and West Coasts, in the Midwest, as well as approximately three years involved in paramilitary operations targeting the logistical infrastructure of major Latin American drug trafficking cartels in remote and austere locations in several South and Central American countries. It is through my 34 years in law enforcement that I sit before you today, deeply concerned about the convergence of global drug trafficking organizations and foreign terrorist organizations. You will receive a career, federal narcotics agent's perspective on what is happening in many permissive (under-governed) environments around the world, and the threat posed to our Nation by this growing phenomenon.

Part of this Statement for the Record includes recommendations the Subcommittee may want to explore further that may help our Nation attack the threat more effectively. These recommendations are not meant to be all-inclusive; rather, they merely highlight certain weaknesses I perceive in our counterterrorism and counternarcotics strategies that I believe need to be shored up. Some of my recommendations include additional resources that the DEA may need. However, I retired from the DEA approximately three years ago and no longer officially speak for the organization. The executive staff of the DEA is certainly better positioned than I am to make the most appropriate recommendations to this Subcommittee that will ultimately impact the agency.

The Confluence of Drugs and Terror
And the Face of 21st Century Global Organized Crime

Written by: Michael A. Braun

Beyond the “Usual Suspects”

The nexus between drugs and terrorism is growing at a rate far faster than most policy makers in Washington, D.C. choose to admit, and far fewer will even talk about. In many ways this is not an entirely new threat; executives of the U.S. Drug Enforcement Administration (DEA) have testified before Congress on many occasions over the past thirty-five years on the important role that drugs play in funding terrorist organizations and insurgencies around the world.

Prior to the 9/11 attacks on our Nation, experts usually found themselves talking about the terrorist organizations based in the Western Hemisphere when evaluating the drugs/terror nexus, with an occasional mention of insurgent groups such as the Burma (now Myanmar) based, 10,000 man Shan United Army led by the notorious heroin trafficker Khun Sa, who dominated the sourcing of heroin to the U.S. for the better part of a decade in the 1980's and 1990's. However, after 9/11 the number of Foreign Terrorist Organizations (FTOs) designated by our Nation that are involved in one or more aspects of the global drug trade began to increase dramatically.

Today the Western Hemisphere's "usual suspects," the Revolutionary Armed Forces of Colombia (FARC), Colombian National Liberation Army (ELN), the remnants of the United Self Defense Forces (AUC) in Colombia, and the Sendero Luminoso (Shining Path) of Peru, all designated as FTOs by the U.S., European Union and many other countries, are certainly involved in the drug trade, but the FTOs involved in the global drug trade now include groups like Hezbollah, Hamas and Al Qaeda in the Islamic Maghreb (AQIM), to name just a few.

The DEA has conservatively linked at least half of our Nation's designated FTOs to being involved in one or more aspects of the global drug trade, but I believe that number to be far greater, especially when considering that there are so many ways to make hundreds of millions, if not billions of dollars in the industry. Generating contraband revenue from involvement in the industry can include the taxing of farmers, taxing the movement of drugs and precursor chemicals across borders, taxing finished drugs, providing security to traditional cartels at clandestine laboratories, cache sites and airstrips, the manufacture of drugs, the transportation of drugs, and the distribution of drugs.

I believe the DEA finds itself in much the same situation as its predecessor agency, the Federal Bureau of Narcotics (FBN), found itself during the 1950s when the FBN's Director, Harry Anslinger, was working hard to alert Congress, the Department of Justice and the Nation on the pervasiveness of Italian organized crime in the United States, while the Federal Bureau of Investigation's (FBI) J. Edgar Hoover was vehemently denying its existence. Many in our government, at all levels, simply do not understand the looming threat posed by the confluence of drugs and terror; therefore, they continue to ignore it.

Why Drugs?

More and more FTOs are turning to the global drug trade, and to a lesser degree, other transnational criminal activity, to fund their operations, because we have been enormously successful in prosecuting the Global War on Terror (GWOT). Generally speaking, there are principally two reasons for this growing phenomenon: state sponsorship for terrorist organizations continues to decline, and our government and coalition partners have succeeded in significantly disrupting the funding stream to terrorist organizations from very powerful, private donors.

Although fluid and a bit tenuous at this point, there is a third dynamic taking place that appears to be unique to Al Qaeda (AQ). Our government has so disrupted AQ's ability to direct and manage (command and control) its cells and nodes around the globe, that the organization has been forced to shift from a "corporate" leadership model to a "franchise" mode of operation. In other words AQ's cells and nodes, in many ways, have been left up to their own devices to function, including self-sufficiency when it comes to funding their operations. Some of these cells and nodes are resorting to drug trafficking to do just that. The AQ cell, or affiliated cell, depending upon with whom you speak, that was responsible for the Madrid train bombings, funded that operation almost in its entirety through the sale of MDMA (3,4-methylenedioxyamphetamine), also known as ecstasy, and hashish.

There are myriad transnational criminal endeavors in which terrorist organizations can and do engage; however, nothing comes close to producing the kind of revenue that the global drug trade generates. The United Nations (UN) estimates that the global drug trade generates about \$322 billion dollars annually, and estimates that the revenue generated by the drug trade flowing between Mexico, the U.S. and Canada is \$147 billion dollars annually. The Office of National Drug Control Policy (the U.S. Drug Czar's office) estimates that our fellow citizens generate about \$65 billion dollars a year attempting to satisfy their insatiable appetite for drugs. By comparison, the UN estimates that the next closest illicit global market, alien trafficking, generates approximately \$32 billion dollars and that the illicit global arms trade generates about \$10 billion dollars annually. Significantly, these statistics have been hotly debated and disputed by many experts, but it is difficult to find any others that have been compiled by professional organizations. Suffice it to say, most all of the same experts agree the illicit profits made from the global drug trade by traditional trafficking cartels and terrorist organizations alike are massive, and dwarf all additional revenue generated by other black markets.

The Impact and Importance of Permissive Environments

FTOs and drug trafficking organizations (DTO) both work hard to create permissive environments in which to operate, relying heavily on the hallmarks of organized crime, corruption, intimidation and ruthless violence, to carve out territory in certain regions of the world so that they can operate with impunity. Our military and intelligence community commonly refer to these areas as ungoverned or under-governed space.

FTOs and DTOs thrive in permissive environments, and invest hundreds of millions of dollars a year to disrupt good governance in many areas of the world by relentlessly undermining the rule of law. They often accomplish this through calculated corruption campaigns, targeting judicial institutions made up of law enforcement, prosecutors, judges and prison officials, and

security institutions consisting of military and intelligence forces, as well as politicians at all levels. A few examples of permissive environments include the Tri-Border Area (TBA) of South America, the no-man's land where the borders of Paraguay, Argentina and Brazil come together; vast regions of West and North Africa; Afghanistan and the country's remote borders with Pakistan and Iran; Bolivia; Venezuela; and even certain areas of Mexico.

When I was serving as the Chief of Operations for the DEA, I asked the Agency's Intelligence Division to plot on a world map the locations where the 43 (now 47) designated FTOs were based. I then asked them to highlight the source countries for illicit drugs and precursor chemicals, as well as the major transit routes for the flow of drugs, chemicals and cash associated with the global drug trade. I wasn't at all surprised when the end product clearly showed the FTOs and DTOs operating in the same permissive environments.

Hezbollah operatives working in the TBA and other areas of Latin America are now routinely acquiring and shipping multi-ton quantities of cocaine to Europe, the Middle East and elsewhere via West and North Africa. They got their start a few years ago acquiring and shipping small 10 – 15 kilogram quantities of pure cocaine to Europe, Israel, the United Arab Emirates, Egypt and other locations where they could sell the small drug shipments for up to \$1 million dollars in profit. The TBA, with a large Middle Eastern immigrant population, has long been of strategic importance to Al Qaeda, Hezbollah and Hamas, and has been a very important recruiting ground for disenfranchised young men who have little to their names, and even less to hope for. The recent Department of Treasury Financial Crimes Enforcement Network (FinCEN) findings against the Beirut based Lebanese Canadian Bank, and the Prime Bank of Gambia, centered on a long term and still active complex international conspiracy investigation by the DEA, paints a troubling picture of the Hezbollah's growing involvement in the global cocaine trade.

DEA Special Agents and the Counter Narcotics Police of Afghanistan, supported by U.S. military and Department of State assets, raided a notorious heroin trafficker's compound in 2007 in remote Eastern Afghanistan near the Pakistan border. The trafficker was also reportedly one of the five founding fathers of the Taliban Ruling Shura in Kabul. Seized during the raid were his drug ledgers, which revealed that he had sold over \$170 million dollars worth of heroin in less than one year; 81 metric tons of the poison. The bottom line—no other transnational criminal activity trumps the global drug trade for generating cold hard cash, and permissive environments make it all possible.

However, these areas of the world occupied simultaneously by FTOs and DTOs create even more dangerous threats that are more strategic in nature than the two more traditional examples mentioned above. This milieu has created opportunities for operatives from FTOs and DTOs to come together—dangerously close together.

For example, the Armed Forces of Colombia (FARC), a designated FTO by the U.S., the European Union and many other countries, has established a solid foothold in places like the West African nation of Guinea Bissau, along with other Colombian drug cartels, as well as powerful Mexican drug syndicates. These groups are all vying for the same lucrative turf offered by this extremely valuable piece of global drug trafficking real estate, which serves as an important transit point for the billions of dollars of cocaine now destined for the ever expanding cocaine markets in Western Europe, Russia and other countries.

Remarkably, very few terrorism “experts” seem to be troubled by the fact that places like Guinea Bissau and the TBA are also occupied by Al Qaeda, Hezbollah and Hamas operatives. If terrorism experts believe for one minute that the operatives from these FTOs and DTOs, who are occupying the same space at the same time, are not developing relations, forming alliances and sharing lessons learned, then they are naïve at best, or more likely, absolutely in the dark when it comes to understanding how the real underworld operates.

Let me put it more candidly: If you want to visualize ungoverned space or a permissive environment, I tell people to simply think of the bar scene in the first “Star Wars” movie. Operatives from FTOs and DTOs are frequenting the same shady bars, the same seedy hotels and the same sweaty brothels in a growing number of areas around the world. And what else are they doing? Based on over 37 years in the law enforcement and security sectors, you can mark my word that they are most assuredly talking business and sharing lessons learned.

They are developing close interpersonal relationships that are tempered and honed in the harshest and most dangerous environments. These close interpersonal relationships developing today will most assuredly evolve into strategically important inter-organizational relationships tomorrow, because many of the brutally tough young operatives that have been dispatched to places like Guinea Bissau and the TBA by their FTO and DTO leaders will undoubtedly ascend into key leadership positions within their respective organizations in the not too distant future.

We have long known that groups like the AQIM and Hezbollah have the ability to work with some other Middle Eastern FTOs, but what in God’s name do we do when they have the ability to collaborate with a Mexican DTO that already dominates drug trafficking in scores of cities throughout our country? What do we do when they have the ability to collaboratively work with the FARC, an FTO hybrid that is already moving hundreds of tons of cocaine from the north coast of Colombia into Mexico aboard fully submersible submarines capable of operating at a depth of 60 or more feet while loaded with up to ten tons of the poison (cocaine)? What else could those submarines transport?

It is not in the best interest of our National security to allow these threats to co-mingle and cohabitate anywhere on the globe, because the FTOs will only become stronger by developing alliances and sharing lessons learned with groups that are far more sophisticated organizationally and operationally than they are. The U.S. should be doing all in our government’s power, working closely with willing partners, to disrupt and ultimately dismantle these powerful threats in places like Guinea Bissau, the TBA and elsewhere, but we are not. We could pay dearly for this failure to act in the future.

Instead, most U.S. federal law enforcement agencies, intelligence and military institutions have established separate counter-terrorism and counter-narcotics directorates, each having separate goals, objectives, policies and most troublesome, separate funding streams. In other words, these directorates remain stove piped ten years after 9/11, as the confluence of drugs and terror continues to grow exponentially.

I should add that there are a few instances where this is not the case. As an example, the U.S. Attorney’s Office for the Southern District of New York (SDNY) consistently prosecutes our Nation’s most important terrorism and international drug cases. Consequently, not long ago the SDNY merged its international drug section with its foreign terrorism section, because U.S.

Attorney Preet Bharara and Deputy U.S. Attorney Boyd Johnson recognized first hand the unequivocal connection between the two.

I wish the threat posed by permissive environments ended there, but it certainly does not. It is compounded even further by other despicable relationships that typically emerge in these types of atmospheres. In Guinea Bissau for example, the Colombian and Mexican cartels have also teamed with indigenous organized crime groups, and groups like the infamous Tuareg nomads further to the north, that has controlled smuggling routes through the Sahara for centuries. The Latin American cartels needed to forge these relationships as they built their African cocaine smuggling infrastructure. As in this case, indigenous organized crime syndicates and smuggling groups are typically very unsophisticated, but they are now learning from the most sophisticated global organized crime cartels that have ever existed, the Colombian and Mexican DTOs and a hybrid FTO, the FARC.

The Colombian and Mexican cartels are paying these indigenous groups “in kind” (with cocaine product) for their services with helping to smuggle multi-ton shipments of cocaine through West and North Africa and into the soft underbelly of Europe. This phenomenon has resulted in the creation of new markets for cocaine and crack cocaine (base) in West Africa, where these homegrown groups can set and control retail market prices with the cocaine they have received as payment for their services, expand into surrounding countries, and further corrupt already weak governments.

We begin to see what I refer to as a “symbiotic destabilization of government,” much as we witnessed in Colombia several years ago, in Afghanistan today, and in other parts of the world where FTOs and DTOs occupy the same space at the same time. When the FTOs attack government forces with brutal violence, the DTOs benefit as well; and when the DTOs destabilize government through physical attacks or through well planned corruption campaigns, the FTOs benefit just as much as organized crime. It is a never-ending, vicious circle that continues to degrade already weak governance. Yet our response is to invest in counter-terrorism projects to build host nation institutional capacity, or to invest in counter-narcotics programs to build competence in that realm. However, the strategies and objectives of these disparate, yet well-meaning endeavors remain unconnected or disjointed. We could accomplish so much more with a unified approach to fighting terrorism and the global drug trade that supports it. The two are inextricably connected, yet our strategy for fighting them remains disjointed.

The Emergence of the Hybrid Terrorist Organization; It's All About the Money

The Revolutionary Armed Forces of Colombia (FARC), which has been active since 1964, was absolutely opposed to becoming involved in the cocaine trade until the early 1990s. When the Soviet Union fell and the funding stream from Cuba dried up, the FARC executive secretariat, realizing they were perfectly poised at the center of gravity for the global cocaine trade, made a corporate decision after no more than 10 minutes of debate: they were in. They really had no choice; the FARC would have to become involved in the cocaine trade if they wanted to keep their movement alive. The FARC got its start by taxing poor farmers, one of the earliest and most renowned organized crime schemes and forms of extortion. They then formed alliances with traditional drug traffickers and began providing security at clandestine drug

laboratories and cache sites and the FARC also provided critical security at clandestine airstrips and on river transit routes.

They taxed the movement of drugs through their own country, as well as across clandestine smuggling routes with bordering nations. They next became involved in the full-scale production, transportation and distribution of cocaine, and are now recognized as the world's largest manufacturer and distributor of cocaine, while simultaneously recognized by our Department of State as the Western Hemisphere based FTO that poses the greatest threat to our part of the world. They are always evolving. They emerged into, what I refer to as, a "hybrid terrorist organization." One part designated FTO, and one part global DTO. And groups like the Taliban are following the same exact evolutionary path as the FARC.

In the context of funding a terrorist organization, it is important to understand that the cost of an actual terrorist attack is minimal. The Madrid train bombings, which were funded through drug trafficking by the Al Qaeda affiliated cell, only cost about \$70 thousand dollars to pull off. Although there is no evidence to indicate that any part of the 9/11 terrorist attack on the U.S. was paid for by drug trafficking activity, most experts agree that the 9/11 attacks only cost Al Qaeda about \$500 thousand dollars.

On the other hand, it costs hundreds of millions of dollars annually for the care and nurturing of a truly global terrorist network. Operatives must first be recruited and indoctrinated; they must be trained in all manner of clandestine activity, usually in very remote, secretive locations; they must be armed by global arms traffickers; safe-houses must be acquired and operated around the world; counterfeit documents must be acquired; alien traffickers must be paid to transport operatives across borders; terrorists cannot operate effectively without the latest in costly telecommunications and other communications and navigation equipment; and finally, they must be paid and provided with large amounts of operational funding, including huge quantities of money to corrupt government, military and intelligence officials.

The only area where FTOs and DTOs really differ is in what motivates them. DTOs have always been motivated by greed, while religious, cultural, or some other ideology has traditionally motivated FTOs. Yet when FTO leaders get a taste for the enormous amounts of revenue generated by their involvement in the drug trade, ideology quickly goes out the window. Rest assured that the hierarchy of these hybrid terrorist organizations continues to leverage ideology for what its most worth—recruiting and indoctrinating the young warriors to do the dirty work required to keep their criminal enterprises alive and healthy.

A Transition Made Easier By An Identical Modus Operandi

The ability of FTOs to carve out a lucrative piece of the global drug trade is made all that much easier when you consider that FTOs and DTOs operate almost identically. They are both broken down into highly compartmentalized cells to thwart the effectiveness of operations by law enforcement and military and intelligence services. If one or only a few cells are taken down, the chance of inflicting collateral damage to the greater organization is virtually impossible; all by calculated design.

Cell heads only manage the activities of their cell members, and the cell head usually receives management and direction, most often by way of telecommunications devices that are changed

out every few days, from someone at a higher level who he or she knows only by first name. And both FTOs and DTOs have the ability to quickly rejuvenate. When government experiences success in taking down a number of cells simultaneously, the threat quickly morphs into something that does not look like or act like what government security forces were focused on just a few months earlier.

As mentioned earlier, they both rely heavily on the hallmarks of organized crime, corruption, intimidation and brutal violence. A survey by the DEA just a few short years ago of its top performing confidential informants (human intelligence sources) revealed that the single most important enabler to the successful operations of DTOs was their ability to corrupt. More simply put, if they cannot successfully corrupt then they cannot successfully operate, and they invest hundreds of millions of dollars annually to corrupt all levels of government.

FTOs and DTOs rely on the latest in technology to communicate and to navigate with pinpoint accuracy to anywhere on the globe. They are masters at exploiting the technological changes taking place at light-speed in the telecommunications and communications industries. These changes help FTOs and DTOs foil the best efforts of law enforcement, military and intelligence services, all of which are hindered by antiquated legislative and policy barriers, including right here at home.

The Shadow Facilitators

FTOs and DTOs rely heavily on what I refer to as “shadow facilitators” to operate effectively: the same arms traffickers, money launderers, human traffickers, document forgers, etc., similar to “outsourcing” in the private sector. It is efficient, and it saves money. The shadow facilitators, wittingly or unwittingly, often serve to bridge the divide between FTOs and DTOs operating in the same permissive environments around the globe. In ungoverned space, the shadow facilitators have the ability to move freely within both circles, where they often times promote meetings, the formation of alliances, and the sharing of lessons learned. They are masters at creating demand for their goods and services, concurrently cashing in on the needs and requirements of the FTOs, DTOs and other organized crime threats.

Recommendations

We need to break down the barriers separating counternarcotics and counterterrorism in our government, which are usually stifled by the distinct operational authorities and sources of funding that each agency possesses and more importantly that are prohibited from being intermingled. We need a whole of government approach to building security capacity in troubled areas around the world, and the best way to do that is through the development of strategies that require interlocking CN/CT principles, goals and objectives.

I happen to believe that the DEA needs additional extra-territorial teams working as part of the agency’s Special Operations Division (SOD) (only two currently exist), Foreign-Deployed Advisory and Support Teams (FAST), and International Training Teams, and the logistical and support resources required to field them in the most remote and dangerous areas of the world. That’s where our Nation’s most threatening adversaries now operate, and the DEA should be there as well building cases with trusted counterparts against the thugs who want to do us harm. It was the DEA extra-territorial teams that brought some of the world’s most notorious criminals

to justice over the past seven years, the likes of which included Haji Bashir Noorzai, Monzer al-Kasar, Haji Juma Khan, and Victor Bout, just to name a few. You can only imagine what they could do if they had more than two such teams, especially when considering that each team consists of only about 10 agents.

Our government broke the back of traditional Italian organized crime in the U.S. by bringing the heads of the Italian crime families to justice in federal court. It is important for Congress to understand that the DEA needs additional extra-territorial teams and resources to work with foreign counterparts to bring the heads of the world's most powerful drug trafficking cartels and narco-terrorists to justice in the U.S., or in other competent jurisdictions.

The DEA requires the funding and human resources necessary to open additional offices in Africa, and other austere locations where our adversaries have migrated beyond the rule of law. The DEA, widely recognized as having the most robust and accurate human intelligence program in our government, requires the funding necessary to keep this critically important program in pace with growing demands.

The plot to assassinate the Saudi Arabian Ambassador to the U.S. that was foiled today by the FBI and DEA hinged on a DEA confidential informant who had been hired to carry out the attack—on U.S. soil. A member of the Iranian Quds Force and another suspect, believing the DEA informant to be a member of the Los Zetas drug trafficking cartel, offered to pay the informant several hundred thousand dollars for the assassination, and allegedly paid the informant approximately one hundred thousand dollars as a partial payment for the murder. I cannot think of a better example to use in stressing the importance of additional funding for the DEA's confidential informant program than this case.

Our government needs to utilize its powerful, corruption free criminal judicial process to render more indictments against terrorist organizations and shadow facilitators, similar to those rendered in the Southern District of New York (SDNY) over the past few years. The SDNY has indicted the top 50 members of the FARC executive secretariat and against global arms traffickers like Victor Bout and Monzer al-Kasar, exposing terrorist leaders and shadow facilitators for what they really are: criminals and thugs. This sends a powerful message to the world community, including large numbers of uninformed people who view these threats as freedom fighters and the modern day Robin Hood.

Monzer al-Kasar and Victor Bout, both mentioned above and the two most prolific arms traffickers in modern times, are perfect examples of shadow facilitators. Our government needs to focus more heavily on the arms, human and counterfeit document traffickers and money launderers of the world. They often service and support both FTOs and DTOs, and can lead us in myriad directions. I believe the shadow facilitators are in fact vulnerability in the war on terror that we have failed to attack to the extent necessary.

Our government is obsessed with developing security strategies designed to "defend the one yard line," specifically our border with Mexico. We need to have a greater emphasis on developing "defense in depth" strategies when it comes to protecting our homeland. Our government does not have the resources deployed in Latin America we had prior to 9/11. We need to be identifying threats originating deep in Central and South America, as well as the Western Caribbean and Eastern Pacific, before they emerge on our doorstep.

After 9/11 a large percentage of our Department of Defense detection and monitoring (D&M) assets assigned to countries covered by Southern Command's area of responsibility were deployed to other parts of the world, and I have been told they have not returned. Yet Hezbollah and Iranian Islamic Revolutionary Guard Corps (IRGC) operatives, including members of the Quds Force, are pouring into Latin America, thanks in large part to Hugo Chavez in Venezuela, the undisputed gatekeeper for Middle Eastern terrorist groups seeking to enter Latin America. Most of this activity appears to be taking place south of Mexico, but there are persistent signs that Hezbollah has strong interest in our Southwest Border.

Many in government fail to recognize that the most successful way of protecting our homeland from terrorists is by maintaining a relentless focus on the traditional threats at and beyond our borders: drug trafficking, human trafficking, weapons trafficking, and money laundering (movement of bulk cash and other proceeds). As law enforcement confronts these threats, they are far more likely to come in direct or indirect contact with terrorist operatives seeking to enter our country, or who have entered our country, to do us harm.

We must do a better job at following the money. No doubt, success can be experienced by a talented analyst sitting in a pod tracing the tens of millions of financial transactions that take place around the globe on a daily basis. However, a more productive way to accomplish our goals and objectives, especially when considering that most terrorist financing takes place clandestinely, is by doing business the old fashioned way: exploiting law enforcement confidential informants, judicially approved telecommunications intercepts, and complex international, multi-agency conspiracy investigations.

More leaders in our government need to understand that when we follow the money, we can go in any direction we choose. They must also understand that drugs are routinely traded for the most sophisticated weapons systems in the world, and they are traded for money, counterfeit documents, the services of human traffickers and other smuggling groups; I call this "the currency of contraband." Many in our government have lost site of the importance of seizing drugs, thus removing them as a source of funding, and in bringing those who are responsible for trafficking them to justice.

Finally, we as a government have changed directions far too many times in our battle against drug trafficking and abuse over the years, and those in harms way who are working hard to attack the problem are the ones who usually experience most of the pain stemming from Washington's well meaning ideas. There has been a recent movement to focus government resources on "Transnational Organized Crime" (TOC). The notion is that DTOs are involved in more than just drug trafficking, and I am not disputing that fact. However, DTOs receive the vast majority of their contraband revenue from the global drug trade, and the DEA and other U.S. law enforcement agencies have all the jurisdictional authorities required to investigate other crimes the DTOs engage in, so I do not understand the reasoning behind this trend.

The DEA has the largest U.S. law enforcement presence abroad, and is operationally engaged with foreign colleagues in bi-lateral investigations in all of the agency's 87 foreign offices. The agency is engaged in far more than liaison work abroad, has trained and vetted thousands of their counterparts around the world, and has worked hard over the last 40 years to build the infrastructure needed to attack the DTOs on their own soil. The only thing that has been accomplished with the recent movement to target TOC instead of DTOs is confusion on the part

of many of DEA's foreign counterparts, and even more confusion on the part of law enforcement right here at home. As one DEA Regional Director recently said to me, "If a DTO is making over 90 percent of its revenue from the cocaine trade, why would we refer to it as TOC when they're receiving only a pittance from the low level activity they're involved in?" DTOs have always been involved with human and arms trafficking, money laundering, cartage theft, and shakedown schemes, but it is the stiff penalties they face from Title 21, United States Code convictions that break their backs. Why are we confusing the issue, yet again?

Summary

So what's the bottom line? Global DTOs and FTOs live, multiply and operate in exactly the same ungoverned space, at exactly the same time, in exactly the same manner. They are vying for exactly the same money, generated by the same illicit enterprise, drug trafficking and to a lesser degree, other transnational organized criminal activity. They rely on the same shadow facilitators to operate effectively; the arms traffickers, alien smugglers, money launderers and document counterfeiters to name just a few. When you compress two or more of these well trained and well armed threats (FTOs/DTOs) into this space/time continuum, they are usually left with only two options: They can build alliances, or they can fight it out for supremacy, both of which undermine peace, security and stability. And providing peace, security and stability in challenged environments around the globe is the single most important thing our Country can do in its global war on terrorism. Terrorist organizations do not thrive in areas of the world where capable security institutions exist, and the rule of law is strong.

Professor James Fearon of Stanford University's Political Science Department conducted an exhaustive study entitled, "Why Do Some Civil Wars Last So Much Longer than Others," that was published in 2002. I do not want to oversimplify the study, but in summation I recall the Professor identified 128 civil wars that played out, and in some cases continued to play out, from 1945 through 2000. On average 111 of the conflicts lasted about eight years, but Professor Fearon identified 17 of the 128 that lasted on average over five times longer, or about 40+ years. The most significant difference between the two sets: The insurgent and anti-government groups involved in the 17 much lengthier conflicts generated their own contraband revenue, often through the sale of drugs.

Drugs provide a never-ending funding stream straight into the war chests of terrorist and insurgent organizations that are hell bent on destroying our way of life. If we continue our war against terrorism with far greater enthusiasm and vigor than we battle drugs, we are most likely in for a very long and costly fight.

Mr. ROYCE. Well, thank you, Mr. Braun. Thank you for a very risky operation on your part in terms of bringing him to justice. Let's go to Dr. Felbab-Brown for her remarks. Thank you.

**STATEMENT OF VANDA FELBAB-BROWN, PH.D., FELLOW,
FOREIGN POLICY, THE BROOKINGS INSTITUTION**

Ms. FELBAB-BROWN. Mr. Chairman, Mr. Connolly, I thank you for giving me this opportunity to address the committee.

Organized crime, illicit economies, especially when they coincide with military conflict generate multiple threats to states and to society.

Yet, although the negative aspects, the threats are clear, the relationship between human security, crime, illicit economies, and law enforcement is, in fact, highly complex. Not understanding the complexity and nuances has the great potential of undermining the effectiveness of policies, as well as depriving law enforcement of a panoply of strategies for dealing with this issue.

For many people around the world, participation in formal or outright illegal economies like the drug trade is the only means to satisfy their basic livelihoods. Any chance of social advancement, even as they continue to exist in the type of criminality, and security, and marginalizations. The more the state is absent or deficient in providing the necessary public goods, the more communities become susceptible to and sometimes outright dependent on those state entities, be they criminal groups or insurgents.

For this very reason, those belligerent groups, as well as criminal groups can obtain not only large financial benefits from sponsoring illicit economies, but also significant political capital, significant political support.

But although criminal groups and belligerent groups often interact in the domain of illicit economies, sometimes shear tactics, sometimes coordinate their action, they have not morphed into one homogeneous, monolithic entity. Rather, the crime nexus is far from stable and not necessarily inevitable.

Frequently, relations between criminal groups and belligerents are characterized by as much violence, as much competition and resentment as by cooperation, and often even tactical alliances collapse quickly. That is because criminal groups are not only profit maximizers, but more often than not they are risk minimizers.

Losing this nuance, losing this understanding of the different motivations and incentive structures of belligerent groups and terrorist groups would deprive law enforcement of critical mechanisms to break up the nexus and minimize threats to the United States and the international community.

Because of the complexities of illicit economies and the fact they generate political capital for those who sponsor them with respect to marginalized populations, effective state response is rarely one solely of law enforcement. Rather, an effective response will address all the complex reasons, why populations turn to illegality, one of which is law enforcement, but not a sole one.

Other aspects of an effective response would include a multi-faceted state building effort to deprive the belligerents or criminal groups of the potential to develop bonds with the marginalized community. Some of these mechanisms might include extending

Rule of Law, access to dispute resolution mechanisms, or systematic development with urban or rural.

In the case of the cultivation of illicit crop, eradication has dubious effects on the financial profits of belligerents. Only under the most auspicious circumstances can they use the financial profits of belligerents. But the definite aspect of eradication is that it antagonizes rural populations from the government, from the counterinsurgent forces and denies—deprives both of intelligence flows on the belligerent.

Regarding third crime terror nexus the priority for the United States and the international community needs to be to combat the most disruptive and dangerous networks of organized crime and belligerents, those with the greatest links or potential links to international terrorist groups with global reach, and those that are most rapacious and predatory to the society and equitable state, and those that most concentrate rents from illicit economies to a narrow clique of people.

It is important to realize that indiscriminate and uniform application of law enforcement, whether external or internal, can generate several undesirable outcomes. One of these outcomes is that the weakest criminal groups will be eliminated. That, in fact, applying law enforcement or interdiction might inadvertently increase the efficiency, lethality, corruptive and coercive power of the remaining criminal groups, might very well give rise to vertical integration of the criminal industry.

The second need to prioritize is that uniform—not prioritized application of law enforcement does not, in fact, push criminal groups together into alliance with terrorist groups. The opposite should be the goal of law enforcement to generate incentives for the groups to be as much in conflict as possible.

I think our law enforcement needs to be very much commended for uncovering the plot that was announced yesterday. And I think it's significant that there was a differential incentive structure on the part of these members of the criminal community that allowed this access to take place. And we need to enhance such mechanisms for law enforcement. Thank you.

[The prepared statement of Dr. Felbab-Brown follows:]

**Vanda Felbab-Brown
Fellow
The Brookings Institution**

Subcommittee on the Terrorism, Nonproliferation, and
Trade
Of the
House Committee on Foreign Affairs

Wednesday, October 12, 2011
2172 Rayburn Building
12:30 p.m.

**“Narcoterrorism and the Long Reach of U.S. Law
Enforcement”**

Mr. Chairman and Members of the Subcommittee:

I am honored to have this opportunity to address the Subcommittee on the important issue of the relationship between the drug trade and criminal and belligerent groups. Illicit economies, organized crime, and their impacts on U.S. and local security issues around the world are the domain of my work and the subject of my Brookings book, *Shooting Up: Counterinsurgency and the War on Drugs*. I have conducted fieldwork on these issues in Latin America, Asia, and Africa. I will focus my comments on the general dynamics of the drug-violent conflict nexus and the role of belligerent actors and crime groups and then provide a survey of the manifestations of these dynamics in Afghanistan, Mexico, Colombia, and West Africa. I will conclude with some policy implications for U.S. policies for dealing with this difficult and complex problem.

I. The Complex Dynamics of the Drug-Terror Nexus

Organized crime and illegal economies generate multiple threats to states and societies. They often threaten public safety, at times even national security. Extensive illicit economies can compromise the political systems by increasing corruption and penetration by criminal entities, undermine the legal economies, and eviscerate their judicial and law enforcement capacity.

Yet, although the negative effects of high levels of pervasive street and organized crime on human security are clear, the relationships between human security, crime, illicit economies, and law enforcement are highly complex. Human security includes not only physical safety from violence and crime, but also economic safety from critical poverty, social marginalization, and fundamental under-provision of elemental social and public goods such as infrastructure, education, health care, and rule of law.

Multifaceted institutional weaknesses are at the core of why the relationship between illegality, crime, and human security is so complex. For many, participation in informal economies, if not outright illegal ones, such as the drug trade, is the only way to satisfy their basic livelihood needs and obtain any chance of social advancement, even as they continue to exist in a trap of insecurity, criminality, and marginalization. The more the state is absent or deficient in the provision of public goods – starting with public safety and suppression of street crime and including the provision of dispute-resolution mechanisms and access to justice, enforcement of contracts, and the provision of socio-economic public goods, such as infrastructure, access to health care, education, and legal employment – the more communities are susceptible to becoming dependent on and supporters of criminal entities and belligerent actors who sponsor the drug trade and other illegal economies.

By sponsoring illicit economies in areas of state weakness where legal economic opportunities and public goods are seriously lacking, both belligerent and criminal groups frequently enhance some elements of human security of those marginalized populations who depend on illicit economies for basic livelihoods, even while compromising other aspects of their human security and undermining national security. At the same time, simplistic law enforcement measures can and frequently do further degrade human security. These pernicious dynamics become especially severe in the context of violent conflict.

Belligerent groups thus obtain far more than simply increased physical resources from their participation in illicit economies. They also derive significant political capital – legitimacy with and support from local populations – from their sponsorship of the drug and other illicit economies, in addition to obtaining large financial profits. They do so by protecting the local population's reliable (and frequently sole source of) livelihood from the efforts of the

government to repress the illicit economy. They also derive political capital by protecting the farmers (or in the case of other illicit commodities, the producers) from brutal and unreliable traffickers (bargaining with traffickers for better prices on behalf of the farmers), by mobilizing the revenues from the illicit economies to provide otherwise absent social services such as clinics and infrastructure, as well as other public goods, and by being able to claim nationalist credit if a foreign power threatens the local illicit economy.

Criminal groups too provide public goods and social services, suboptimal as they may be. For example, such public goods provision has allowed Brazil's drug gangs to dominate many of Brazil's poor urban areas, such as in Rio de Janeiro (at least until the adoption of a government to pacify the slums known as the UPP). Criminal groups and belligerents can even provide socio-economic services, such as health clinics and trash disposal.

In short, sponsorship of illicit economies allows non-state armed groups to function as security providers and economic and political regulators. They are thus able to transform themselves from mere violent actors to actors that take on proto-state functions.

Although the political capital such belligerents obtain is frequently thin, it is nonetheless sufficient to motivate the local population to withhold intelligence on the belligerent group from the government if the government attempts to suppress the illicit economy. Accurate and actionable human intelligence is vital for success in counterterrorist and counterinsurgency efforts as well as law enforcement efforts against crime groups.

Four factors determine the size of the political capital which belligerent groups obtain from their sponsorship of illicit economy: the state of the overall economy; the character of the illicit economy; the presence (or absence) of thuggish traffickers; and the government response to the illicit economy.

1. The state of the overall economy – poor or rich - determines the availability of alternative sources of income and the number of people in a region who depend on the illicit economy for their basic livelihood.
2. The character of the illicit economy – labor-intensive or not – determines the extent to which the illicit economy provides employment for the local population. The cultivation of illicit crops, such as of coca in Colombia or Peru, is very labor-intensive and provides employment to hundreds of thousands to millions in a particular country. Production of methamphetamines, for example, such as that controlled by La Familia Michoacana (one of Mexico's drug trafficking organizations), on the other hand, is not labor-intensive and provides livelihoods to many fewer people.
3. The presence of thuggish traffickers influences the extent to which the local population needs the protection of the belligerents against the traffickers.
4. The government responses to the illicit economy (which can range from suppression to laissez-faire to rural development) determine the extent to which the population depends on the belligerents to preserve and regulate the illicit economy.

In a nutshell, supporting the illicit economy will generate the most political capital for belligerents when the state of the overall economy is poor, the illicit economy is labor-intensive, thuggish traffickers are active in the illicit economy, and the government has adopted a harsh strategy, such as eradication, especially in the absence of legal livelihoods and opportunities.

In addition, both criminal entities and belligerent groups also often provide security. Although they are the source of insecurity and crime in the first place, they often regulate the level of violence and suppress street crime, such as robberies, thefts, kidnapping, and even homicides. To function as providers of public order and rules brings criminal groups important support from the community, in addition to facilitating their own illegal business since illicit economies too benefits from reduced transaction costs and increased predictability.

Both organized-crime groups and belligerent actors, such as the *Primerio Comando da Capital* in Sao Paulo's shantytowns, can also provide dispute resolution mechanisms and even set up unofficial courts and enforce contracts.

The ability of illegal groups to provide real-time, immediate economic improvements to the lives of the population also explains why even criminal groups without ideology can garner strong political capital. This effect is especially strong when the criminal groups couple their distribution of material benefits to poor populations with the provision of otherwise-absent order and minimal security. By being able to outcompete with the state in provision of governance, organized criminal groups can pose significant threats to states in areas or domains where the government's writ is weak and its presence limited. Consequently, discussions of whether a group is a criminal group or a political one or whether belligerents are motivated by profit, ideology, or grievances are frequently overstated in their significance for devising policy responses.

The extent to which criminal groups and belligerents provide these public goods varies, of course, but it often takes place regardless of whether the non-state entities are politically-motivated actors or criminal enterprises. The more they do provide such public goods, the more they become de facto proto-state governing entities.

Nonetheless even criminal groups without a political ideology often have an important political impact on the lives of communities and on their allegiance to the state. They also often have political agendas, even without having an ideology.

But although criminal groups and belligerent groups often interact with illicit economies in the same way, they have not morphed into a homogenous monolithic entity. Rather a crime-terror nexus is far from stable or necessarily inevitable. Indeed, such relations are often characterized as much by violent conflict between the criminal organizations and the terrorist groups as by cooperation. Moreover, how successfully outside terrorist groups navigate new territories where they may be drawn to because of the presence of illicit economies depends on their intelligence capacity, their cultural and human terrain awareness, their understanding of the complex relationship between official politicians, governing elites and illegal economic networks.

II. Some Key and Some New Areas of the Nexus of Organized Crime and Violent Conflict

Afghanistan

Perhaps nowhere in the world does the presence of a large-scale illicit economy threaten U.S. primary security interests as much in Afghanistan. There, the anti-American Taliban strengthens its insurgency campaign by deriving both vast financial profits and great political capital from sponsoring the illicit economy. The strengthened insurgency in turn threatens the vital U.S. objectives of counterterrorism and Afghanistan's stability plus the lives of U.S. soldiers and civilians deployed there to promote these objectives. However, the Taliban derives

large income from many economic activities, taxing anything with areas of its influence – be it poppy, sheep herds, illegal logging, economic aid programs, or trucks carrying supplies to U.S. troops.

Moreover, many actors other than the Taliban derive profits from such war economies, including the drug trade, such as many official and unofficial powerbrokers linked to the Afghan government. The large-scale opium poppy economy thus intensifies widespread preexisting corruption of Afghanistan government and law enforcement, especially the police forces.

A failure to prevail against the insurgency will result in the likely collapse of the national government and Taliban domination of Afghanistan's south, possibly coupled with civil war. A failure to stabilize Afghanistan will in turn further destabilize Pakistan, emboldening the jihadists in Pakistan and weakening the resolve of Pakistan's military and intelligence services to take on the jihadists. Pakistan may likely once again calculate that it needs to cultivate its jihadi assets to counter India's influence in Afghanistan – perceived or actual.

But the seriousness of the threat and the strategic importance of the stakes do not imply that aggressive counternarcotics suppression measures today will enhance U.S. objectives and global stability. Indeed, just the opposite. Premature measures, such as extensive eradication before legal livelihoods are in place, will simply cement the bonds between the rural population dependent on poppy for basic livelihood and the Taliban, limit intelligence flows to Afghan and NATO forces, and further discredit the Afghan government and tribal elites sponsoring eradication. Nor, given the Taliban's large sources of other income, will eradication bankrupt the Taliban. In fact, eradication so far has failed to accomplish that while already generating the above mentioned counterproductive outcomes.

After years of such inappropriate focus on eradication of the poppy crop, the new counternarcotics strategy for Afghanistan, announced by U.S. government officials in summer 2009, overall meshes well with the counterinsurgency and state-building effort. By scaling back eradication and emphasizing interdiction and development, it helps separate the Afghan rural population from the Taliban. A well-designed counternarcotics policy is not on its own sufficient for success in Afghanistan. But it is indispensable. Counterinsurgent forces can prevail against belligerents profiting from the drug trade when they increase their own counterinsurgency resources and improve the strategy.

The Obama strategy appropriately focuses on two tracks – interdiction of Taliban-linked traffickers and rural development to wean the rural population of dependence on poppy. But implementation of the strategy critically influences its effectiveness and there are some elements for concern where better balancing of short-term imperatives and long-term sustainability would be highly desirable.

The *interdiction* element has been geared toward Taliban-linked traffickers. ISAF forces from those countries that want to participate in the interdiction program – mainly the U.S. and U.K. forces – have concentrated on reducing the flows of weapons, money, drugs, precursor agents, and improvised explosive device (IED) components to the Taliban, with the goal of degrading the Taliban's finances and physical resources through interdiction. Although tens of interdiction raids have now been conducted, especially in the south, and large quantities of opium and IEDs have been seized in these operations, it is questionable whether the impact on the Taliban's resource flows has been more than local. Large-scale military operations to clear the Taliban from particular areas, such as in Marja, Helmand, have also of course affected the insurgents' funding capacity and resource flows in those particular areas. But so far, the cumulative effects of the *narcotics interdiction* effort to suppress financial flows do not appear to

be affecting the Taliban at the strategic level. This is because, as explained above, the Taliban fundraising policy has long been to tax any economic activity in the areas where the insurgents operate. The strongest effect of focusing interdiction on Taliban-linked traffickers appears to be at least temporarily to disrupt its logistical chains since many of its logistical operatives handle both IED materials and moving drugs. In combination with ISAF's targeting focus on mid-level commanders, the prioritization of the counternarcotics-interdiction focus is probably palpably complicating the Taliban's operational capacity in Afghanistan's south, where both the military surge and counternarcotics efforts have been prioritized.

Whatever its benefits on disrupting the Taliban's logistical chains, the interdiction policy also has a negative side-effect of signaling to Afghan powerbrokers that the best way to conduct the drug business in Afghanistan is to be linked to the government of Hamid Karzai, further undermining the domestic legitimacy of the Afghan government and rule of law. But tackling corruption in Afghanistan is a no-easy task because of the international community's continuing dependence on problematic, but "useful" interlocutors, competing priorities, and the domestic political sensitivities and dependencies of the Karzai government.

A *comprehensive sustainable rural and overall economic development* is critical for Afghanistan's future, including for its ability to reduce the drug cultivation and trade in the country. But the so-called economic stabilization programs that are a key aspect of the rural development program are of concern because they are not highly effective and can be counterproductive. Their goal is to keep Afghan males employed so that economic necessities do not drive them to join the Taliban and to secure the allegiance of the population who, ideally, will provide intelligence on the insurgents. Under this concept, U.S. economic development efforts have prioritized the most violent areas. Accordingly, the vast majority of the \$250 million USAID Afghanistan budget for 2010 went to only two provinces: Kandahar and Helmand.¹ In Helmand's Nawa district, for example, USAID spent upward of \$30 million within nine months, in what some dubbed "[the] carpet bombing of Nawa with cash."²

Although U.S. government officials emphasize that these stabilization programs have generated tens of thousands of jobs in Afghanistan's south, many of the efforts have been unsustainable short-lived programs, such as canal cleaning and grain-storage and road building, or small grants, such as for seeds and fertilizers. Characteristically, they collapse as soon as the money runs out, often in the span of several weeks.

There is also little evidence that these programs have secured the allegiance of the population to either the Afghan government or ISAF forces or resulted in increases in intelligence from the population on the Taliban. Nor have these programs yet addressed the structural deficiencies of the rural economy in Afghanistan, including the drivers of poppy cultivation. A microcredit system, for example, continues to be lacking throughout much of Afghanistan. In fact, many of the stabilization efforts, such as wheat distribution or grant programs, directly undermine some of the long-term imperatives for addressing the structural market deficiencies, such as the development of microcredit or the establishment of local Afghan seed-banks and seed markets and rural enterprise and value-added chains. Shortcuts such as the so-called Food Zone in Helmand and similar wheat distribution schemes elsewhere in Afghanistan are symptomatic of the minimal short-term economic and security payoffs (but

¹ Rajiv Chandrasekaran, "In Afghan Region, U.S. Spreads the Cash to Fight the Taliban," *Washington Post*, May 31, 2010; and Karen DeYoung, "Results of Kandahar Offensive May Affect Future U.S. Moves," *Washington Post*, May 23, 2010.

² *Ibid.*

substantial medium-term costs) mode with which the internationals have operated in Afghanistan. The result: persisting deep market deficiencies and compromised rule of law. There is a delicate three-way balance among long-term development, the need to generate support among the population and alleviate economic deprivation in the short term, and state-building. Merely prioritizing short-term expediency over long-term sustainability and the fostering of good governance – whether on the battlefield in the form of militias or in the agricultural field in the forms of unsustainable quick-impact projects -- will ultimately undermine stability and development.

Mexico

The Obama Administration has also embraced a multifaceted approach to dealing with organized crime and illicit economies. Indeed, a focus on reinforcing the relationship between marginalized communities in Mexico's cities, such as Ciudad Juarez, and the state is now the fourth pillar of the new orientation of the Merida Initiative, "Beyond Merida." Beyond Merida recognizes that there are no quick technological fixes to the threat that DTOs pose to the Mexican state and society. It also recognizes that high-value-targeting of drug capos alone, even while backed up by the Mexican military, will not end the power of the Mexican DTOs. Indeed paradoxically, it is one important driver of violence in Mexico, with all its deleterious effects on rule of law and society.

Instead, Beyond Merida focuses on four pillars: a comprehensive effort to weaken the DTOs that goes beyond high-value decapitation; institutional development and capacity building, including in the civilian law enforcement, intelligence, and justice sectors; building a 21st century border to secure communities while encouraging economic trade and growth; and building community resilience against participation in the drug trade or drug consumption. Beyond Merida thus seeks to expand interdiction efforts from a narrow high-value targeting of DTO bosses to a more comprehensive interdiction effort that targets the entire drug organization and giving newly trained police forces the primary street security function once again while gradually putting the military in a background support function. By focusing on the building of a secure but smart U.S.-Mexico border that also facilitates trade, the strategy not only helps U.S. border states for which trade with Mexico often represents an economic lifeline, but also helps generate economic opportunities in Mexico that reduce the citizens' need to participate in illegality for obtaining basic livelihood. Pillar three then critically meshes with fourth pillar – focused on weaning the population away from the *drug traffickers* – which again seeks to build resilient communities in Mexico to prevent their takeover by Mexican crime organizations.

Beyond Merida is designed to also significantly enhance the capacity of the government of Mexico. Social programs sponsored by the U.S. fourth pillar, such as *Todos Somos Juarez*, aim to restore hope for underprivileged Mexicans – 20% of Mexicans live below the extreme poverty line and at least 40% of the Mexican economy is informal – that a better future and possibility of social progress lies ahead if they remain in the legal economy. Such bonds between the community and the state are what at the end of the day will allow the state to prevail and crime to be weakened. But they are very hard to effectuate – especially given the structural deficiencies of Mexico's economy as well as political obstacles.

Notwithstanding the level of U.S. assistance so far, including having generated over several thousand newly trained Mexican federal police officers, Mexico's law enforcement remains deeply eviscerated, deficient in combating street and organized crime, and corrupt. Corruption persists even among the newly trained police. Expanding the investigative capacity

of Mexico's police is an imperative yet frequently difficult component of police reform, especially during times of intense criminal violence when law enforcement tends to become overwhelmed, apathetic, and all the more susceptible to corruption. The needed comprehensive police reform will require sustained commitment over a generation at least.

U.S. assistance to Mexico in its reform of the judicial system and implementation of the accusatorial system, including training prosecutors, can be particularly fruitful. Urgent attention also needs to be given to reform of Mexico's prisons, currently breeding grounds and schools for current and potential members of drug trafficking organizations.

Such a multifaceted approach toward narcotics and crime and emphasizing social policies as one tool to mitigate crime, is increasingly resonating in Latin America beyond Mexico. Socio-economic programs designed to mitigate violence and crime -- for example, the *Virada Social* in Sao Paulo or the socio-economic component of the Pacification (UPP) policy in Rio de Janeiro's favelas -- have been embraced by state governments in Brazil.

Colombia

In Colombia President Juan Manuel Santos has initiated a range of socio-economic programs, such as land restitution to victims of forced displacement. The National Consolidation Plan of the Government of Colombia also recognizes the importance of addressing the socio-economic needs of the populations previously controlled by illegal armed actors. But state presence in many areas remains highly limited and many socio-economic programs often consist of limited one-time handouts, rather than robust socio-economic development. The government of Colombia also lacks the resources to robustly expand its socio-economic development efforts and its security and law enforcement presence to all of its territory and even its strategic zones.

Although the size and power of illegal armed groups, such as the leftist guerillas, the *Fuerzas Armadas Revolucionarias de Colombia* (FARC) have been substantially reduced, and the guerillas have been pushed away from strategic corridors, they still maintain a presence of perhaps several thousand, critically undermine security in parts of Colombia, and participate in the drug trade and extortion. Despite the formal demobilization of the paramilitary groups, new paramilitary groups, referred to by the Government of Colombia as *bandas criminales*, have emerged and by some accounts number ten thousand. They too participate in the drug trade and undermine public safety in ways analogous to the former paramilitaries. Such paramilitary groups have also penetrated the political structures in Colombia at both the local and national levels, distorting democratic processes, accountability, and socio-economic development, often to the detriment of the most needy. New conflicts over land have increased once again and displacement of populations from land persists at very high levels. Homicides and kidnapping murders are up in Bogotá and Medellín, once hailed as a model success. The government's provision of security in many areas remains sporadic and spotty.

Yet the government of President Santos needs to be given major credit for recognizing the need to focus rigorously on combating the *bandas criminales*. The government also deserves credit for focusing on combating street crime and urban violence and for unveiling a well-designed plan for combating urban crime, *Plan Nacional de Vigilancia Comunitaria por Cuadrantes*, emphasizing crime prevention, community policing, and local intelligence.

Critically, with all its emphasis on social policies, the Santos Administration has yet to move away from the ineffective and counterproductive zero-coca policy of inherited from Colombia's previous administration. The zero-coca policy conditions all economic aid on a total

eradication of all coca plants in a particular locality. Even a small-scale violation by one family disqualifies an area, such as a municipality, from receiving any economic assistance from the Government of Colombia or from cooperating international partners. Such a policy thus disqualifies the most marginalized and coca-dependent communities from receiving assistance to sustainably abandon illicit crop cultivation, subjects them to food insecurity and often also physical insecurity, pushes them into the hands of illegal armed groups, and adopts the wrong sequencing approach for supply-side counternarcotics policies. In cooperating with the Santos administration in Colombia, the United States government should encourage the new Colombian leadership to drop this counterproductive policy.

Over the past nine years, reflecting the results of U.S. assistance under Plan Colombia and the Andean Counterdrug Initiative, Colombia has experienced very significant progress. Nonetheless, the success remains incomplete. It is important not to be blinded by the success and uncritically present policies adopted in Colombia as a blanket model to be emulated in other parts of the world, including in Mexico. While its accomplishments, including in police reform and the impressive strengthening of the judicial system, need to be recognized and indeed may serve as a model, the limitations of progress equally need to be stressed, for it is important to continue working with Colombia in areas of deficient progress and to avoid repeating mistakes elsewhere around the world.

Furthermore, in counternarcotics and anti-crime policies, as in other aspects of public policy, it is important to recognize that a one-shoe-fits-all approach limits the effectiveness of policy designs. Local institutional and cultural settings will be critical determinants of policy effectiveness; and addressing local drivers of the drug trade and criminal violence and corruption will be necessary for increasing the effectiveness of policies.

West Africa

Although the next section briefly sketches illicit economies in West Africa, it is important to emphasize that despite some overall common characteristics of West African countries, their political arrangements and institutions, patterns of economic (under)development, and integration of illegal economies into the political terrain are hardly uniform. Nor is West Africa a monolithic region. Rather, it is characterized by a great diversity of political, economic, and social institutional arrangements and historic developments and legacies. There are great differences in political institutionalization, the quality of governance, economic performance and potential, and overall state-building trends in the region. Politically, economically, socially, and culturally, Ghana is not the same as Equatorial Guinea, for example. Nor does Senegal's development over the past twenty years mimic that of Cote d'Ivoire or Liberia. West Africa's various countries continue to experience divergent trends, with some previously affected by predatory rentier behavior and wars over economic rents showing important progress recently in managing their resources and combating illegal economies, while others have failed to do so.

In West Africa, the level of drug trafficking—especially cocaine from South America en route to Europe—has increased dramatically over the past decade. Driven by the newly intensified demand for cocaine in Western Europe, the shrinking of demand for cocaine in the United States, and the pressure on cocaine smuggling from interdiction operations in the Caribbean, the level of trafficking through West Africa has increased to a quarter of Europe's annual consumption.³ With some countries, such as Guinea-Bissau, appearing to be overrun by

³ United Office on Drugs and Crime (UNODC), *Cocaine Trafficking in West Africa: the Threat to Stability and Development* (Vienna: UNODC, 2007).

drugs and significant political instability, coups, and assassinations linked to organized crime and the drug trade in the country, analysts worry about the threat that the drug trade poses to the rule of law, political stability, and the quality of governance in the region.

However, many of these institutional conditions have existed for years in West Africa and predate the emergence of the current intense drug trafficking through the region. Neither illicit economies nor the drug trade are new to West Africa. Indeed, the region has been characterized by a variety of illicit economies and their deep integration into the political arrangements and frameworks of the countries in the region. Much of the political contestation in the region has focused on getting access to the state to control rents from various legal, semi-illegal, or outright illegal economies—such as diamonds (Sierra Leone, Liberia), gold and other precious metals, stones, and timber (Liberia, and Sierra Leone), the extraction, monopolization, and smuggling of agricultural goods, such as cocoa (Cote d'Ivoire), trafficking in humans for sexual exploitation and domestic slavery (Mali, Togo, Ghana), oil (Nigeria), and fishing (often conducted illegally and destructively by international fleets from outside West Africa). Political contestation in these countries has often centered on taking over the state in order to control the main sources of revenue. In essence, the government has been seen as a means to personal wealth, not service to the people.

Fearing internal coups and yet facing little external aggression even in the context of very porous borders, many ruling elites in West Africa after independence systematically allowed their militaries and law enforcement institutions to deteriorate. To the extent that police forces—both street cops and anti-organized crime units—have been nurtured at all, they have mainly served as political tools to be used against political opposition and personal protection forces of ruling elites. Both law enforcement and the justice systems have been especially underdeveloped, under-institutionalized, and corrupt. Instead of having a professional ethic of serving and protecting all citizens, law enforcement in West Africa has often been highly abusive and rapacious. Police forces tend to be vastly undertrained and under-resourced for tackling either street crime or organized crime.

Yet it would be a significant and often inappropriate leap of analysis to assume that “the drug trade epidemic” in West Africa will necessarily challenge political stability and threaten the existing governments and power of ruling elites. To the extent that external drug traffickers make alliances with internal outsiders—former or existing rebels not linked to the official system or young challengers who seek social mobility in an exclusive system—the traffickers will develop a conflictual relationship with the state, and political instability may well follow. To the extent that the governing elite captures the new rents, a symbiosis between external (and internal) drug traffickers and the ruling elites may develop. Drug traffickers will enjoy a sponsored safe-haven, and while democratic processes and institutional development of the country will be threatened, political stability and the existing political dispensation may well be strengthened.

Similarly, whether the intensification of the drug trade in West Africa results in the emergence of a nexus with international terrorism is highly contingent on local conditions and the terrorist group's skills. The level and shape of law enforcement against illegal economies in West Africa will critically influence the tightness of the crime-terror nexus. It is critical to avoid inadvertently driving the two actors together.

Policy Implications

- In areas of state weakness and under provision of public goods, increased action by law enforcement agencies to suppress of crime rarely is a sufficient response. *Effective state response to intense organized crime and illicit economies usually requires that the state address all the complex reasons why populations turn to illegality, including law enforcement deficiencies and physical insecurity, economic poverty, and social marginalization.* Such efforts entail ensuring that peoples and communities will obey laws. One component is increasing the likelihood that illegal behavior and corruption will be punished. An equally important component is creating a social, economic, and political environment in which the laws are consistent with the needs of the people and therefore can be seen as legitimate and can be internalized.

- *Eradication of illicit crops has dubious effects on the financial profits of belligerents.* Even when carried out effectively, it might not inflict serious, if any, financial losses upon the belligerents since partial suppression of part of the illicit economy might actually increase the international market price for the illicit commodity. Given continuing demand for the commodity, the final revenues might be even greater.

Moreover, the extent of the financial losses of the belligerents also depends on the ability of the belligerents, traffickers, and farmers to store drugs, replant after eradication, increase the number of plants per acre, shift production to areas that are not subject to eradication, or use high-yield, high-resistance crops. Belligerents also have the opportunity to switch to other kinds of illicit economies such as synthetic drugs. Yet although the desired impact of eradication - to substantial curtail belligerents' financial resources - is far from certain and is likely to take place only under the most favorable circumstances, eradication will definitely increase the political capital of the belligerents since the local population will all the more strongly support the belligerents and will no longer provide the government with intelligence.

- *Policies to interdict drug shipments or measures to counter money laundering, while not alienating the local populations from the government, are extraordinarily difficult to carry out effectively.* Most belligerent groups maintain diversified revenue portfolios. Attempts to turn off their income are highly demanding of intelligence and are resource-intensive.

- *Effectiveness of law enforcement efforts to combat organized crime is enhanced if interdiction policies are designed to diminish the coercive and corruption power of criminal organizations, rather than merely and predominantly to stop illicit flows.* The former objective may mandate different targeting strategies and intelligence analysis. Predominant focus on the latter objective often weeds out the least capacious criminal groups, giving rise to a vertical integration of the crime industry and "leaner and meaner" criminal groups.

- *Counterinsurgency or anti-organized crime policies that focus on directly defeating the belligerents and protecting the population tend to be more effective than policies that seek to do so indirectly by suppressing illicit economies as a way to defeat belligerents.* Efforts to limit the belligerents' resources are better served by a focus on mechanisms that do not harm the wider population directly, even though such discriminate efforts are difficult to undertake effectively because of their resource intensiveness.

Therefore, counternarcotics policies have to be weighed very carefully, with a clear eye as to their impact on counterinsurgency and counterterrorism. Seemingly quick fixes, such as blanket eradication in the absence of alternative livelihoods, will only strengthen the insurgency and compromise state-building, and ultimately the counternarcotics efforts themselves.

- *Effectiveness in suppressing illicit economies is critically predicated on security. Without constant and intensive state presence and security, neither the suppression of illicit economies nor alternative livelihoods programs have been effective.*

- *An appropriate response would be a multifaceted state-building effort that seeks to strengthen the bonds between the state and marginalized communities dependent on or vulnerable to participation in the drug trade for reasons of economic survival and physical insecurity.* The goal of supply-side measures in counternarcotics efforts would be not simply to narrowly suppress the symptoms of illegality and state-weakness, such as illicit crops or smuggling, but more broadly and fundamentally to reduce the threat that the drug trade poses to human security, the state, and overall public safety.

- In the case of efforts to combat illicit crop cultivation and the drug trade, one aspect of such a multifaceted approach that seeks to strengthen the bonds between the state and society and weaken the bonds between marginalized populations and criminal and armed actors would be *the proper sequencing of eradication and the development of economic alternatives.* Policies that emphasize eradication of illicit crops, including forced eradication, above rural development or that condition alternative livelihoods assistance programs on prior eradication of illicit crops, such as Colombia's so-called zero-coca policies, have rarely been effective. Such sequencing and emphasis has also been at odds with the lessons learned from the most successful rural development effort in the context of illicit crop cultivation, Thailand. Indeed, Thailand offers the only example where rural development succeeded in eliminating illicit crop cultivation on a country-wide level (even while drug trafficking and drug production of methamphetamines continue).

- Effective rural development does require not only proper sequencing of security, alternative livelihoods development, but also *a well-funded, long-lasting, and comprehensive approach* that does not center merely on searching for a replacement crop. Alternative development efforts need to address all the structural drivers of why communities participate in illegal economies -- such as poor access to legal markets, deficiencies in infrastructure and irrigation systems, no access to legal microcredit, and the lack of value-added chains.

- *But the economic approaches to reducing illegality and crime should not be limited only to rural areas: there is great need for such programs even in urban areas afflicted by extensive and pervasive illegality where communities are vulnerable to capture by organized crime,* such as in Mexico. Often the single most difficult problem is the creation of jobs in the legal economy, at times requiring overall GDP growth. But GDP growth is often not sufficient to generate jobs and lift people out of poverty as long the structural political-economic arrangements stimulate capital-intensive growth, but not job creation.

- It is important that *social interventions are designed as comprehensive rural*

development or comprehensive urban planning efforts, not simply limited social handouts or economic buyoffs. The handout and buyoff shortcuts paradoxically can even strengthen criminal and belligerent entities. Such buyoff approach can set up difficult-to-break perverse social equilibria where criminal entities continue to control marginalized segments of society while striking a let-live bargain with the state, under which criminal actors even control territories and limit state access.

- An effective multifaceted response by the state also entails other components:
 - Addressing street crime to restore communities' associational capacity and give a boost to legal economies;
 - Providing access to dispute resolution and justice mechanisms – Colombia's *casas de justicia* are one example;
 - Encouraging protection of human rights, reconciliation, and nonviolent approaches;
 - Improving access to effective education as well as health care – a form of investment in human capital;
 - Insulating informal economies from takeover by the state and limiting the capacity of criminal groups to become polycrime franchises;
- And creating public spaces free of violence and repression so that civil society can recreate its associational capacity and social capital.

- It is also important to note that *some alternative illicit economies, and new smuggling methods to which belligerents are pushed as result of suppression efforts against the original illicit economy, can have far more dangerous repercussions for state security and public safety than did the original illicit economy.* Such alternative sources of financing could involve, for example, obtaining radioactive materials for resale on the black market. If true, reported efforts by the FARC to acquire uranium for resale in order to offset the temporary fall in its revenues as a result of eradication during early phases of Plan Colombia before coca cultivation there temporarily rebounded, provide an example of how unintended policy effects in this field can be even more pernicious than the problem they are attempting to address.⁴ The FARC's switch to semisubmersibles for transportation of drugs is another worrisome example of unintended consequences of a policy, this time of intensified air and maritime interdiction. The more widespread such transportation technologies are among non-state belligerent actors, the greater the likelihood that global terrorist groups will attempt to exploit them for attacks against the U.S. homeland or assets.

- Similarly, *in the absence of a reduction of global demand for narcotics, suppression of a narcotics economy in one locale will only displace production to a different locale where threats to local, regional, and global security interests may be even greater.* Considerations of such second and third-degree effects need to be built into policy. If counternarcotics policies, for example, shifted opium poppy cultivation from Afghanistan to Pakistan, the security consequences for the United States would be far more dire than even the highly undesirable poppy cultivation in Afghanistan.

⁴ Sybilla Brodzinsky, "FARC Acquired Uranium, Says Colombia," *Christian Science Monitor*, March 28, 2008.

- A policy design must be cognizant of the fact that it is unrealistic to expect that external policy interventions can eradicate all organized crime and illicit economies in a particular place or, for that matter, all drug trade in that place. ***The priority for the United States and the international community needs to be to combat the most disruptive and dangerous networks of organized crime and belligerency: those with the greatest links or potential links to international terrorist groups with global reach and those that are most rapacious and predatory to the society and equitable state and most concentrate rents from illicit economies to a narrow clique of people.*** These two criteria may occasionally be in conflict and thus pose a difficult dilemma. In addition to considering the severity of the threat posed to the international community and to the host state and society, the estimated effectiveness of policy intervention with respect to each type of groups needs to be factored into the analysis of such policy choices.
- It is important to realize that ***indiscriminate and uniform application of law enforcement – whether external or internal – can generate several undesirable outcomes that need to be guarded against:***
 - First, the weakest criminal groups can be eliminated through such an approach, with law enforcement inadvertently increasing the efficiency, lethality, and coercive and corruption power of the remaining criminal groups operating in the region.
 - Second, ***such an application of law enforcement without prioritization can indeed push criminal groups into an alliance with terrorist groups – the opposite of what should be the purpose of law enforcement and especially outside policy intervention.*** Both outcomes have repeatedly emerged in various regions of the world as a result of opportunistic, non-strategic drug interdiction and law enforcement policies.
- Rather than rushing to assistance wherever organized crime reaches visibility, ***the United States need to engage in law enforcement, anti-organized crime, counternarcotics, and counterterrorism assistance with extreme caution.*** A do-no-harm attitude and careful evaluation of the side-effects of policy actions need to prominently figure in policy considerations.

There are multiple dangerous risks in rushing to provide external assistance:

- First of them is the danger that with minimal monitoring presence and rollback capacity of the United States on the ground, U.S.-trained law enforcement forces will “go rogue” and the international community will only end up training more capable drug traffickers or coup forces.
- Second, there is a not-insubstantial risk that some governments will come to see international counternarcotics or anti-organized crime aid as yet another form of rent to be acquired for their power and profit maximization, in the same way that anti-Communist or counterterrorism aid had often been manipulated. Such funds can be diverted for personal profits; or worse yet against domestic political opposition and undermine institutional development and effective and accountable governance in the country.
- Third, building up law enforcement capacity and intervening against illicit economies may often be perceived by local populations as antagonistic to their interests. Such a misalignment between state and societal interests may at the minimum limit the effectiveness of policy intervention; at worst compromise other, more important U.S. and international interests, such as to reduce violent conflict and suppress terrorism.

- The United States can limit these dangers by following some overarching guiding principles regarding extending outside assistance to suppress organized crime.
 - ***First, international assistance should be carefully calibrated to the absorptive capacity of the partner country.*** In places where state capacity is minimal and law enforcement often deeply corrupt, an initial focus on strengthening the police capacity to fight street crime, reducing corruption, and increasing the effectiveness and reach of the justice system may be the optimal initial interventions. Only once careful monitoring by outside actors has determined that such assistance has been positively incorporated, may it be fruitful to increase assistance for anti-organized crime efforts, including advanced-technology transfers and training. Careful monitoring of all anti-organized crime programs -- including their effects on the internal political arrangements and power distribution within the society and their intended effects on the power of criminal groups and their links to terrorist groups -- needs to be consistently conducted by outside actors.
 - Second, as detailed above, the international policy package needs to include a focus on broad state-building and on fostering good governance. ***Policy interventions to reduce organized crime and to suppress any emergent crime-terror nexus can only be effective if there is a genuine commitment and participation by recipient governments and sufficient buy-in from local communities.***

Thank you for giving me this opportunity to address the Subcommittee on this important issue.

Mr. ROYCE. Thank you, I appreciate your testimony, as well.

Let me go to Mr. Braun with the first question, which would be on the DEA confidential informant who was at the heart of this Iranian assassination plot. According to the Justice Department, what we know is, presumably, Iran's Quds Force approached the Iranian-American. It was last spring, and they approach him with the idea of recruiting narcotraffickers into the plot.

What I was going to ask you is, if this is the case, what it would tell us is that Iranians were comfortable swimming in those waters in terms of the cartels in Mexico. I'd like you to discuss the relationship between the Quds Force and Hezbollah, and the Mexican cartels to the extent you can. And how are these confidential informants worked in a situation like this?

Mr. BRAUN. Mr. Chairman, some important points. The DEA on any given day of the week has got several thousand confidential informants that are working for the Agency domestically and around the globe.

An important point to make about law enforcement confidential sources, and I don't mean to in any way diminish the importance of human intelligence sources within the Intel community, but in law enforcement those sources have to pass what I call the judicial test. And by that I mean at some point in time when their case handlers are interviewing them for the first time or the 100th time working with them what's in the back of their mind is at some point in the future he, meaning the informant, and/or me, meaning the agent, is going to end up in a Federal courthouse testifying under oath about what's happening, is going to be raked across the coals by a defense attorney being paid way too much money, and it's not a pleasant experience. So, the Agency goes to great lengths to corroborate every piece of information that those sources reveal. Again, one important point.

Another important point here is that it is not unusual for the DEA, which is a single mission agency, but obviously multi-faceted, as they're working the most complex investigations in Federal law enforcement, targeting the most ruthless drug trafficking cartels in the world for them to come against terrorist organizations, against money launderers, hit men, arms traffickers, what I refer to as the potpourri of global scum, it happens routinely. Another important point.

But with that said, the DEA relies heavily on those informants. They have over the last several decades relied heavily—more heavily on judicially approved telecommunications intercept operations that we use very effectively against guys like Bout and others.

I don't want to—Mr. Chairman, I don't want to get into the details of this particular case.

Mr. ROYCE. Just give me a little bit about the connection, if you have any specifics on Mexican drug cartels and Hezbollah.

Mr. BRAUN. Well, here's what I can tell you.

Mr. ROYCE. I know one specific instance.

Mr. BRAUN. Okay.

Mr. ROYCE. The Kourani case that I referred to earlier.

Mr. BRAUN. Here's what I can tell you. In places like the Tri-Border area of Latin America, in places like West Africa, and I particularly believe in some permissive environments within Mexico,

groups like very powerful drug trafficking groups and terrorist organizations are coming together.

As Doug has said in the past, and I have said in the past, they hang out in the same sweaty brothels, they rub shoulders in the same city bars, and they stay at the same hotels. And what are they doing? They're sharing lessons learned, they're talking business.

I believe that those things are playing out, and have been playing out for a long time. And I believe that it was that kind of a scenario that enabled the informant to be at just the right place at just the right time to be approached by an Iranian-American, allegedly a member of the Quds Force as a brother, and that's how that informant—that investigation hinged on that informant and the important role that he played.

Mr. ROYCE. Thank you. Let me ask Dr. Brown a question.

Hernando de Soto's work in Peru on the Third Path in terms of trying to install the rule of law by giving private property rights to people that normally would be involved in the drug trade. Is that the type of example that you were thinking of? I'd just like to get your response to some of the concepts that he has utilized in order to try to engage people who normally would not have an interest in moving away from the narcotics trade and, instead, giving them an alternative path. Let me ask you about that.

Ms. FELBAB-BROWN. It needs to be a multi-faceted extension of the state presence, one of which is bringing effective and accountable law enforcement, one that is not abusive toward the population, one that has the capacity to develop good relations with the communities, so that the community is willing to provide intelligence, and one that is effective at protecting the community against non-state actors. Often, those state actors themselves are providers of security.

Another aspect in extending Rule of Law in the form of justice, a resolution mechanism, or access to justice so that the population does not have to turn toward non-state actors for the dispensation of rules and order.

And yet another aspect is providing the necessary socio economic benefits, access to legal jobs, and access to infrastructure, schools, clinics.

How one actually goes about it in the particular circumstances will depend on the local circumstances. In Mexico, Todos Somos Juarez is an example of such a program. The U.S. component under Beyond Medidas called the Fourth Pillar. But the goal is to satisfy the ability of the population to have legal livelihoods, and access to Rule of Law through official state mechanisms.

Mr. ROYCE. Thank you, Dr. Brown. I'll return in the second round for a question for Mr. Farah. Let me now go to the ranking member, Mr. Connolly.

Mr. CONNOLLY. Mr. Chairman, I'm happy if you wish to pursue that, and I'll go—

Mr. ROYCE. Very good. I'll go with one question, then Mr. Connolly, and then over to Dana Rohrabacher.

I wanted to ask you, Doug Farah, about the learning curve that seems to be pretty rapid in these parts of the world as we see the explosives used by the drug cartels, for example. They started a

few years ago with pipe bombs, and then all of a sudden you've got these radio triggered plastic explosive car bombs. And it does look as though there's an expertise that's being shared. I was wondering if you had any information on the types of expertise that gets transferred, and what kind of support, outside support the cartels might be seeking?

Mr. FARAH. Thank you. I think that it's one of the great benefits of inhabiting permissive environments is exactly that, the chance to sit down and do lessons learned. If you look specifically at groups like the FARC, which are both a terrorist organization and a drug trafficking organization, they've gone out of their way to acquire lessons from ETA Basque terrorists, from the remnants of the Irish Republican Army, from numerous other terrorists groups which greatly enhance their explosive capacity, and their ability to do intelligence, counterintelligence.

And I think that if you look at Mexico, you see the possible transfer, at least a great improvement in the types of tunnels they're making. There's a lot of concern that that might be coming directly from Hezbollah or other people who have really perfected the art of tunnel building. And what they really—they want a couple of things, and that is technical expertise on intelligence gathering. Counterintelligence is one of the things they value incredibly highly, and any sort of games and toys they can get their hands on that will make the lives of the cops more difficult.

In Colombia and Mexico you see the high premium placed on encryption, different types of encryption that they can use because, as Mike knows well, when the DEA used to buy something it has to go through a process of acquiring it, and bidding, and all that stuff. These guys go buy the best off the shelf stuff and they're generations ahead sort of almost by default.

So, I think that those are the specific ways. But I think one of the things you're finding is, I think it's both old and new. I think you find this whole new range of technologies being used. But more and more I'm seeing, particularly in Central America and through Mexico the traditional routes that have always been used for smuggling, the routes that the FMLN used, the routes that the Contras used, the routes everybody used for different things in those wars are still in use in part because I think the way Vanda accurately describes it, the culture of their legality. It's very difficult to establish state presence in areas that have always used illegal methods, or what they don't consider to be illegal methods for their livelihoods, but the explosion of drug money into those networks is what really changes the game.

Mr. ROYCE. Thank you, Mr. Farah. Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman.

Mr. Farah, and I may be pushing you beyond your area of expertise, but based on what we know from announcements yesterday, what is your understanding of the relationship of the Quds to the government, the formal Government of Iran?

Mr. FARAH. Well, I think that there has been a lot of concern for a long time. The Quds Force is not directly responsible to the formal government. Ahmadinejad does not necessarily control the Quds Force, or the Iranian Revolutionary Guard.

I think there's a lot of concern that the Quds Force does a lot of things that are outside what would be the normal chain of command that goes very high up into the clerical structure. So, I would say that—I'm not an expert on Iran, but I—my understanding is that there's significant possibility that those who hold formal power in Iran do not actually have the power to control the Quds Force. And the Quds Force is clearly one of the tips of the spear and oversees acquisitions of companies, front companies, money laundering, intelligence gathering. They're the ones who are sent out, and if you look at the Iranian Embassies growing particularly across Latin America, they're enormous in comparison to what their listed activity would normally require. Most of those people, a good chunk of those people I think we can say now with a fair degree of certainty from my research and a lot of other work that's been done in the U.S. Government, a Quds Force inhabiting those Embassies for specific intelligence purposes. Not responsive—often they are carved out.

If you look at the Buenos Aires case in 1994, the AMIA bombing, Quds Force had an entirely separate section of the Embassy that the Ambassador did not have access to. So, I think that that explains their ability to do things without necessarily being formally tasked by the President to do it.

Mr. CONNOLLY. Of course, one could also interpret that as a convenient compartmentalization.

Mr. FARAH. Oh, absolutely. I don't mean it's not officially sanctioned. I just mean people in the formal structure who think they control things, maybe not when the people above them do. It doesn't detract from the fact they're state sponsors, not at all.

Mr. CONNOLLY. What I find so interesting and appalling in the details that we know of that have been made public yesterday, rarely has a sovereign state sunk this low in attempting—I mean, I think of a handful of examples; the Pinochet regime and the Letelier bombing here in Washington, the Libyan regime under Gaddafi, both Pan Am at Lockerbie, and also the bombing of a bar in Germany with U.S. service members. These were state sponsored terrorist acts by fringy if not outlaw states. And here's Iran, which has been doing—taking great efforts to try to restore some of its respectability in the international community, Ahmadinejad speaking at the U.N., albeit failing, perhaps, in that effort but, nonetheless, making that effort.

This is astounding that a representative even though not officially sanctioned of the Iranian Government would go and seek out narcoterrorists to do his dirty work, and be quoted as saying well, it's sort of the nature of the game that there'd be a lot of civilian casualties, and maybe some political casualty, as well. We've got to kill the sovereign Ambassador of a sovereign state in the Middle East.

Mr. FARAH. I would just say, sir, that if you look at Iran's behavior, particularly in Buenos Aires in 1993 and 1994, the bombing of the Israeli Embassy, and then the AMIA bombing. That was—they didn't go to drug traffickers to carry it out, but that was Quds Force, Hezbollah, and the Lebanese diaspora community working in conjunction to carry out an attack—a sovereign attack on a sov-

ereign nation against a sovereign nation. So, I don't think it's unprecedented for Iran.

I think that the fact that they're looking outside their normal channels and into drug trafficking is a new element, and one that we need to understand better. But I think that Iran's main thrust into state sponsored terrorism is not new. And I think if you—as we've talked about in this subcommittee and elsewhere, the ability to deny that that relationship between Iran and Venezuela is dangerous because of Iran's sponsorship of terrorist organizations, and Venezuela's sponsorship of terrorist organizations is just living in a world that doesn't exist.

States are now willing to take on certain risks if it's in their best interest, and if they think they can get away with it. And I think Iran, particularly, is losing its fear of the ability of people to retaliate, or the willingness of people to retaliate against it because they have a much broader coalition behind them, the Bolivarian states are arming Syria, et cetera. So, I think it's very disturbing, but I think it's not unprecedented, and it wasn't unthinkable that that would happen, something general like that would happen.

Mr. CONNOLLY. No, but (a) trying to do it here is for Iran, I think, unprecedented. The link with the narcoterrorists to do the actual dirty work I think is sort of a new low even for Iran. And to me, I think the downside of this is—I'm sorry, Mr. Chairman, I'm just taking a little bit more time, but you talked about well, they're going to do it if they see it as in their self interest.

It's hard to believe how even Tehran thinks that the public release and disclosure of this act, this proposed act is going to add any kind of respectability or soften sanctions, or win Brownie points in the international community for it and its various arms.

Mr. FARAH. Well, I don't think they were counting on being caught. I think that was—I don't think they were planning on that being made public. But I think you're absolutely right. I think the relationship with a narco organization is new and extremely dangerous, and their willingness to do it in the United States I think is also either desperation or incredibly bold step of confidence, one of the two as to how they feel they can operate. But I do think it sets an entirely new precedent for how we have to view Iran's willingness to act in this hemisphere. Thank you.

Mr. CONNOLLY. Thank you.

Mr. ROYCE. Congressman Rohrabacher from California.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

I'd like to follow-up on the line of questioning that we just had. And I think the categorization of this as perhaps convenient compartmentalization is probably on target, so let's take a look at what convenient compartmentalization means in terms of where we are with this regime that has been implicated in a very serious crime.

First of all let me just ask yes or no to the panel, do you believe the leadership—the mullah leadership of Iran knew about this scheme, just yes or no?

Mr. FARAH. I think, certainly, elements of them had to have known.

Mr. ROHRABACHER. Okay.

Mr. BRAUN. I believe they would have had to have known.

Mr. ROHRABACHER. Okay.

Ms. FELBAB-BROWN. I don't think we have the information to be able to answer that.

Mr. ROHRABACHER. Okay. So, you don't assume that when someone is a vicious gangster and something happens that's bad, that we could assume that the gangster knew about it even though it was his henchman who did it. Is that what Brookings teaches us?

Ms. FELBAB-BROWN. I think it would be inappropriate to jump to conclusions about what elements of the Iranian Government, in fact, knew about the operation at this point.

Mr. ROHRABACHER. Okay. All right. I would—so, two out of three of you think that the mullah regime—now, let me ask you this. If in this type of government, meaning the mullah-controlled dictatorship in Iran, someone would launch a scheme like this not approved by the mullahs, and the mullahs found out about it and disapproved, that person would then be—what do you think the punishment would be of that individual?

I guess the witnesses don't have to really guess on that, but I would suggest, Mr. Chairman, that if the mullahs found out that someone in their government was involved with something like this without their knowledge there would be severe punishment, if not death for that individual in their government who is being out on his own so much. So, I would hope that our—we are a little more realistic when we're assessing the activity of people who murder their own people.

The mullah regime—could this mullah regime, again a question, this mullah regime—we hesitated to speak loudly about the election fraud that happened in the last Iranian election, even though the streets were filled with anti-mullah protestors who were protesting the mullah dictatorship.

Do you think our lack of energy in condemning that type of fraud leads to the mullah leadership going along with such schemes as has been exposed in the last couple of days? Whoever in the witness stand would like to answer that.

Okay, let me put it a different way. If we were tougher with the mullah regime and they knew that we were a leading force supporting the democratic elements in their country rather than hesitant supporters of them, do you think that might deter them from becoming involved with assassination schemes that would take place in our own country?

Ms. FELBAB-BROWN. Possibly. We don't know the answer, but possibly it might also encourage them to engage in other provocative action in retaliation. I think it's an open question.

Mr. ROHRABACHER. We could certainly go out of our way to encourage all kinds of bad guys to do things, couldn't we? Yes, go right ahead.

Mr. FARAH. I think one of the things that's empowering Iran is the feeling that they're no longer internationally isolated. It doesn't go directly to our policy, but I think our policy of not dealing directly with the Bolivarian threat as it exists through Venezuela, Ecuador, Bolivia, Nicaragua particularly, is one of the things that gives them this feeling that they can—that the sanctions aren't going to bite. If you look at the amount of money they've invested through Venezuela into Panama and elsewhere to meet their basic

needs, I think they're feeling like sanctions were going to be a significant terrible problem for them. And on their key issues, they're not as significant and terrible a problem as they had thought they would be. And I think they feel they have a little more margin to move internationally.

The fact that Argentina this year didn't walk out when Ahmadinejad stood up and did his usual talk at the United Nations, all of this leads them to understand that they have a lot more people willing to work with them. They're not the pariah state that we had tried to make—

Mr. ROHRABACHER. I would suggest, Mr. Chairman, that the conciliatory tone of this administration has encouraged if not the mullahs themselves, but at least people who work for the mullahs to involve themselves in the type of conspiracy that we saw exposed just yesterday that would lead to the death of American citizens, a bomb going off here, an act of such terrorism.

Let's remember that during the Cold War, Romania was—were sort of had a hands-off policy toward Romania. Well, where did the man who shot the Pope, where was he held—where did he hole up? He holed up in Romania. He was there in Romania. And I think it's—the Romanian Government probably knew. And he was a Turk, by the way, a Turk in Romania involved in an assassination plot against the Pope.

Well, we had let Romania off the hook, and the Romanian Government obviously knew about this man, but let him stay and operate out of their country.

If we permit a reconciliatory approach to the mullah regime and treat them as if they were a democratic regime, I think we can expect more of the type of terrorist assassination plots that were uncovered, luckily uncovered and foiled by our agents. Thank you very much, Mr. Chairman.

Mr. ROYCE. Thank you, Mr. Rohrabacher. We go now to Jeff Duncan from South Carolina. Mr. Duncan.

Mr. DUNCAN. Thank you, Mr. Chairman.

I don't think anyone that's followed the issue of the Iranian and Hezbollah influence in the Western Hemisphere was really surprised by the Quds Force working with the Mexican drug cartel, albeit an undercover agent of the United States, but under their understanding he was a member of the drug cartel to plan and possibly carry out a very heinous act that was thwarted by the FBI. And I want to congratulate them. But I don't think anyone was surprised really that the Quds Force, and Hezbollah, and a Mexican drug cartel were working together, because if you followed this issue you've seen evidence of that.

I'm very, very concerned about Iran's influence in the Western Hemisphere, the fact that they've opened six Embassies in South America over the last 5 years. We continue to see very sophisticated tunneling by the drug cartels under the Mexican border that resembles the tunnels Hezbollah digs in Lebanon. So, that expertise I believe is being brought.

If you look at the number of folks tied to Hezbollah that have been arrested in this country, the Mexican drug cartel guys that are arrested in this country with Farsi tattoos, and there are just a lot of things that show that we shouldn't have been surprised.

I'm very surprised, though, that Quds Force, an Iranian-sponsored group, would decide to carry out an attack on another nation, to assassinate an Ambassador in the United States of America. So, yesterday I drafted a resolution, and I've sent it to your colleague, and I ask Mr. Connolly because of his comments a little while ago to take a look at this, is House Resolution 429.

Mr. DUNCAN. It's a Resolution on Iran and the Western Hemisphere.

Mr. ROYCE. And it's a very timely resolution that documents Iran's activity in this hemisphere. So, we look forward to reviewing it.

Mr. DUNCAN. Yes, sir. Thank you, Mr. Chairman.

Mr. CONNOLLY. Will my colleague yield?

Mr. DUNCAN. Yes, sir.

Mr. CONNOLLY. I thank my colleague, and I'd be glad to look at it. And if—are you finished?

Mr. DUNCAN. I'm going to ask him a question.

Mr. CONNOLLY. Oh, I'm sorry. I'd be glad to look at it.

Mr. DUNCAN. In my remaining 2 minutes, I've established that I'm very concerned about Iran's presence in this hemisphere. I'm concerned about Hezbollah's influence with the Mexican drug cartel. I think it's very clear. And we've got to really put some effort on that, so I'm going to ask Mr. Farah, to your knowledge, is there any counter terrorism task force that utilizes the efforts of Homeland Security, State, DEA, CIA, FBI, any other intelligence agencies to focus on Iran's presence, their influence, their activity in the Western Hemisphere?

Mr. FARAH. Thank you, Congressman. I had the opportunity to work with your staff a little bit on that resolution.

Mr. DUNCAN. Thank you for that, too, by the way.

Mr. FARAH. A pleasure. As far as I know, there's no task force. I think individual components of the intelligence and law enforcement community do look at that. So far, I think yesterday's events will change that considerably. There's not been traditionally a lot of effort put into that because of resources allocated elsewhere in different—and I think a lack of sense of that was a policy imperative that we needed to understand that. I think that's wrong, but I think that that was sort of the mind set there, that it was—nothing could really come of that relationship.

I think it's also very important to reiterate something Vanda said earlier, and that is that you have these multiple crossings of these multiple terrorist and organized groups, but it doesn't mean that that's one giant conglomerate out there operating in unison or as a single force. Everyone has their own interest. It's more like a series of one night stands than trying to get married to someone. They cycle through relationships fairly quickly.

What I think Iran and the Bolivarian groups bring to this in the Western Hemisphere is more stability, more of a grounded relationship that has the capacity to last much longer. And I think that that—when you look at the criminalization of the Bolivarian states where you have senior members of the Bolivian Government deeply involved in drug trafficking, Nicaragua, Ecuador, the President of Ecuador receiving money from the FARC, as well as ongoing narcotics activities. I think there's a more permanent criminalization

that allows Iran to root itself much more deeply than it had in the past when we did see mostly the series of one night stands.

But I think it's dangerous, also, to conflate everybody as acting in unison, in concert together in one giant conspiracy when, in fact, it's multiple networks running multiple plans that overlap at different places.

Mr. DUNCAN. Well, I think it would be helpful. And I think we've had so much focus on al-Qaeda, there's a Kronos article I'll be glad to share that shows a connection—the nexus connection between al-Qaeda and Quds Force. But we need to wake up, America, that Iran and Hezbollah are very active in our own hemisphere, very evident yesterday. And I hope that it won't be evident in the future, but we do need a task force, I think, dedicated to this. And I'll yield back.

Mr. ROYCE. I think Mr. Braun had a response to you.

Mr. BRAUN. Yes. Congressman Duncan, if I could just build on what Doug said, and your concern that you voiced.

You mentioned the six new Embassies, Iranian Embassies that have sprung up in Latin America, very fairly quickly, by the way.

Understand that with those Embassies come the increased number of IRGC and Quds Force operatives that we know are flowing into the Western Hemisphere, not only through those Embassies under diplomatic cover, but also clandestinely thanks to Hugo Chavez, the undisputed gatekeeper for Middle Eastern terrorist organizations that have got strategic interest in our part of the world. Lebanese and Syrian individuals can enter Venezuela without a visa these days, and are welcome.

Another point that I'd like to make with respect to Hezbollah, there's growing clear evidence of this very, very close relationship that we've known has existed, but there's growing evidence of a very close relationship between Hezbollah and the Quds Force when it comes to global organized criminal activity. It would not surprise me one bit if we realized at some point in the not too distant future that the Quds Force was actually in command and control, sell our directorate, if you would, for the Hezbollah's global involvement in the—the growing involvement in the global cocaine trade.

The Hezbollah are absolute masters at identifying existing smuggling infrastructures around the world, and leveraging them for everything that they're worth. And if anyone for a moment believes in our Government that the Hezbollah, and Quds Force, and the IRGC do not realize that Mexican drug trafficking organizations dominate the drug trade in over 230 cities in our country and realize and recognize that for the strategic—for its strategic value, then those folks simply don't understand how the underworld works. We better wake up. Thank you.

Mr. ROYCE. Well, let me just say this before we go to Mr. Connolly. I think you had a question. Then we'll go to Mr. Sherman. Let's do it this way. Mr. Connolly, ask your question first.

Mr. CONNOLLY. Thank you, Mr. Chairman. And I just wanted to follow-up with my friend from California. We play tag team often at hearings. But Dr. Felbab-Brown, I wanted to follow-up on a response I heard you give to Mr. Rohrabacher of California.

You said that you thought it was inappropriate to assign blame or responsibility to any part of the Iranian Government and Tehran at this point.

Ms. FELBAB-BROWN. No. What I responded was that it is premature, inappropriate to make judgments about what levels of the Iranian Government were involved with the plot.

Mr. CONNOLLY. Well, what judgment would you make?

Ms. FELBAB-BROWN. We know that a member of the Quds Force was directing the operative. What we do not know is was the sanction by the highest levels—some of the highest mullahs, was it sanctioned by President Ahmadinejad? What role this Quds operative had within the Quds Forces, was he a prominent member of the Quds Forces? Was this directed? Was it a rogue operation, or was it an operation at the highest levels of the Iranian Government directed? I do not believe that we have this information at this point.

Mr. CONNOLLY. That may be technically true, but you heard Mr. Farah point out that this is not an isolated incident by elements of the Iranian Government, high and low, in actually perpetrating murder, and assassination, and terrorism. And, therefore, the preponderance of evidence would suggest whatever level you want to assign it, we as a sovereign state witnessing and uncovering a plot to assassinate the representative of another sovereign state in our Capital City have a right to hold the Iranian Government fully responsible irrespective of what element, or what level of any element in that government was, in fact, planning the plot. And that's why I'm very puzzled by your answer to Mr. Rohrabacher that it's inappropriate to exercise such a judgment.

Pray tell, when does a sovereign state have the right to protect its own people and its own capital?

Ms. FELBAB-BROWN. Well, I think it's totally appropriate that we condemn the act. I think it's appropriate and encouraging that our law enforcement was able to uncover the plot. And I think that shows the talent and intelligence capacity of our law enforcement.

I also believe that it is appropriate, very much so, that we make clear that no nation, Iran included, no nation cannot conduct terrorist operations on our territory, and should not conduct terrorist operations anywhere in the world.

Mr. Rohrabacher's question was was the regime fully aware, and I don't believe we have the evidence of that.

Mr. CONNOLLY. Well, I would just say to you, as I coined the phrase, convenient compartmentalization. I don't think we can afford the luxury of that kind of indulgence, with all due respect. I think the United States must hold the Iranian Government fully responsible until and unless they're able to isolate a rogue element and hold them accountable, and take appropriate measures.

Until and unless that happens, it seems to me that this plot was planned for this capital, this city. It is unacceptable, and it seems to me we have to hold that foreign government fully responsible until and unless there's evidence to the contrary. Thank you.

Mr. ROYCE. Let me go to one case where I know it's not theoretical, and bring this up again: The Mahmoud Kourani case. When we're talking about whether there's a nexus between Hezbollah and the cartels, which we know in that specific example there's no

question. This was an individual who was trained by the Quds Force in Iran, in Lebanon. He offered a bribe to the Mexican consulate there, someone in the consulate, \$5,000 I believe. He was able to come illegally into Mexico. His next step was, as a Hezbollah member, to team up with a cartel who provided him a special arrangement to hide in a compartment that was placed in a car. And they drove him over the border, over our southern border in California. So that would be one example.

I just ask Mr. Braun, because I had someone bring me a few years ago a document from USCIS which showed terror connections over the border, and illegal crossings over the border. When we contacted the organization they basically said, well, you're not supposed to have that. You're not supposed to comment on that. But I was going to ask you, do you have information about crossings like Mr. Kourani's case, evidence that individuals who are involved in terror making an egress or an entry over the border?

Mr. BRAUN. Mr. Chairman, I don't have any specific—any other specific examples. But with that said, if you'll remember probably I'm guessing maybe 8 months to a year ago there was a report that the Mexican Federal Police, the SSP has rounded up a Hezbollah recruiting cell just across the southwest border. And I can't remember which city it was in. I talked to some of my former colleagues while—some former high-level Mexican Federal police officials that I had worked with and they said that it did, in fact, happen, that the member was a—or that the suspect that was arrested was a member of Hezbollah, and that he had been sent into the country to recruit, basically. And I would—so, I don't have any other specific—

Mr. ROYCE. We're finding them in the U.S. We don't know—in the Kourani case, I think there were 50 other members of the cell. We don't know how they all get here.

Mr. BRAUN. Sure.

Mr. ROYCE. But it's an interesting evolution as these cells are established. And from time to time, of course, we manage to break them up. Mr. Farah.

Mr. BRAUN. Chairman, if I could just say one last thing.

Mr. ROYCE. Yes.

Mr. BRAUN. And I really don't want to sound too crude here, but I was in law enforcement for 34 years.

Mr. ROYCE. Right.

Mr. BRAUN. And my dad used to have a saying, "Where you see one roach, there are thousands." Now, I'm not saying there are thousands of Hezbollah operatives, but where we see one or two, and this is based on my 34 years in law enforcement, you don't need an analyst, a very bright analyst sitting in a pod to tell you that that's not the case. I've seen it one too many times.

Mr. ROYCE. Well, I know where there was one in this case there were 52 anyway for sure.

Mr. Farah, you wanted to—

Mr. FARAH. I was just going to say, that was the case of Mr. Nasr, N-A-S-R, who was rolled up in there, and the Tucson, Arizona Police wrote a report about his involvement with—there are multiple cases that for different reasons have not been made public. But if you look in the—if you talk to the police forces on the

border, particularly in Texas and Arizona, there are other cases that have—I don't they're officially classified but they haven't wanted to share very broadly. But there are multiple cases not of big groups, but of individuals coming across. And Mr. Nasr was the most prominent, most public of those.

Mr. ROYCE. Thank you, Mr. Farah. We'll go now to Mr. Sherman, and Mr. Duncan. Thank you.

Mr. SHERMAN. We're going to get distracted here about whether this official or that official of the Iranian Government authorized this particular hit. And that can be our excuse to do nothing, or to do a little inconsequential thing, and then pretend that we've done enough, and then go on, because that's what the State Department and multinational corporations want us to do.

The fact is, this was a Quds Force operation. It was not a rogue operation, but if no one in Iran is going to be held accountable for violating—they're not going to extradite anybody to the United States saying here's one of our citizens who plotted an event in your country. But what we know is authorized by the highest levels of the Iranian Government is their nuclear program, and we know that we're just getting a taste of what we're going to see with a nuclear Iran, that is to say terrorism with impunity.

We've passed laws here. They have been deliberately violated by the last three administrations. I refer to the Iran Sanctions Act. Now, we're told that an attack was going to come on our own territory, and what is the response? Four or five Iranian individuals will be told that they cannot visit Disneyland. And if they happen to have an account at Bank of America, they will be subject to a \$5.00 a month charge whether or not they use their ATM card. That's our response.

Why such a timid response? Because that is what European—multinational businesses and European diplomats expect of us. And it is a reflection on the fact that the views of the American people are not taken into a whole lot of account in our foreign policy.

What we should do is require multinational businesses to decide are they going to do business in Iran, or are they going to do business in the United States? I don't know anybody—any major multinational that would choose Iran. But that would offend the multinational corporations. So, we have a problem. How can we preserve a government policy that meets the needs of multinational corporations, that is not displeasing to European diplomats, while at the same time pacifying the American people? And the answer is to wildly exaggerate the importance of telling four or five Iranians they cannot visit Disneyland, and to freeze the assets in the United States that those five individuals don't have.

It is a pitiful response, but it will be one of many pitiful responses that we will make as the centrifuges turn, and as the terrorism plots continue. And soon we will be told oh, we can't respond to this or that act of Iranian terrorism because after all, they're a nuclear state.

Now, a question or two for the witnesses. Does this new bold plot for Iran to commit terrorism on U.S. soil with the help of Mexican drug cartels signal a new trend, state sponsors of terrorism using criminal elements to carry out their attacks, Mr. Braun?

Mr. BRAUN. Ranking Member Sherman, I don't know if it's going to result in a new trend or not, but here's what worries me about this, and to kind of build on that theme, if you will.

In permissive environments that are existing around the globe where you have very powerful young sergeants and lieutenants from both foreign terrorist organizations as well as very powerful drug trafficking organizations that have been dispatched by their leadership to move their agendas forward in places like West Africa, as I said, the Tri-Border Area of Afghanistan, the AfPak Region, and some other locations.

These tough young sergeants and lieutenants from both of these threats are coming together. They're building close interpersonal relationships today that in my mind, it's as clear as can be, will develop into strong inter-organization, or potentially could grow into strong inter-organizational relationships and alliances in the future. Why? Because these tough young sergeants and lieutenants are naturally going to claw their way to the—within their organizations to key leadership positions.

And it's one thing to say that we know that the Quds Force has got the ability to pick up the phone and ask al-Qaeda for a favor or vice versa. We know that happens, and we know it's been happening for quite some time.

It's an entirely different scenario, though, when you stop to think what are we going to do when a member—a key leader in AQIM, or al-Qaeda, or the Quds Force has got the ability to pick up the phone and call a ranking member within, or an executive member of the Sinaloa Cartel, or the FARC, or the Gulf Cartel and ask for a favor. I don't think that that's too far down the road, if it's not already happening now.

Mr. SHERMAN. What we're going to do, of course, is make sure that that person does not visit Disneyland, and we're going to tell the American people that as a sufficient sanction.

Mr. FARAH, is there anything we can do to substantially disadvantage the Iranian regime that would not anger multinational businesses or European diplomats?

Mr. FARAH. I think that's a trick question, sir. No, I think, basically, I think the cost the Iranian regime is paying now is much less than it would be because we're not—we look at the Iranian Government in isolation instead of as part of a broad group of countries that are aimed at enabling them to break their sanctions. You have the entire Bolivarian—foreign ministers of every Bolivarian country go to Tehran last year and publicly say we're going to violate the sanctions, and we hope the United States keels over dead, the press conference, that's Venezuela, Bolivia, Iran, Ecuador, and other countries.

The circumstances, assuming that what we do on sanctions matters is living on another planet. They now have access to Central Banks across Latin America. They're clearly willing to work with Syria. They were—so I think thinking about what we can do is important, but I think it's much broader than what we can do on Iran. And we have to recognize that there is a coalition of countries out there that wish to harm the United States, and share some basic underlying principles, and that is primarily the—so, I think if you want to get at that issue, you have to think of a much broad-

er way of going about sanctions and dealing with the government than just looking at Iran. I think you have to go after the enablers, as well, and I don't think we're even at the point of considering that.

Mr. SHERMAN. Or we're going to have to give up on non-lethal action and focus on whether Israel or the United States takes lethal action. But I'm still looking for the non-lethal approach. I yield back. Thank you.

Mr. DUNCAN. Doctor, do you want to answer that just real quickly, real briefly, please.

Ms. FELBAB-BROWN. And even more important that whatever support or whatever relations Iran has in Latin America is, of course, the engagement that Iran has with Russia, China, and India. And the gas and oil interest that these countries have with Iran. As long as these relations are not changed, our sanctions will inevitably be limited. And I would assume that the plot that was uncovered would be a very important opportunity to hone to countries like China, Russia, and India that strong pressure needs to be applied on Iran not to engage in such terrorist actions.

Mr. DUNCAN. Well, there's no other members of the committee here, so we'll just conclude with thanking the ranking member for participating today. I'd also like to thank our witnesses and our panelists for being here and their excellent testimony. And thank you for your time.

Mr. SHERMAN. Mr. Chairman, if I could just note for the record, I would have been here the entire hearing. The hearing had to be scheduled at a different time because of very important work that the chairman has to do, and that I strongly support on the Financial Services Committee. So, I want the witnesses to know that had this hearing been held at its previously scheduled time, I would have had a chance to see them deliver their opening statements in person instead of reading them tonight. Thank you very much.

Mr. DUNCAN. All of you bring a wealth of experience, and that was very evident today, and unique perspectives in the nexus between drugs and terrorism. As Mr. Royce mentioned in his opening statement, the subcommittee will be looking forward to follow-up with the DEA in the future on this issue. And with nothing further, we'll stand adjourned. Thank you.

[Whereupon, at 1:55 p.m., the subcommittee was adjourned.]

A P P E N D I X



MATERIAL SUBMITTED FOR THE HEARING RECORD

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

Subcommittee on Terrorism, Nonproliferation, and Trade
Edward R. Royce (R-CA), Chairman

October 11, 2011

You are respectfully requested to attend an OPEN hearing of the Subcommittee on Terrorism, Nonproliferation, and Trade, to be held in room 2172 of the Rayburn House Office Building (and available live, via the WEBCAST link on the Committee website at <http://www.hcfa.house.gov>):

DATE: Wednesday, October 12, 2011

TIME: 12:30 p.m.

SUBJECT: Narcoterrorism and the Long Reach of U.S. Law Enforcement

WITNESSES: Mr. Douglas Farah
Senior Fellow
International Assessment and Strategy Center

Mr. Michael A. Braun
Managing Partner
Spectre Group International, LLC

Vanda Felbab-Brown, Ph.D.
Fellow
Foreign Policy
The Brookings Institution

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON Terrorism, Nonproliferation, and Trade HEARING

Day Wednesday Date October 12, 2011 Room 2172

Starting Time 12:33pm Ending Time 1:54pm

Recesses (to) (to)

Presiding Member(s)

Chairman Ed Royce, Rep. Jeff Duncan

Check all of the following that apply:

Open Session

Executive (closed) Session

Televised

Electronically Recorded (taped)

Stenographic Record

TITLE OF HEARING:

Narcoterrorism and the Long Reach of U.S. Law Enforcement

SUBCOMMITTEE MEMBERS PRESENT:

Reps. Ed Royce, Gerald Connolly, Ted Poe, Jeff Duncan, and Brad Sherman

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an * if they are not members of full committee.)

Rep. Dana Rohrabacher

HEARING WITNESSES: Same as meeting notice attached? Yes No

(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

None

TIME SCHEDULED TO RECONVENE _____

or

TIME ADJOURNED _____

Subcommittee Staff Director

Terrorism, Nonproliferation, and Trade Subcommittee
Member Attendance

Republicans

- Rep. Edward Royce (Chair)
- Rep. Ted Poe
- Rep. Jeff Duncan
- Rep. Bill Johnson
- Rep. Tim Griffin
- Rep. Ann Marie Buerkle
- Rep. Renee Ellmers

Democrats

- Rep. Brad Sherman (Ranking Member)
- Rep. David Cicilline
- Rep. Gerry Connolly
- Rep. Brian Higgins
- Rep. Allyson Schwartz