



WRITTEN STATEMENT OF:

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BEFORE THE:

U.S. House Foreign Affairs Committee
Subcommittee on Terrorism, Nonproliferation, and Trade
Hearing on “The State Department’s Rewards Programs:
Performance and Potential”

March 7, 2012

Chairman Royce, Ranking Member Sherman, and Members of the Subcommittee, thank you for the opportunity to discuss the Department of State's Narcotics Rewards Program, how it supports U.S. law enforcement efforts to bring major violators of U.S. narcotics trafficking laws to justice, and your legislation to strengthen this important tool by expanding its reach to other transnational criminals.

My name is Brooke Darby, and I am the Deputy Assistant Secretary of State responsible for Anti-Crime programs in the Bureau of International Narcotics and Law Enforcement Affairs (INL). The INL Bureau is well known for administering counternarcotics, rule of law, corrections, and police assistance programs that build the capacity of our foreign partners to fight crime and eliminate safe havens for criminals. These programs protect our national security interests by undermining criminal networks overseas. Less well known, but just as important to our national security interests, are INL's anti-crime tools, such as the Narcotics Rewards Program, which help U.S. authorities and their international counterparts pursue and close cases against some of the most nefarious international criminals overseas -- narcotics traffickers.

Let me start where the Narcotics Rewards Program began. In 1986, Congress authorized the Secretary of State to offer rewards for information leading to the arrest and/or conviction of major narcotics traffickers operating outside of the United States. Since that time, the Narcotics Rewards Program has proved a valuable tool for U.S. law enforcement agencies -- not only encouraging confidential informants to come forward and thereby helping bring traffickers to justice, but also applying pressure to drug traffickers, making their illicit operations significantly more difficult and costly.

How It Works

The Department of State's Bureau of International Narcotics and Law Enforcement Affairs manages the Narcotics Rewards Program, closely coordinating with the Department of Justice [Criminal Division, Drug Enforcement Administration (DEA) and Federal Bureau of Investigation (FBI)], the Department of Homeland Security [U.S. Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP) and U.S. Coast Guard (USGC)], and other interested U.S. agencies, such as the Department of Treasury and the Central Intelligence Agency (CIA). These organizations serve as members of the Narcotics Rewards Program Committee, which is the interagency mechanism we use to review and approve rewards.

Generally, U.S. law enforcement agencies propose targets, who are major overseas narcotics traffickers, typically subject to existing or planned U.S. legal proceedings in the United States. The State Department shares the target request and justification with the interagency Narcotics Rewards Program Committee for concurrence and coordination across law enforcement agencies. Once a target is approved, the nominating law enforcement agency and INL develop a public information strategy – which often includes publication of targets on our Narcotics Rewards Program website and advertising campaigns to draw attention to the subject for whom leads are being sought.

There are two exceptions to this protocol: First, depending on the sensitivity, for example, of the ongoing investigation of, or judicial proceedings against, the target, we may not always publicize a declared target of the program; and second, U.S. law enforcement agencies can request a reward payment be made for information on a narcotics trafficker who has not been expressly targeted by the program.

Validating Rewards Requests

Requests for payment of rewards are similarly reviewed and validated by U.S. law enforcement agencies and the Narcotics Reward Committee. A U.S. law enforcement agency that has acted on information provided by a source and recommends the payment of a reward submits that request to the Department of State via classified channels that addresses: 1) the importance of the trafficker targeted; 2) role played by the source who provided information and is the candidate for a reward payment; 3) details of the arrest or interdiction operation; 4) risk taken by the informant to assist in effecting an arrest or interdiction; 5) other pertinent details, including confirmation that the U.S. law enforcement agency headquarters, appropriate U.S. Ambassador, and prosecuting U.S. Attorney's Office concur with the reward request, and 6) the requested reward amount.

After reviewing a reward request, the Department of State convenes a meeting of the Rewards Committee to adjudicate it, at which time law enforcement agents responsible for the proposed reward are afforded the opportunity to brief. Affirmative adjudications are then sent to the Secretary of State for approval.

If the Secretary agrees with the Committee's recommendation to pay the rewards program participant, the Secretary of State will seek concurrence from the U.S. Attorney General, as required by statute for all cases with a U.S. criminal jurisdiction angle. It has been the department's practice to coordinate with the

attorney general on all cases. Upon concurrence, the validated reward amount is transferred to the U.S. law enforcement agency that proposed the reward, and that agency pays the informant. The State Department requires that a certified payment receipt be provided to INL, at which time the reward will be closed. The Department of State then notifies the Congress of the award payment, within 30 days, as required by statute.

Rewards Payments

The Department of State funds reward payments through the “Emergencies in the Diplomatic and Consular Service” appropriation, known as the “K” fund. Since the program’s inception in 1986, the Secretary of State has authorized approximately \$71 million in rewards to confidential informants who helped bring narcotics traffickers to justice. Over the past three years, our Narcotics Rewards payments have averaged approximately \$10 million annually.

Narcotics Reward Program Successes

The sacred trust that we share with U.S. law enforcement to protect program participants from traffickers and their organizations limits some of the information I can share in a public setting about the results of our rewards program. However, I can say that throughout the Western Hemisphere, and notably in Colombia, Mexico, and Venezuela, the Narcotics Rewards program has helped to bring important traffickers to justice, including FARC commanders in Colombia like Guillermo Leon Saenz-Vargas, and major logistics managers for cocaine distribution networks out of Colombia and Venezuela, like Salomon Camacho-Mora. Outside of the Western Hemisphere, Yang Wan-Hsuan, a heroin distributor and exporter to the United States, was captured by Thai authorities in 2001 with information from a Narcotics Reward Program lead.

More recently, the program has helped to bring a number of cartel leaders to justice in Mexico. For example, after publicizing rewards for certain members of the Arturo Beltran-Levy drug trafficking organization in early December 2009, Marcos Arturo Beltran-Leyva was killed during a law enforcement operation attempting to effect his capture, and the organization’s logistics leader, Jose Gerardo Alvarez-Vasquez, was separately captured in April 2010. This was a significant blow to the Beltran-Leyva organization, which had organized, managed, and distributed multi-hundred kilogram shipments of narcotics to the United States and was recognized as a Narcotics Kingpin. The Beltran-Leyva organization was also culpable in rising rates of violence in Mexico due to its turf

battles with other cartels and ruthless tactics, including assassinations of Mexican law enforcement officials.

The Narcotics Rewards Program provides other benefits beyond rewards to informants. We have seen that, where appropriate, publicity of a reward offer against major drug traffickers forces them to change their organizational dynamics and operational logistics, opening windows of opportunity for their capture by law enforcement. In some cases the perceived or actual threat within narcotics organizations that can result from publication of reward targets has driven targeted criminals to seek protection from U.S. law enforcement.

One captured target, who was the subject of an advertised \$5 million reward, told DEA agents that after he was targeted by the Narcotics Rewards Program he could not trust anyone in his hierarchy and his ability to maintain control of his organization diminished. From that moment on he felt, for the first time, like a hunted man. We have seen multiple confirmations that regardless of whether a payment is made, publicized reward offers, where appropriate, can cripple the ability for traffickers to operate effectively and freely.

A More Powerful Tool

The Department of State's U.S. and foreign law enforcement partners recognize the Narcotics Rewards Program as a valuable tool to help bring drug traffickers to justice and disrupt their operations. Since 1986, however, transnational criminals have evolved from specialists in one form of crime – like drug trafficking – to generalists willing to capitalize on any avenue that might produce illicit profits. We believe strongly that it is important to update our tool kit to address the threats before us.

On July 25, 2011, President Obama introduced a National Strategy to Combat Transnational Organized Crime, which illustrates the evolving criminal threat and promotes additional efforts to counter it. The legislation that you have introduced, Chairman Royce, if implemented, will provide law enforcement with a new tool to combat the transnational criminal threat by expanding the authority of the successful Rewards Program to target transnational organized crime figures.

The Case Against Transnational Organized Criminals

Transnational organized crime extends far beyond narcotics-related activities. It covers a range of illicit activity from arms trafficking, intellectual

property rights piracy, trafficking in persons, to cybercrime that directly impacts the welfare of the American people.

For example, in an average year, the United States seizes hundreds of millions of dollars in counterfeit goods, which is estimated to be just a mere fraction of counterfeit products produced worldwide and imported for sale in the United States. Counterfeit products not only financially damage American companies, but some, such as counterfeit pharmaceuticals, threaten the health and safety of the American public directly.

Organized crime affects our global partners as well. The World Bank estimates that these criminals cost some Central American countries up to eight percent of their gross domestic product, and the activities of transnational criminals in Mexico have expanded beyond narcotics and into other illicit areas for financial profits such as trafficking in persons, weapons smuggling, extortion and kidnapping. Russian and Eurasian crime syndicates collude with state-allied actors to undermine strategic markets such as gas, oil, and precious metals. Criminal organizations are also expanding their activities in the Asia/Pacific, as the economic importance of the area heightens the threat of intellectual property rights violations and cybercrime.

Under the President's 2011 Strategy to Combat Transnational Organized Crime and a related Executive Order, we are committed to pursuing the top transnational criminals and their networks across the globe, to bring them to prosecution and deny them safe haven and access to their ill-gotten gains. In fact, the Department of Treasury has already designated four transnational criminal groups – the Yakuza, the Brothers Circle, Los Zetas, and the Camorra – for financial sanctions. The ability to offer rewards for, and publicize the targeting of, transnational organized criminals, if authorized by Congress, would help U.S. authorities and our international partners to dismantle these networks.

Transnational criminal organizations rely heavily on their control over, and the secrecy of, their illicit networks. Our Narcotics Rewards Program successes demonstrate that we can undermine this sense of confidence and control by criminal networks, disrupting their ability to operate effectively.

Establishing a rewards program to capture the world's top transnational criminals would fill a critical gap in our tool kit and complement our other rewards programs for major drug traffickers and terrorists. We envision the coordination and approval process for a potential Transnational Crime Rewards Program to

mirror the successful Narcotics Rewards Program. Nominations for targets and rewards would be subject to the careful review of an interagency committee, and the approval of targets and rewards would require the same concurrence process as the Narcotics Rewards program does presently. We would look forward to continuing to inform Congress of all rewards payments, including those that might pertain to transnational criminals, in classified form, in the future.

Chairman Royce, Ranking Member Sherman, and Members of the Subcommittee, thank you for your interest in this important initiative to help our nation to combat transnational organized crime. I look forward to working with you to advance legislative proposals that provide new tools to counter transnational crime and protect our national security interests.