

# APPENDIX C

## INHUMAN ACTS, HUMAN COSTS

Among the many facets of illegal immigration to which we have been exposed, the increasingly pervasive impacts of cartel-driven gang activity is the one which has, in ways both direct and indirect, left a mark at some level upon every citizen of this State. While the harms visited upon any community by illegal narcotics have been known for decades, the seemingly unchecked mass illegal entry into this country at our southern border has brought forth a criminal paradigm not witnessed to such an extent for multiple generations. That is, our nation has witnessed an invasion of criminal enterprises that are every bit as ruthless, dangerous, profitable, and powerful as those which operated for decades in the last century under the rubric of the Mafia.

Over the course of our sessions we heard extensive testimony conveying daily conditions along the border between the United States and Mexico. Several witnesses provided photographic and video presentations which illustrated their descriptions. The descriptions and images depicting crowds of migrants carried with them little in the way of shock value or even surprise. Regardless of one's philosophical bent towards the issue of immigration, it is an inescapable fact that the flow of immigrants into this country is and has been occurring at a staggering rate in recent years. This reality is confirmed by even a cursory review on a given day of most any broadcast news network or website. We further believe that these facts are not partisan.

It is when we delve into the real and potential impacts presented by a particular component of immigration—the purely criminal element—that the eyewitness accounts we heard from individuals who were on scene become most illuminating. These immersive perspectives—boots on the ground in the parlance—have conveyed to us a reality which was stated most grimly by a ranch owner from southern Texas. This man's dreams of a quiet retirement on his generational land along the border have been dashed by almost daily damage to his property and the continuous potential for violence directed to his family. His first-hand observation was simply this: **if the lack of desire at the national level to enforce border security continues, this country will be lost.**

This was one of many individual plights we heard about, every one tragic in its own way, and all a direct consequence of the massive influx occurring at the United States border with Mexico. As will be further delineated later in this report, each such tale carries both a profound human component while also serving as a

cautionary tale about the new reality to be encountered when every community is a border community.

Although we were thorough about reviewing hard statistics, we certainly reviewed our share of direct testimony and evidence regarding the nature and costs of these crimes which do not come through from data alone. We spoke with some victim advocates who try to rescue particularly women and children who are forced into prostitution and what amounts to sexual slavery by TCOs. The anguish in their voices alone was enough to convey the depth of this scourge. The fact that current government policies abet such levels of depravity makes the cut even deeper. We commend the courage and compassion of their work, and thank them for sharing their experiences.


We also received evidence and testimony from citizen journalists, ranchers, state and federal law enforcement officers, and victims as far away as Arizona, California, Maryland, New Jersey, Texas, Utah, and Virginia. Many of them testified and presented video evidence, both heart-wrenching and revolting, regarding crimes committed in the recent past, even during the time we have been meeting. We appreciate our witnesses being willing to discuss these tragedies despite the obvious anguish this caused. These are but a few of the horrific cases and disturbing allegations we studied, watched happen, and were horrified by:

- In Maryland, an illegal alien gang member sodomized and murdered an autistic female in a trailer park.
- In Texas, a Guatemalan originally admitted as a UAC raped and strangled an 11-year-old girl in Pasadena. He then stuffed the child's body into a laundry basket and hid it under her bed.
- In San Antonio, an illegal alien who has been deported 15 times was arrested for prostituting and sexually assaulting a teenage girl who was being sheltered by her trafficker last year at a stash house used for human smuggling; he housed the girl and allowed men to have sex with her for \$150, according to an affidavit supporting his arrest. He had been deported in the previous year, but was later arrested on a South Texas ranch after once again crossing illegally with a large group.
- Cartel members in armored vehicles containing military-grade weapons traveled on an Interstate highway in Arizona, fearlessly passing law enforcement vehicles on two occasions.

- Also in Texas, a Mexican previously deported four times murdered an entire family of Honduran migrants with an illegally-owned rifle.
- Here in Polk County, Florida, an illegal alien speeding to an illegal worksite smashed his pickup truck into a high school girl's car, killing some of his passengers and grievously injuring the girl.
- Also in Polk County, 35 illegal aliens were among hundreds arrested as part of a human trafficking and prostitution sting.
- In Pinellas County, Florida, an illegal alien illegally working on a road construction project ran over and killed a deputy sheriff with a piece of heavy construction equipment, then fled while his fellow illegal alien road crew members lied to police.
- On August 1, 2023, the FBI announced the results of a nationwide sting called Operation Cross Country XIII targeting those suspected of child sexual exploitation or human trafficking. In Bay County, Florida, 7 illegal aliens were among the arrestees.
- In Jacksonville, an illegal alien masquerading as an unaccompanied minor violently murdered his sponsor.
- In Fort Myers, an illegal alien murdered a police officer with the officer's own gun when being arrested for robbery.
- Also in Fort Myers, an illegal alien pretending to be a cab driver picked up a woman from a nightclub, drove her to a secluded location, raped her, punched her in the head and then strangled and threatened to kill her.
- In Daytona Beach, an illegal alien stabbed a bicycling couple to death during Bike Week.
- In Miami, less than a month ago, Border Patrol agents identified both a boat and a stash house used for human smuggling, making six arrests.
- Last year law enforcement officers disrupted a multi-layered narcotics organization in Orlando operating at the direction of one of the most notorious Mexican cartels and carrying out enforcement of their code by way of multiple assassins who fired into a vehicle in broad daylight while on a crowded six-lane thoroughfare.
- Near Tampa, FDLE agents were ambushed trying to effectuate an arrest of an illegal alien, and one was nearly killed during the exchange.

These are the policies:

5010-108  
U.S. Department of Homeland Security  
Washington, DC 20535

 **Homeland Security**

September 30, 2021

MEMORANDUM TO: Tae D. Johnson  
Acting Director  
U.S. Immigration and Customs Enforcement

CC: Troy Miller  
Acting Commissioner  
U.S. Customs and Border Protection

Ur Jaddou  
Director  
U.S. Citizenship and Immigration Services

Robert Silvers  
Under Secretary  
Office of Strategy, Policy, and Plans

Katherine Culliton-González  
Officer for Civil Rights and Civil Liberties  
Office for Civil Rights and Civil Liberties

Lynn Parker Dupree  
Chief Privacy Officer  
Privacy Office

FROM: Alejandro N. Mayorkas *AN Mayorkas*  
Secretary

SUBJECT: Guidelines for the Enforcement of Civil Immigration Law

This memorandum provides guidance for the apprehension and removal of noncitizens.

	FY22	FY21	FY19	FY18	Decline between FY22 and FY18
<b>Overall Civil ICE Arrests</b>	49,396 <sup>1</sup>	74,082	143,099	158,581	(-69%)
<b>Convicted Criminals</b>	36,322	36,300 <sup>2</sup>	92,108	105,140	(-65%)
<b>Homicide Related</b>	1,501	1,506	1,923	2,028	(-26%)
<b>Weapons Offenses</b>	5,554	Not Reported	10,278	11,766	(-53%)
<b>Sexual Offenses/Sex Assault</b>	8,164	3,415 <sup>3</sup>	11,711	12,238	(-33%)
<b>Assaults</b>	21,531	19,549	45,804	50,753	(-58%)
<b>Robbery</b>	2,348	2,717	4,736	5,562	(-50%)
<b>Kidnapping</b>	1,114	1,063	1,833	2,085	(-47%)
<b>Family Offense</b>	2,360	Not Reported	5,435	5,991	(-61%)
<b>Gang Members</b>	Not Reported	Not reported	5,497	5,872	Unknown

And these are their effects (victims):





## SMUGGLER BLUES

Specific crimes are also manifested in a burgeoning human smuggling industry. In Southern border communities, one Texas Sheriff's department arrested 169 human smugglers in 2021, but was on pace to arrest more than 900 this year. Arizona sheriffs reported similar problems— compounded by the fact that a section of that border is comprised of a Native reservation upon which they have no jurisdiction. Florida Highway Patrol continues to intercept smugglers on our highways, and FDLE works with Border Patrol interdicting such activity along our coastline and in our ports.

We have seen numerous horrifying accounts and photographic documentation of the “stash houses” in which dozens of human chattel spend their days as *de facto* hostages waiting for the cartel to release them or the next smuggler to arrive. Another sheriff said his county deals with 3-4 high-speed chases per day, involving groups of 20 people or more; Texas DPS data disclosed more than 150 such pursuits for the month of August alone. The cartels are recruiting American citizens and other aliens already in the country to drive for them, offering thousands of dollars via social media apps to pick up illegal alien passengers who have evaded border checkpoints and need transportation from their remote crossing point, including the recent arrest of a *school bus driver using his bus to smuggle aliens*. We have seen the “want ads,” we have watched dozens of illegal entrants boil out of the bed of a single pickup truck fleeing from Border Patrol; and we have seen the video evidence of high-velocity pursuits ending in carnage, mayhem, and death to innocent civilians. We have received testimony and evidence regarding, among other things,

- ranchers who report massive waves of illegal traffic across their property, including cutting of fences, killing, escape, or theft of livestock, destruction of water tanks holding thousands of gallons needed in arid country (and taking weeks to replace), theft of heavy tractor equipment and wagons; cartel shootings and high-speed vehicle crashes; and even accosting of family members on their front porches by lone aliens or groups demanding water, food, or shelter;
- female ranchers feeling forced to venture onto their own property only while armed;
- innocent travelers now routinely maimed and killed in grisly fashion because a smuggler crashed his vehicle into theirs trying to elude capture; the week before we met to publish this report, a 17-year-old Honduran human smuggler fleeing from law enforcement smashed head-on into another car in Texas,



killing himself, his five illegally-present Honduran passengers, and (in the other car) a retired couple from Georgia;<sup>24</sup>

- cattle herds being infected with diseases traced to foreign origination, like particular strains of tuberculosis or anthrax, resulting in the forced destruction of herds up to ten thousand head;
- the loss of resale value and income from being able to rent land for hunting due to the human foot traffic and loss of high-priced game animals;
- small border towns in Texas and Arizona infiltrated by cartels—or at least their proxies—to the extent that law enforcement is able to detect which restaurants and other businesses are ‘controlled’ and by whom;
- the agonizing feelings that come with finding abandoned children, “rape trees” and corpses scattered about their property and essentially being held hostage to threat of near-daily incursions in remote country where the nearest law enforcement help may be fifty miles away<sup>25</sup>;
- property owners along the border who feel compelled to warn campers, sightseers, or visitors of the hazards in manners such as this:



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<sup>24</sup> In April 2019, the driver had crossed the border illegally and was given a notice to appear. In November, *a judge ordered him removed from the country*; this was not done. In April, 2023, he was caught as part of a failed human smuggling attempt in Texas. Once again, he was turned over to Border Patrol, which turned him over to *HHS. That agency ignored the court order*, sent him back to live with his mother in Houston, and now will not have to enforce the court order, since *he and seven other people are tragically dead*.

<sup>25</sup> We especially commend organizations such as the Texas Border Volunteers, a group of property owners who take it upon themselves to try to locate and assist those abandoned by cartels and smugglers, find and return bodies to countries of origin so families know the fate of their loved ones, and assist Border Patrol in tracking groups of illegal border crossers. Yet such a degree of self-help should not be necessary.

Unfortunately, we could add to this list enough tragic and specific cases to comprise another entire presentment, but we believe the point has been made. *Americans and Floridians suffer horrifying crimes which do not have to occur.*

Yet some claim to be ignorant of the multitude of evils perpetrated by these organizations, and others are deliberately complicit. We refer here to those who willingly accept payment to become smugglers themselves, and those like the school administrator in Rhode Island who:

- learned one of the students was working so hard that he was getting no sleep because he owed money to the group that had unlawfully smuggled him into the country and was threatening to butcher his family
- solicited funds on the school's email list to help "pay the coyotes"
- rather than notify law enforcement.

We refer also to two soldiers from Louisiana, sent to Texas to ostensibly help secure the border, who were arrested in the act of smuggling illegal aliens across the border in their personal vehicles.

We refer also to the 19-year-old "TikTok Influencer" who was killed in 2021, in Zavala County, Texas (90 miles from the border) attempting to smuggle illegal alien passengers.

We refer also to people like two Dallas residents facing alien smuggling charges for, according to the Border Report, using their son's and granddaughter's birth certificates to bring two unauthorized Mexican nationals into the United States. In October, they attempted to drive from Mexico to the U.S., and handed a U.S. Customs and Border Protection officer two Texas birth certificates on behalf of children they claimed were their son and granddaughter. The officer turned to the "13-year-old" to ask routine questions in English, which he did not appear to understand. He then turned to the younger female child and got an answer that did not match the documents. The 13-year-old "child" admitted to the officer his name, that he was 21, and that he was born in Tejupilco, Mexico, that his brother paid 100,000 pesos (\$5,476) to the Texas couple to smuggle him into the United States and would pay a similar amount later. The girl in the vehicle gave officers contact information for her mother, who confirmed to officers that the girl was a Mexican national.

Just days before this report was written, Texas DPS arrested two smugglers in the act:

Texas DPS Trooper disrupted a human smuggling attempt on RR 334 in Kinney County. The trooper arrested the driver, from Pasadena, after multiple illegal immigrants fled from the vehicle. The trooper attempted to detain one of the illegal immigrants who pushed & struggled against the trooper. A search of the vehicle revealed two unaccompanied children from Mexico, ages 7 & 9, in the cargo area.



The driver, a confirmed Tango Blast gang member, faces charges for human smuggling. The passenger, an illegal immigrant from Mexico, faces charges for evading & resisting arrest. The driver was transporting the illegal immigrants to Houston. The children were going to be smuggled to California.

**The driver had multiple tattoos of the folk saint Santa Muerte. The Santa Muerte is common among those engaged in criminal activity & the Mexican drug cartels who worship & seek protection, healing, financial well-being, and assurance of a path to the afterlife.**



Such people deserve the full measure of whatever penalty the law can impose. These are the realities, multiple times a day, every day.

Many aliens who reach the areas around our border are physically spent and in immediate danger of death. The terrain and weather are unforgiving; this is likewise true here in Florida, where coastal landings can be fraught with peril from rip currents, pounding surf, and predators such as sharks. As of September 15, 2023, CBP personnel had conducted 32,754 rescues in FY23; in FY22, CBP conducted 22,522 rescue operations. These range from helicopter or fan-boat deployments to jumping into fast-moving rivers to driving away cartel gunmen to liberating desperate human beings from dangerous reefs, locked semitrailers, filthy sewers and tunnels, and drug-infested stash houses. They are shot at, spit on, bitten, and regularly exposed to deadly drugs like fentanyl. They get little, if any, thanks or recognition and they do all this to rescue aliens who are committing criminal acts by entering far from appropriate ports of entry. We have seen lone Border Patrol agents struggling to patrol 20-mile sections of undefended beach, trying to catch one fence-jumper as five others use the diversion to run past, and speeding over rough desert terrain to pursue yet another truck full of smugglers and their cargo. Yet, to their credit, they continue to answer the call. In December 2022, Border Patrol agent Raul Gonzalez was killed while attempting to apprehend a group of illegal aliens near Mission, Texas. The House Committee on Homeland Security noted a significant increase in such violent incidents beginning within the last two or three years.

Now-Chief Jason Owens, then-chief patrol agent for the Del Rio Sector, told the House Committee in May 2023 that the nature of the job presents inherent risks to agents, and the Committee found:

When [Border Patrol agents] go out on patrol, a lot of the time, their backup may not know exactly where they are, and if they do, they may be several minutes away. Whenever they go out on an encounter, a lot of times, they are vastly outnumbered. And people that they encounter are a mix of good people simply coming and looking for a better way of life or bad actors that would do them or the communities harm. And they have to exercise judgment and treat everybody accordingly in a split-second notice.

Border Patrol agents also literally put themselves in the line of fire when rescuing aliens. A CBP press release from May 19, 2023, recounted two separate incidents of gunfire that month in the vicinity of agents responding to crossings and rendering aid in the San Diego Sector. After agents in the San Diego Sector were fired upon while attempting to apprehend a group of illegal aliens in August 2023, Patricia McGurk-Daniel, chief patrol agent for the

sector, said, “Smuggling organizations are becoming desperate and escalating their level of violence because of the work being performed by U.S. Border Patrol agents.”

On Aug. 18, 2023, Border Patrol Chief Owens tweeted, “USBP agents in El Paso Sector came under fire while arresting 3 subjects as 2 others fled back into Mexico. Fortunately, nobody was injured, but these are the very real dangers our agents face every day on the frontline. Unsurprisingly, Border Patrol morale has fallen so low that 17 CBP personnel committed suicide in 2022—the highest total in 13 years, including three within three weeks of each other in November 2022. And nearly 40 of them have been lost in the last two years.

We interviewed witnesses, including senior (current and former) members of the Border Patrol, ICE, and the Department of Homeland Security from the absolute top levels down to former line officers. Uniformly, we heard the same lament: dedicated individuals who signed on to enforce our nation’s laws are instead prohibited from actually doing so and conscripted into duty as mere processors of “efficiency.” They would prefer to be interdicting smugglers such as those described above; instead, they are required to simply nod and process. Even the elite “BORTAC” unit, which has participated in the apprehension of some of the nation’s most dangerous and notorious criminals in recent memory, has been tasked with such “desk duty.”

In May 2023, the DHS Office of the Inspector General (OIG) released a report documenting how the record surge of illegal aliens across the border has negatively impacted the health and morale of CBP and ICE officials:

Parents are missing 30% of the year, and [are] unable to participate in many family functions. This causes much stress on the parents and children, ... We need more staff and better shifts that allow for more time off with families. Divorce rates and suicides are rampant in the agency. [The agency forces] a ridiculous ‘anti-suicide’ app onto our phones which cannot be deleted yet make us leave our homes and live in a hotel where we can’t even eat healthily. This nightmare is forced upon us without a care of our mental or physical health.

The IG report also documented a major increase in the suicide rate.

It is unrealistic to expect this situation ***not*** to have a deleterious effect on law enforcement and its operational capabilities. While Border Patrol, ICE, FDLE, FHP, and local Sheriffs are enduring, the fact that so much unnecessary stress is being placed upon them as a result of current policies should not escape notice.

As the House Homeland Security Committee found in its October 10, 2023 report,

CBP and ICE personnel regularly reported that their agencies were not appropriately staffed to deal with the crisis, and that ***they were not being allowed to do the law enforcement jobs they signed up to do***: “Our interviews and survey comments showed staff frustration and lower morale related to changing policies, especially when the respondents felt the changes were inconsistent with their law enforcement duties. ***In the view of some law enforcement personnel these policies have made it difficult for them to enforce the laws and carry out their mission; one said they felt as if they were doing their job ‘with one hand tied behind [their] back.’***”

In the [Inspector General] report, one agent ***vented frustration at being prevented “from doing the other part of the duties/responsibilities we were hired for, which is deterring or apprehending individuals that have made an illegal entry*** into the United States.” When asked during a transcribed interview with the House Committee on Homeland Security if he had heard similar complaints voiced by his agents in the El Paso Sector, Chief Patrol Agent Good confirmed that he had, as did Joel Martinez, chief patrol agent for the Laredo Sector. Jason Owens, now chief of the Border Patrol, told Committee staff in May 2023 he had also heard agents use the ***“one hand tied behind their back”*** expression.

The resulting stress on the men and women of CBP and ICE has spiraled out of control, with the OIG report concluding that approximately a quarter of the agents surveyed could be expected to leave the force unless changes were made. The reason? “...[S]truggles with carrying out their law enforcement duties as well as morale as issues influencing their decision to either leave or retire[.]”

Candidly, the policies being forced upon Border Patrol, ICE, ERO, and other law-enforcement agencies seem designed to intentionally discourage ***actual*** law enforcement. This Potemkin veneer fools the unaware into thinking that laws are being enforced. But it overwhelms with sheer volume the innate disposition we

sensed among many of these witnesses to buckle down, work harder, and try to catch the bad guys. The frustration in their voices and carved into their expressions made their anguish palpable to us. Funding the hiring of more agents does little good if those agents are essentially handcuffed to their desks.

These policies seem the same in design and effect as those imposed by other bureaucrats running HHS and ORR which attempt to prevent law enforcement officers from investigating trafficked children and predatory sponsors in the UAC arena, as we documented in two of our earlier reports; perhaps this is what is meant by a “whole of government approach.”

We can certainly see how anyone could get demoralized when they are accustomed to supporting their family by engaging in the noble profession of protecting public safety, only to be handcuffed by petulant bureaucrats. We express our gratitude to each of them, and to the civilian and law enforcement witnesses who shared their testimony with us, including our local Sheriff’s deputies, FHP troopers, and FDLE agents. We wish we could offer more.

These are the policies:

*Secretary*  
U.S. Department of Homeland Security  
Washington, DC 20528

 **Homeland Security**

April 26, 2022

**MEMORANDUM FOR:** Interested Parties

**FROM:** Alejandro N. Mayorkas  
Secretary of Homeland Security

**SUBJECT:** **DHS Plan for Southwest Border Security and Preparedness**

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**EXECUTIVE SUMMARY**

Under the Biden-Harris Administration, the Department of Homeland Security (DHS) has been executing a comprehensive and deliberate strategy to secure our borders and build a safe,

And these are their effects.







Chris Olivarez  
@LtChrisOlivarez

A @TxDPS Trooper & a #Florida State Trooper find 2 juveniles being smuggled inside a trunk after a traffic stop on US-90 in Kinney Coun

During a roadside interview, Troopers discovered that the driver, an illegal immigrant from Mexico, was smuggling three illegal immigrant from Mexico.

Two of the illegal immigrants who are juveniles, a 14 & a 16-year-old, were located inside the trunk.

The driver, Edwin Giovanni Barrientos Linares, of Mexico was arrested and charged with 3 counts of smuggling of persons. Linares possess California driver license. The 3 were being smuggled to Dallas, Texas #USBP took custody of them. #OperationLoneStar



11:40 AM Jul 6, 2023 52.6K Views





## V. THREATS TO INFRASTRUCTURE

We received testimony and evidence regarding landings along Florida's coastal borders so numerous they required days to process, the complete shutdown of the Dry Tortugas National Park and the declaration of a State of Emergency throughout the Florida Keys; damage to reefs and marine life; motorized craft dumping groups of aliens to flee along Palm Beach; and the mobilization and overtime duty by a large portion of our State's Florida Department of Law Enforcement to assist local Sheriffs and federal authorities in interdicting small flotillas.

We received much evidence and testimony regarding activity by foreign nationals, primarily from countries holding special significance due to terrorism or espionage concerns (Iran, China, or Yemen, for example). We are aware that the Department of Homeland Security's "2024 Threat Assessment" included warnings about this type of potential attack:

OVERVIEW Critical infrastructure provides the goods and services that are the backbone of our national and economic security and the well-being of all Americans. Within this section, we considered physical and cyber threats from domestic and foreign actors—including terrorists, adversarial nation-states, and non-state actors—to the resources, assets, and structures of our critical infrastructure sectors.

Domestic and foreign adversaries likely will continue to threaten the integrity of US critical infrastructure—including the transportation sector—over the next year, in part because they perceive targeting these sectors would have cascading impacts on US industries and the American way of life.

Complex economic threats from state and non-state actors, primarily the People's Republic of China and financially motivated cyber criminals, harm US producers and consumers and degrade the competitiveness of our companies and industries. Our adversaries will continue manipulating markets, employing economic espionage and coercive economic tools, and seeking to illicitly acquire our technologies and intellectual property.

In addition, the composition of those coming to the border has increased greatly in diversity, to the point that (per TRAC),

What is even more remarkable than the recent overall increase in Border Patrol arrests is the *number of arrests of migrants who were from beyond*

*Mexico or the Northern Triangle countries.* Fiscal year 2021 saw a dramatic increase in the number of these migrants, which grew from just 7,777 in FY 2011 to over a third of a million arrests (367,275) in FY 2021. These numbers increased again to 728,742 arrests in FY 2022, *marking the first year that non-Mexican and non-Northern Triangle nationalities outpaced the other two.*

CPB defines a Special Interest Alien (SIA) as a person who "potentially poses a national security risk to the United States or its interests. Often such individuals or groups are employing travel patterns known or evaluated to possibly have a nexus to terrorism." CPB encountered 25,627 SIAs in fiscal year 2022 (compared to 3,675 the fiscal year before) as well as 172 designated on the Terrorism Watchlist. We also reviewed FBI reports that just a month ago, the FBI had to scramble to locate a dozen Uzbekistanis allowed into the US after they sought asylum at the southern border with Mexico with the help of a smuggler with ties to ISIS.

Finally, 52,000 or so Chinese aliens appeared at our borders in recent months (a **1,300% increase**). The United States State Department imposed sanctions against several Chinese companies in April 2023 because they supply much of the flow of precursor chemicals used by cartels to manufacture fentanyl in Guatemala and Mexico. Moreover, as reported by the Wall Street Journal,

Chinese nationals, sometimes posing as tourists, have accessed military bases and sensitive sites in the U.S. *as many as 100 times in recent years...* [as the WSJ reported] citing U.S. officials who described the incidents as potential espionage threats.

The incidents, which U.S. officials describe as a form of espionage, appear designed to test security practices at U.S. military installations and other federal sites. Officials familiar with the practice say the individuals are typically Chinese nationals pressed into service and required to report back to the Chinese government.

Concern over the base intrusions comes amid rising U.S.-China tensions, which spiked after a Chinese balloon overflew the U.S. earlier this year carrying what officials said was surveillance equipment. The incidents also cast a light on concerns that Beijing is using nontraditional means to gather intelligence on U.S. soil, whether through proximity to bases or through Chinese-produced commercial equipment that could be used to spy.

Officials at the White House and the Department of Homeland Security declined to comment, and the Pentagon only responded broadly to the issue. Government officials referred queries to the Federal Bureau of Investigation, which said: “*The Chinese government is engaged in a broad, diverse campaign of theft* and malign influence without regard to laws or international norms that the FBI will not tolerate.”

Officials described incidents in which Chinese nationals say they have a reservation at an on-base hotel. In a recent case, a group of Chinese nationals claiming they were tourists, tried to push past guards at Fort Wainwright, Alaska, saying they had reservations at a commercial hotel on the base. The base is home to the Army’s 11th Airborne Division, which is focused on Arctic warfare.

These cases at times occur in rural areas where officials indicate there is little tourism far from a commercial airport. The individuals use what appears to be scripted language when confronted by security guards, according to officials familiar with the tactics. When stopped, the Chinese nationals say they are tourists and have lost their way.

*The problem of low-level Chinese intelligence collection like this is well known in intelligence circles*, said Emily Harding, a senior fellow at the Center for Strategic and International Studies in Washington and a former deputy staff director at the Senate Select Committee on Intelligence. It is a numbers game, she said.

“The advantage the Chinese have is they are willing to throw people at collection in large numbers,” she said. “If a few of them get caught, it will be very difficult for the U.S. government to prove anything beyond trespassing, and those who don’t get caught are likely to collect something useful.”

Harding said that *because most incidents in the U.S. can be pursued only as trespassing, the Chinese government gives a collective shrug for those who do get caught*. The base penetrations are considered a concerning and growing trend, U.S. military and other officials said.

In some cases, individuals did gain unauthorized access to a base, “often by speeding through security checkpoints,” said Sue Gough, a Pentagon spokeswoman. “These individuals are often cited criminally, barred from future installation access and escorted off-base,” she said.

There are repeated cases in which Chinese nationals have been found taking pictures at a U.S. Army range, according to people familiar with the matter. They often start off at nearby White Sands National Park, where visitors like to barrel down the sand dunes on rented slides, but then leave that area and cross into the adjacent missile site, the officials said.

In some cases, the individuals have used drones to bolster their surveillance efforts.

There have been repeated incidents at an intelligence center based in Key West, Fla., starting some years ago, where Chinese nationals, saying they were tourists, were found swimming in the waters near the military facility and taking pictures, according to officials familiar with the matter.

In at least one instance, an incursion there resulted in arrests and prosecutions that were made public. In 2020, three Chinese citizens were sentenced to about a year in prison after pleading guilty to illegally entering the naval air station in Key West, and taking photos by either walking around the fence line and entering it from the beach, or driving in and ignoring orders to turn around.

In another incident, Chinese nationals appear to have been found scuba diving off Cape Canaveral, home to the Kennedy Space Center. The area is the launch site for spy satellites and other military missions.

U.S. officials also describe incidents around the White House in which Chinese nationals posing as tourists leave the designated tour area to take pictures of the grounds, including communications gear and the positions of security guards, before being shooed away by the Secret Service.

In many cases, those who have trespassed on bases, apparently deliberately, have simply been detained briefly and then escorted out of the country, officials familiar with the incidents said.

Trespass to critical infrastructure sites is certainly not limited to one nationality. However, we received testimony and evidence from several witnesses, including FDLE, that the current law is insufficient to deter such behavior or enable it to be sufficiently investigated, because much of Florida's trespass laws make this conduct a misdemeanor which results in few arrests, low if any bond, and has zero deterrent value. We learned that the State of Texas has been forced to commence arresting illegal aliens who evade Border Patrol and manage to get some distance

into their State, particularly onto private land or sensitive infrastructure sites such as Starbase, home of Space X, and barely a mile from the Rio Grande. Texas has enacted very robust trespassing laws and is funding a unit of prosecutors specifically dedicated to handling these and other types of cases, such as smuggling. We appreciate their willingness to share their expertise, and we think Florida's legislature should consider enhancing our own state's trespassing laws.



We have been shown a copy of a proposed statute promulgated by the **Florida Critical Infrastructure Working Group** of law enforcement agencies, and we heartily endorse its adoption.

§810.09(TBD) “Trespass to Critical Infrastructure”

The offender commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084, if the property trespassed upon is a facility described herein that is legally posted and identified in substantially the following manner: “THIS AREA IS A DESIGNATED CRITICAL INFRASTRUCTURE FACILITY, AND ANYONE WHO TRESPASSES ON THIS PROPERTY COMMITS A FELONY.”

For purposes of this section, the term “CRITICAL INFRASTRUCTURE FACILITY” means any portion of said facility and curtilage to which access by the public is prohibited by fences or appropriate signs and includes laboratories, launching pads, runways, taxiways, ramps, apron areas, parking and storage areas, fuel storage areas, maintenance areas, and any other area used or equipped to be used for:

- (A) operation, landing, takeoff, or surface maneuvering of vehicles or aircraft;
- (B) a chemical manufacturing facility or refinery;
- (C) an electrical power generating facility, substation, switching station, electrical control center, or electrical transmission or distribution facility;
- (D) a water intake structure, water treatment facility, wastewater treatment plant, or pump station;
- (E) a natural gas transmission compressor station;
- (F) a liquid natural gas terminal or storage facility;
- (G) a cellular signal or relay tower or telecommunications central switching office;
- (H) a port, airport, railroad switching yard, trucking terminal, or other freight transportation facility;
- (I) a gas processing plant, including a plant used in the processing, treatment, or fractionation of natural gas;
- (J) a transmission facility used by a federally licensed radio or television station; or
- (K) a military base or military facility conducting research and development of military weapons systems, subsystems, components or parts.



## VI. FLORIDA'S LAWS AND ECONOMY

We applaud the efforts of our legislature and governor during last year's session to help secure Florida and address the ongoing influx of those unlawfully entering, being smuggled, or trafficked into our State. Many victims of such activity, including children (as documented by the New York Times and others) are forced into labor markets to pay off the costs of being smuggled, or because they or their loved ones are threatened by cartel traffickers.

We have read with interest claims in various media outlets that Florida's law ***might*** have adverse economic impacts by lessening the supply of illegal alien laborers or causing some to leave the state to avoid being caught breaking the law. Such claims are almost always purely anecdotal, and generally fail to disclose whether they emanate from those ***legally*** present or those who are not—a significant distinction. Florida is home to industries, particularly agriculture, construction, and hospitality, which employ comparatively high percentages of workers who are immigrants.

The facts are that, as the Chair of the Federal Reserve has reported (in December, 2022), on a national level:

Despite the slowdown in growth, the labor market remains extremely tight, with the unemployment rate near a 50-year low, job vacancies still very high, and wage growth elevated. Job gains have been robust, with employment rising by an average of 272,000 jobs per month over the last three months. Although job vacancies have moved below their highs and the pace of job gains has slowed from earlier in the year, ***the labor market continues to be out of balance, with demand substantially exceeding the supply of available workers. The labor force participation rate is little changed since the beginning of the year.*** FOMC participants expect supply and demand conditions in the labor market to come into better balance over time, easing upward pressures on wages and prices. The median projection in the SEP for the unemployment rate rises to 4.6 percent at the end of next year.

The U.S. Chamber of Commerce (large businesses) reported:

Americans have been leaving the labor force since before the pandemic. In fact, we have ***1.5 million fewer Americans participating in the labor force*** today compared to February of 2020.

***Enhanced unemployment benefits, stimulus checks, and not being able to go out and spend money*** during the COVID-19 pandemic all contributed to Americans collectively adding \$4 trillion to their savings accounts since early 2020. The extra few hundred dollars a week from enhanced unemployment benefits (which ended in Sept. 2021), specifically, led to 68% of claimants earning more on unemployment than they did while working.

In the Chamber's Nov. 2022 survey, 23% of women cited others in the family making enough money that working full-time is not as critical as the reason they have not re-entered the workforce.

Small business group the National Federation of Independent Businesses reported that:

43% (seasonally adjusted) of all small business owners reported job openings they could not fill in the current period, up three points from August. Owners' plans to fill open positions remain elevated, with a seasonally adjusted net 18% planning to create new jobs in the next three months.

Of those hiring or trying to hire, 93% of owners reported few or no qualified applicants for the positions they were trying to fill. Thirty percent of owners reported few qualified applicants for their open positions, and 27% reported none.

Particular industries suffer across the board, as the Fox Business network reported:

The Bureau of Labor Statistics job openings report for June 2023 found that the construction industry had roughly 374,000 job openings while manufacturing had 582,000. While the number of job openings in the two sectors shrank by about 279,000 combined openings compared to a year ago, the total remained near one million job openings for those two sectors out of the roughly 8.5 million open jobs economy-wide.

"The problem that we're facing today is that a lot of the workforce that's been engaged in those roles is retiring and we're not replenishing the workforce with new recruits into these jobs because the Millennial and Gen Z generations – they kind of grew up with a different idea in mind of what was a well-paying and what was a very meaningful job," Aidan Madigan-Curtis, a partner at venture capital firm Eclipse, told FOX Business.... She added that there's currently a shortage of about 750,000 machinists and welders which is expected to climb to 2 million to 2.5 million in the next several years.

The Washington Post echoed:

With more than 11 million job openings and only 6 million unemployed workers, employers have struggled for more than a year to hire enough people to fill their ranks. That mismatch has left employees frustrated and burnt out, and is fueling a new round of power struggles on the job....

Too many industries are still struggling to find workers. The share of working-age Americans who have a job or are looking for one is at 62.4 percent, a full percentage point lower than it was in February 2020, according to Labor Department data.

The reasons are complex and broad. Early retirements, a massive slowdown in immigration that began during the Trump administration, as well as ongoing child care and elder care challenges combined with covid-related illnesses and deaths have all cut into the number of available workers.

“If you look at sectors like nursing homes, local schools, railroads — employment has fallen like a stone,” said Lisa Lynch, an economics professor at Brandeis University and former Labor Department chief economist. “And with that, you see a marked increase in labor action and strike activity. People are tired and overworked.”

Although the U.S. economy has officially recouped the 20 million jobs it lost at the beginning of the pandemic, the gains have been uneven. Major shortfalls remain, particularly in low-wage industries that have lost workers to higher-paying opportunities in warehousing, construction, and professional and business services. The hospitality and leisure industry is still down 1.2 million jobs from February 2020. Public schools are missing nearly 360,000 workers and health care has yet to recover 37,000 positions. Rail transportation, meanwhile, is down 12,500 jobs.

And the Associated Builders and Contractors reported:

The construction industry averaged more than 390,000 job openings per month in 2022, the highest level on record, and the industry unemployment rate of 4.6% in 2022 was the second lowest on record, higher than only the 4.5% unemployment rate observed in 2019. National payroll construction employment was 231,000 higher in December 2022 than in December 2021.

“Despite sharp increases in interest rates over the past year, the shortage of construction workers will not disappear in the near future,” said ABC Chief Economist Anirban Basu. “First, while single-family home building activity has moderated, many contractors continue to experience substantial demand from a growing number of mega-projects associated with chip manufacturing plants, clean energy facilities and infrastructure. Second, too few younger workers are entering the skilled trades, meaning this is not only a construction labor shortage but also a skills shortage.

“With nearly 1 in 4 construction workers older than 55, retirements will continue to whittle away at the construction workforce,” said Basu. “Many of these older construction workers are also the most productive, refining their skills over time. The number of construction laborers, the most entry-level occupational title, has accounted for nearly 4 out of every 10 new construction workers since 2012. Meanwhile, the number of skilled workers has grown at a much slower pace or, in the case of certain occupations like carpenter, declined....

In 2024, the industry will need to bring in more than 342,000 new workers on top of normal hiring to meet industry demand, and that’s presuming that construction spending growth slows significantly next year.

Finally, the New York Times noted (in connection with a child-labor article referenced below) that,

A 2022 study led by a researcher at Washington State University found that many adult workers would be willing to take meatpacking jobs if they paid slightly better, around \$2.85 more an hour.

We received evidence and met with representatives of various Florida industries (agriculture, hospitality, trucking/transportation, and construction) both large and small and asked these questions. What emerged was a consistent pattern of answers: (a) none of them want to employ anyone illegally; (b) “labor shortages” have been a concern for years, long before Florida’s SB1718 was passed; and (c) there is nothing about the new statute which has had a long-term impact on the ability to hire legal employees; at most there were anecdotal accounts of individuals who

were leaving the state because they were illegal and now could not work, taking one or more legal family members with them.<sup>26</sup>

In short, they generally corroborated the national reporting consensus that market difficulties have been going on more broadly and far longer than Florida's law and are the result of a number of factors. **Difficulties which have been present in the market remain, but those predate Florida's legislative efforts in this regard.**

We further note that the same sorts of "doomsday claims" were made some two decades ago when the federal government first passed its "e-verify" laws; the markets experienced short-term decreases in illegal employment, and adjusted. This fear-mongering about Florida's law appears to be devoid of factual support and indeed supposed hazards like "wholesale abandonment of construction sites" and "trucker boycotts" have failed to materialize.

We think Florida was correct to make it more difficult to illegally employ those who are not lawfully present here, because we have received much evidence that those workers are often targets of exploitation and artificially-low wages;<sup>27</sup> they are afraid to complain about such treatment, and some are working to pay cartels or as a consequence of human trafficking. If Florida is less attractive to illegally present persons, that is not a flaw of the legislation. **Less exploitation of vulnerable people is an unqualified good.**

Florida Highway Patrol (FHP) has continued to focus on disrupting the human smuggling on our highways, including an arrest in August of an individual who along with several of his passengers was illegally present, had been previously deported, and had a small child in the vehicle being operated by an unlicensed driver. This is precisely the sort of case the law was intended to address-- as might be also the case for the persons "reticketed" in June to our state by the City of New York with the assistance of an NGO, if any of those individuals "entered the United States in violation of law and has not been inspected by the Federal Government since his

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<sup>26</sup> A recent report from New York City disclosed that despite approximately 140,000 foreign nationals being brought to that city, **only about 2% of them applied for work permits.**

<sup>27</sup> The Los Angeles District Attorney has announced a large-scale investigation of exactly this sort of behavior. "The investigation will meticulously examine the hiring practices of hotel employers in Santa Monica and Los Angeles, with a specific focus on the alleged employment of unhoused refugees... The mistreatment of vulnerable workers and their exploitation will not be tolerated. We will conduct an exhaustive investigation ... to ensure strict compliance with labor laws and protect the rights and dignity of all workers."

or her unlawful entry.” The previously-deported driver is also a textbook case for the imposition of a sentence enhancement such as we suggested above.

We also note that the President of Mexico and one of his diplomats here in Florida apparently expressed that those, including us, who favored the adoption and enforcement of this law did so for unwholesome reasons. We note hundreds of thousands of Mexican citizens leave that country every year (57,000 of them via CBP-One alone in the past fiscal year), many of them bound for Florida. There is also the matter of the raging war between armed criminal cartels controlling entire sections of that country. Perhaps Mexico should prioritize order and safety within its borders over concern with Florida state statutes.

We do support expansion of available worker visa programs (H2A and H2B). Florida employers hired 50,973 H2A (agricultural) workers last year and could use more. However, thanks to a local Florida expert, we also learned that H2B (non-agricultural) visas in particular represent a steep cost to employers, as the rules affiliated with those federal programs not only cap the number of potential employees, but require that if one is hired, existing employees must all be paid at least as much as the skilled worker at the top of the prevailing wage scale—not only must the employer pay the visa worker more, he must also pay existing employees that same wage. Moreover, keeping up with the changes and requirements for worker pay, housing, and eligibility seem to us to almost mandate the hiring of someone to manage such a program on a full-time basis. The costs of such programs thus go far beyond the individual wages paid.

VII. EMPLOYMENT, ID, INSURANCE, AND TAX FRAUD,  
INCLUDING CHILD LABOR CRIMES

There are, unfortunately, those who do unlawfully employ people from other countries, and even industry representatives we spoke with candidly acknowledged this. Most often, this fraud is conducted in tandem with other crimes—identity theft, forgery, and tax fraud among them. We applaud our legislature for acting to strengthen the verification requirements in the last session, and suggest they may want to do so again to address certain symptoms of illegal activity by illegal aliens and employers, including elimination of some loopholes we have noted.

The Social Security Act requires noncitizens to be lawfully present to receive benefit payments while in the United States [Social Security Act, §202(y); 42 U.S.C. §402(y)]. Illegal aliens are not eligible for these benefits. The Social Security Administration (SSA) sometimes finds employees whose W-2 wage and tax statements have names and Social Security numbers that do not match SSA records. Many times, this is because there was some fraudulent activity such as a worker using a fake Social Security number or a deceased person's Social Security number. When that happens, the earnings reports (not tax money itself) are funneled to the “Earnings Suspense File.”

The total in the file has exceeded **\$2 trillion** as of 2022. This figure represents a massive increase over the past decade (and twenty years ago, it was less than \$200,000,000). In fact, **in 2002**, MSNBC reported that,

With every paycheck, U.S. workers pay FICA taxes, destined for Social Security funds. But each year, millions of payments are made to the agency with mismatched names and numbers. The Social Security Administration has no idea who deserves credit for the taxes paid by those wage earnings -- so no one gets it.

During 2002, the year with the most recent figures available, **9 million people** paid taxes with mismatched names and Social Security Numbers. ... [M]ost - ***between 50 and 80 percent*** depending on whom you talk to -- ***represent illegal immigrants using a stolen or manufactured Social Security number at the workplace...***

MSNBC.com research and government reports suggest hundreds of thousands of American citizens are in the same spot -- unknowingly lending their identity to illegal immigrants so they can work. And while several government

agencies and private corporations sometimes know whose Social Security numbers are being ripped off, they won't notify the victims. That is, until they come after the victims for back taxes or unpaid loans owed by the imposter.

The problem is compounded by how often ripped-off numbers are used. James Lee, chief marketing officer for private data collection firm ChoicePoint, said *the average victim of immigrant-based identity theft sees their Social Security number shared about 30 times. "The numbers get passed around a family, and around neighborhoods,"* he said.

The pattern and amounts have accelerated in the years since. In a 2014 interview, Social Security Administration Chief Actuary Stephen Goss explained the use of the ESF to CNN:

[absent] undocumented immigrants paying into the system, Social Security would have entered persistent shortfall of tax revenue to cover payouts starting in 2009.

According to one estimate, the federal government collects about \$22 billion annually in employment tax receipts from illegal aliens who obviously do not withdraw it later from Social Security. However, this "funding boost" comes at a significant cost to some: Federal agencies have found *well over 1 million cases of aliens using Social Security numbers belonging to someone else* – i.e. stolen or "shared" with a relative or acquaintance – or numbers that are fabricated.

This can be done by simply making up a number, using the numbers of children born in the U.S., or, as a Real Clear Investigations report pointed out,

Others steal them directly from individuals, purchase them from dealers for \$80 to \$200 along with a green card as can be done in Los Angeles, or via the dark web for as little as \$4...

While some illegal immigrants work off the books, the Social Security Administration has previously said that 75% are using fake or stolen numbers. By doing so, they gain access to broader employment opportunities. There is another powerful incentive for paying taxes as well. By dint of their generally low income levels, illegals can receive reimbursements through making use of deductions and exemptions, as well as rebates via refundable credits – leaving many with tax liabilities of zero or even as net recipients of government largesse. Immigration proponents contend that many do so in the



hope that paying their taxes through employer withholding will weigh in their favor in a future amnesty, reflecting good behavior.

In the meantime, though, **real people suffer real consequences of this identity theft**; tax liens, ineligibility for home or business loans, loss of job opportunities, and other indignities. No one should be victimized because someone else wants to work illegally.

Other government agencies have found similar disturbing impacts. In 2018, the Department of Treasury inspector general found 1.3 million cases of employment-related identity theft in a five-year period ending in 2016; they also found **1.2 million cases in which illegal aliens used someone else's Social Security numbers in 2017 alone**. In 2020, the GAO found more than 2.9 million Social Security numbers had "risk characteristics associated with SSN misuse."

The SSA used to at least notify employers of such discrepancies by letter; they could then notify law enforcement and have them possibly notify victims. But as the National Law Review documented:

No-Match letters are notifications that an individual employee's W-2 form does not match SSA's records. ... Receipt of a No-Match letter does not by itself mean the employee was working illegally or using a fraudulent Social Security card. Mismatches might be due to administrative errors, misspelled names, reversed numbers, or name changes (such as due to marriage). Nonetheless, employers, upon receipt of the EDCOR No-Match notification, were expected to take the appropriate actions – checking for errors in records and notifying the employee to resolve the issue with SSA. Employers were advised not to take adverse employment action against "noticed" employees solely due to a No-Match letter.

But in another policy move, the current administration has ordered the use of these letters discontinued.

**We think our elected officials should again consider strong legislative mandates regarding universal documentation requirements, and notification to potential employers and victims of these crimes.** A recently-concluded federal prosecution in the Southern District of Florida highlights other reasons why:

The operators of several Key West, Florida, labor staffing companies, ... were sentenced to prison today for tax and immigration-related crimes.

Defendants helped run a series of labor staffing companies that facilitated the employment of non-resident aliens in hotels, bars and restaurants in Key West and elsewhere who were not authorized to work in the United States. These labor staffing companies did not withhold federal income and Social Security and Medicare taxes from workers' wages and did not report said wages to the IRS.

These individuals were charged with having "entered into written contracts and verbal agreements with hotels, bars, and restaurants in Key West and elsewhere . . . when in fact many of the customers knew or had reason to believe that the workers provided under these agreements were not authorized to work in the United States... facilitated the employment of more than 100 alien workers," and for *conspiring to harbor aliens and induce them to remain in the United States* and filing a false federal tax return with the IRS.

Florida's licensing regime for General Licensed Contractors should also be addressed. Currently, our evidence suggests that significant loopholes are present whereby licensing requirements can be sidestepped. These include contractors who simply pass all liability for verification of employee eligibility to work to a third party, usually a subcontractor or labor staffing agency—there are "subs of subs of subs" on some projects. While we recognize a need for flexibility in industrial hiring, it does no good to have a licensing regime which can be so easily manipulated.

Accordingly, we recommend that our lawmakers assess the feasibility of either requiring general contractors to ultimately be fully and directly legally responsible for ensuring their subcontractors hire only legal workers, or requiring any employee staffing agency or any person or business which provides employees to work for another, to register with the state's Department of Labor and be bound by Florida's new e-verify requirements. We also suggest that the "25-employee exemption" to e-verify requirements be eliminated, as it provides too many incentives for the unscrupulous to "game the system."

As a state with many available jobs in the agriculture and construction industries, Florida is a particularly attractive destination for those from poorer nations seeking such work. We learned of the widespread use of persons with no U.S. status in insurance fraud schemes in Florida. The most common such scenario involves fraudsters who secure worker's compensation policies by either grossly underreporting the number of employees needing coverage, or mischaracterizing their job classification.

In these instances, parallel harms are occurring. First, the insurance company loses millions of dollars annually in lost premiums, a cost which ultimately is passed along to consumers. Additionally, the conductors of such fraud shamelessly exploit the non-status workers, secure in the knowledge they have a virtually non-existent financial bargaining position and are extremely unlikely to serve as prosecution witnesses in the event a criminal investigation yields arrests. Further, in an often overlooked but significant humanitarian consideration, these laborers are exposed to the physical dangers inherent in their workplaces without the guaranteed benefit of worker's compensation benefits.

Another disturbing facet of fraud in the immigration-employment context is referenced in our Third and Fourth Presentments, and highlighted recently by a series of articles in the New York Times (including "The Kids on the Night Shift"). *A worrisome number of those working illegally<sup>28</sup> are children, using fake or stolen identities*, who are sending funds to pay off smugglers and cartel members on behalf of themselves or their families. Many of these children are working in hazardous environments, without adequate protection, resulting in serious injury, disfigurement, chemical burns and poisoning, disease and inability to stay awake or attend school. We reviewed accounts of children working jobs that were supposedly "strictly off limits": construction, chemical cleaning, or labor in slaughterhouses.

In a typical example, these articles disclosed that:

[His] parents decided he would go north and find a way to earn money. They borrowed against their land to pay a coyote — technically a human smuggler, but in this case, more like a travel agent — to help him reach the United States without being kidnapped or hurt. He made his way to an adult cousin .... Federal law bans minors from cleaning slaughterhouses because of the risk of injury. But with the help of a middle-school classmate who already worked at the plant, [the child] *bought fake documents that said he was a man with a different name in his 20s*. When he was hired, children made up as much as a third of the overnight cleaning crew[.]...

[ORR provided] a list of requirements for sponsors. The first was to provide ... food and shelter. Another was to send him to school. *Nearly last on the list*

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<sup>28</sup> The large majority of UAC in our state are between the ages of 15-17. We are concerned that proposed legislation such as HB49 in the current legislative session removes restrictions on the time, length, and hours children ages 16-17 are allowed to work. Specifically, we worry that this change might make it easier for those children, especially UAC, to be exploited.

was a pledge that he wouldn't work. [The ORR-vetted sponsor—not the child's parent] agreed to them all, but she had no intention of keeping [the child] from working. She knew that was why he had come... [The child] borrowed \$800 from [the sponsor] to buy fake papers from a man in a nearby trailer, and at 13 he was hired onto the overnight sanitation shift. Each morning, [the sponsor] picked him up from the plant at 6:30, and 20 minutes later, he was waiting...for the school bus.

But as more children come to the United States to help their families, more are ending up ... [with] brutal consequences. A Guatemalan eighth grader was killed on the cleaning shift at a Mar-Jac plant in Mississippi in July; a federal investigation had found migrant children working illegally at the company a few years earlier. A 14-year-old was hospitalized in Alabama after being overworked at a chicken operation there. A 17-year-old in Ohio had his leg torn off at the knee while cleaning a Case Farms plant. Another child lost a hand in a meat grinder at a Michigan operation....

His aunt had come from Guatemala a month earlier with her 15-year-old daughter... His aunt had planned to work while [the daughter] went to school, but they suffered a series of setbacks on their journey. *Kidnappers held them hostage in Mexico* and forced them to borrow from relatives to buy their freedom. They were turned back at the border and decided to cross through the desert, but his aunt fell from the border wall, shattering her leg and running up \$107,000 in debt to an El Paso hospital. Now she was sleeping in the kitchen and using a walker, and instead of enrolling in ninth grade, [the child] was looking for a job.

The Times reported, and our investigations also showed, that the relevant agencies were well aware of these problems, but did little or nothing other than punish those who made the information public:

Even as veteran employees left, others kept sounding alarms. In January, shortly before the Times investigation was published, a group of workers sent another memo to their H.H.S. bosses saying the system had resulted in unsafe discharges. "We are pulling humanity out of 'Health and Human Services,'" they wrote.

Some of the most persistent warnings that children were being funneled into dangerous jobs came from outside the government. H.H.S. releases most children to sponsors without follow-up care, but it hires organizations to

provide thousands of the most high-risk children with several months of support services. ...[One wrote to H.H.S. that] “We have identified some troubling trends in the Chicago metro area,” he wrote, including vans picking up children at odd hours, suggesting that they were being driven to factory jobs....

An H.H.S. staff member replied that more than 200 children, most of them Guatemalan, had recently been released to the neighborhood and confirmed that many of those cases had been marked as suspicious: Adults were sponsoring multiple children, and minors were working instead of attending school. “There are certainly plenty of other concerning trafficking red flags,” the staff member wrote....

An H.H.S. spokeswoman said the department was aware that some migrant children worked long hours because they are under intense pressure to earn money, but the agency’s legal responsibility for children ends once they are released. ...For now, most children released to sponsors have little support aside from an H.H.S. hotline. According to internal documents obtained by The Times, reports of trafficking to that hotline increased by about 1,300 percent over the past five years.

This included a 14-year-old child from Florida who related that he

was working long shifts in a refrigerated warehouse, packing vegetables for distribution around the country, and had not seen his sponsor in months. . .He missed his grandmother and sometimes went days without talking to anyone. He wanted to go to school, but felt trapped because he needed to earn money to repay his debts[.]

The principal author of those articles indicated in an interview that:

So, like you say, I spent a year looking into migrant child labor in this country. And we found kids working in all 50 states. These are sometimes 12-, 13-year-olds. ...And it turns out, there were people in the administration, some of them in senior roles, who were trying to raise this. So the administration was told about people out in the field who were coming across children who said that they were being forced to work. And then people at the highest levels of the administration, people in the White House were told about clusters of children working in meatpacking factories, working in car plants, all around the country. And they were also told that there were these staffers out in the

field or in the D.C. headquarters who were trying to send up a warning about this.

But, somehow, this still got missed. **So these warnings were maybe ignored.**

... And when I have gone back and asked the whistle-blowers at the agencies, well, why didn't they put them together, what these staffers say is, we think **they just didn't want to know.**

This crisis is the result of policy failures on multiple levels. And part of it has to do with labor enforcement. ...

**And then, on the other side, this is a child welfare and immigration issue. And one thing that people point to in this country is, no single agency is really responsible for these children after they're released to sponsors.**

So they're released. And then most of them are really on their own. And that's part of how we have ended up in this situation.

## These are the policies.

5/10/2019

Children Entering the United States Unaccompanied: Section 2 | Office of Refugee Resettlement | ACF

# OFFICE OF REFUGEE RESETTLEMENT

An Office of the Administration for Children & Families

## Children Entering the United States Unaccompanied: Section 2 Safe and Timely Release from ORR Care

Published: January 30, 2015

Category: Unaccompanied Children (U-AC) Services

### 2.1 Summary of the Safe and Timely Release Process

The Office of Refugee Resettlement (ORR) has policies and procedures in place to ensure the care and safety of children who are apprehended in the United States without a parent or legal guardian available to provide care and custody and without immigration status. These policies require the timely release of children and youth to qualified parents, guardians, relatives or other adults, referred to as "sponsors." Safe and timely release must occur within a setting that promotes public safety and ensures that sponsors are able to provide for the physical and mental well-being of children.

ORR evaluates potential sponsors' ability to provide for the child's physical and mental well-being, as the law requires ORR to protect children from smugglers, traffickers, or others who might seek to victimize or otherwise engage the child in criminal, harmful or exploitative activity. The process for the safe and timely release of an unaccompanied alien child from ORR custody involves many steps, including: the identification of sponsors; the submission by a sponsor of the application for release and supporting documentation; the evaluation of the suitability of the sponsor, including verification of the sponsor's identity and relationship to the child, background checks, and in some cases home studies, and planning for post-release.

Posted: 1/27/15

### 2.2 Application for the Safe and Timely Release of an Unaccompanied Alien Child from ORR Care

ORR begins the process of finding family members and others who may be qualified to care for an unaccompanied alien child as soon as the child enters ORR's care. Parents, other relatives, or close family friends can apply to have the child released to their care.

Posted: 1/27/15

#### 2.2.1 Identification of Qualified Sponsors

The care provider (<https://www.acf.hhs.gov/programs/orr/resource/children-entering-the-united-states-unaccompanied-guide-to-terminals/ACF-Care-Provider>), the ORR funded facility that cares for the child, interviews the child as well as parents (see the section below on how ORR confirms relationship with child), legal guardians, and/or family members to identify qualified custodians ("sponsors"). If a child is either too young or there are other factors that prohibit the care provider from obtaining potential sponsor information from the unaccompanied alien child, the care provider may seek assistance from the child's home country consulate in collaboration with the ORR Federal Field Specialist (ORR/FFS) (<https://www.acf.hhs.gov/programs/orr/resource/children-entering-the-united-states-unaccompanied-guide-to-terminals/ORR-Federal-Field-Specialist>) or from a reputable family tracing organization. Finding a sponsor for the child is an ongoing process that continues during the unaccompanied alien child's stay in ORR care and custody in the event that the primary potential sponsor or primary release plan is not approved.

ORR releases children to a sponsor in the following order of preference: parent, legal guardian, an adult relative (brother, sister, aunt, uncle, grandparent or first cousin), an adult individual or entity designated by the parent or legal guardian (through a signed declaration or other document that ORR determines is sufficient to establish the signatory's parental/guardian relationship), a licensed program willing to accept legal custody, or an adult individual or entity seeking custody when it appears that there is no other likely alternative to long term ORR care and custody. ORR has grouped these release options into the following categories:

- Category 1: Parent or legal guardian (This includes qualifying step-parents that have legal or joint custody of the child or teen)
- Category 2: An immediate relative--a brother, sister, aunt, uncle, grandparent or first cousin (This includes biological relatives, relatives through legal marriage, and half-siblings)
- Category 3: Other sponsor, such as distant relatives and unrelated adult individuals
- Category 4: No sponsors identified

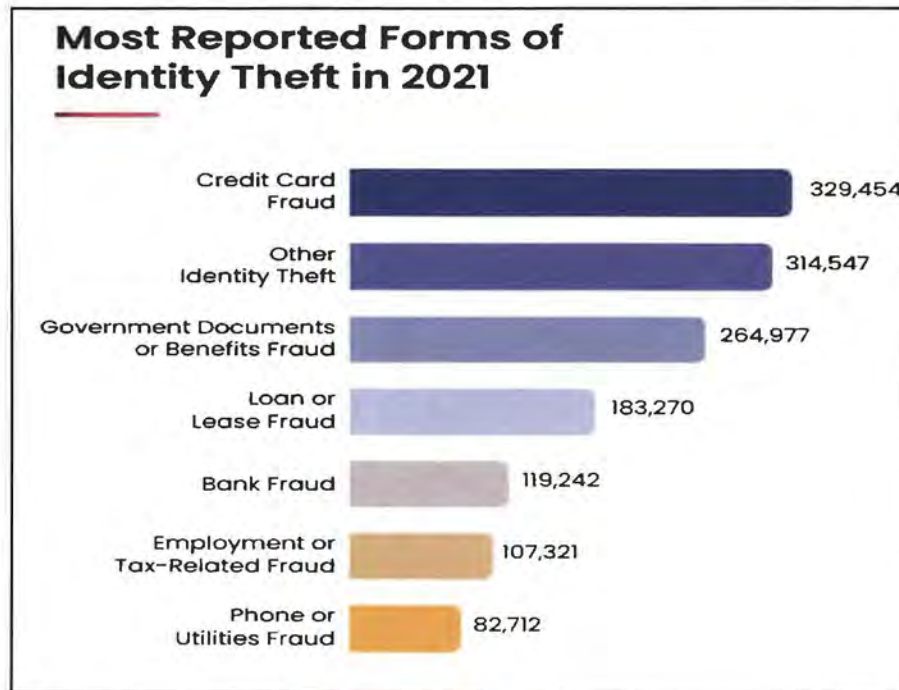
Although ORR gives preference to a parent or legal guardian when determining release plans, there are instances when ORR would not release an unaccompanied alien child to a parent or legal guardian. These include:

<https://www.acf.hhs.gov/orr/resource/children-entering-the-united-states-unaccompanied-section-2#2.4>

1/22



And these are their effects.





## VIII. WHO BENEFITS

This brings us to another subject: with the amount of TCO/cartel activity we have documented, and the amount of murder, mayhem, narcotics and human trafficking, debt bondage, and immigration crimes for which they are responsible, how do the proceeds of such activity return to the cartels? Bulk cash smuggling is one method, but another is more insidious: money laundering in the form of “remittances.”

Every expert we consulted, when asked how a state such as Florida could assist in combatting organizations like TCOs, included the same recommendation:

**“They don’t care about the people, about you, about life, or anything—except money. Go after the money.”**

### A. MECHANICS

Remittances are, generally, noncommercial transactions whereby persons who are living in a country other than where they were born send money “home” to friends, family, or other individuals. According to the Consumer Financial Protection Bureau, they constitute “most electronic money transfers from people in the United States who send electronic transfers of more than \$15 through a ‘remittance transfer provider.’” This provider can be a bank, a credit union, a “money transfer” business such as Western Union, or smaller providers of such services. In Florida, they must be licensed as such.

A report produced for the 118<sup>th</sup> Congress by the Congressional Research Service provided this helpful information:

The United States is the destination for the most international migrants and, according to the International Monetary Fund and World Bank, the largest global source of remittances, sending ***\$72.7 billion in 2021***. As remittances have grown, banks, traditional money transfer companies, and entrepreneurs have responded to increased demand by increasing the remittance channels available to migrants; these now include mobile, internet, and card-based options.

The United States has more immigrants than any other country in the world: immigrants account for 14.1% of the U.S. population and are the largest global source of remittances. Remittance transactions typically involve a sender from

one country, a recipient in another country, financial intermediaries in both countries, and a payment system used by the intermediaries. The financial institutions involved in the **\$540 billion remittances market** can be banks or credit unions, but they are often money transmitters, such as MoneyGram, Western Union, or PayPal.

Formal channels<sup>29</sup> involve intermediaries that are officially licensed to operate money-transfer businesses. These formal channels consist of banks, nonbank financial institutions (including post offices), and money service businesses such as Western Union or MoneyGram. Increased use of technology in developing countries has also facilitated the use of mobile-phone-based and other electronic payment methods (such as PayPal), through both formal and informal mechanisms.

The U.S. foreign remittance market is dominated by MSBs, a category of nonbank financial institutions that generally own proprietary, so-called “closed-loop” payment systems, and operate largely outside of conventional banks. A reason remittance customers may use MSBs is that the customers are often “unbanked”; that is, they do not have an account with a depository financial institution. MSBs issue money orders and traveler’s checks, transmit money, cash checks, exchange currency, and store value.

Although some prominent companies, such as Western Union, MoneyGram, and PayPal, belong to this group of financial institutions, thousands of money transmitters in the United States operate in the background of financial services. Traditional money transmitters like Western Union and MoneyGram are often located in a wide variety of other businesses, including supermarkets, check cashing agents, gas stations, liquor stores, convenience stores, and currency exchange offices. Alternatively, many peer-to-peer (P2P) platforms, such as PayPal and Venmo, operate through mobile apps and web

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<sup>29</sup> Thanks to expert testimony we are familiar with alternative transfer systems, including “trade-based money laundering,” bulk cash smuggling, and cryptocurrency; we focus on “formal” remittance systems. People can send remittances through informal or formal channels. The most well-known informal channel is hawala (hawala means “transfer” in Arabic), which originated in India and has been in use in South Asia and the Middle East for several hundred years ... these systems’ lack of documentation and their anonymity and informality can make them attractive for money laundering, terrorist financing, or other illegal purposes. But they are not subject to ready inspection and are difficult to regulate.

browsers, and so are not ancillary to another business sharing a physical location.

According to the World Bank the United States is consistently the largest sending jurisdiction, accounting for 26% of all remittances sent in 2021. Mexico is by far the largest recipient of remittances from the United States, receiving over \$50 Billion in 2021.

***Money transfer is accompanied by a processing fee.*** The World Bank also tracks the cost of sending remittances from the main remittance service providers, be they traditional MTOs (Money Transfer Operators, such as Western Union and Moneygram) and digital mobile operators and MTOs such as Transferwise (Wise), Remitly, WorldRemit, InstaReM and Xoom. In Q3 2022, the World Bank's International MTO Index recorded a decrease to **5.93%** from the previous value of 6.17% in Q2 2022. The cost of digital remittances, on the other hand, has increased in recent years. In Q3 2022, the World Bank's digital-only MTO Index was recorded at **4.38%**.

## B. STRUCTURAL WARNING SIGNALS

In January 2023, FinCen reported that,

Migrants generally pay smugglers in one of three ways: 1) payment in advance, in which the migrant or the migrant's relatives provide full payment to the smuggler before traveling; 2) partial payment, in which a migrant pays some portion upon departure and the remaining balance is paid in full upon arrival, and 3) payment on arrival, in which the migrant's relatives pay the full fee to the smuggler after the migrant is successfully smuggled. ... migrants who cannot afford full payment, are unable to pay any outstanding debt upon arrival in the United States or do not voluntarily enter into work agreements may be vulnerable to human trafficking, to include commercial sex trafficking, forced labor, fraud, kidnapping, and other forms of exploitation, once within the United States.

**Funnel Accounts:** Funnel accounts generally involve an individual or business account in one geographic area that receives multiple cash deposits, often in amounts below the cash reporting threshold, from which the funds are withdrawn in a different geographic area with little time elapsing between the deposits and withdrawals.

*Smuggling fees, often paid by the family members of migrants already settled in the United States and disguised as remittances, are sent to funnel accounts at financial institutions with branches or locations along both sides of the SW border. Smuggling networks may seek to establish accounts with financial institutions with a large U.S. presence to allow for easy collection of payments from the families of those being smuggled and who may be located throughout the United States. In addition to payment via cash, human smugglers also use mobile payment applications and other forms of peer-to-peer (P2P) networks to transfer funds. For example, smugglers may use P2P networks to collect payments from migrants to cover the expenses necessary for their travel from the country of origin to their final destination.*

**Financial Red Flag Indicators of Human Smuggling:**

FinCEN has identified the following financial red flag indicators to assist financial institutions in detecting, preventing, and reporting suspicious transactions associated with human smuggling.

- Transactions involving multiple wire transfers, cash deposits, or P2P payments from multiple originators from different geographic locations either across (1) the United States, or (2) Mexico and Central America, to one beneficiary located on or around the SW border, with no apparent business purpose.
- Deposits made by multiple individuals in multiple locations into a single account, not affiliated with the account holder's area of residence or work, with no apparent business purpose...
- Multiple customers sending wire transfers to the same beneficiary (who is not a relative, and may be located in the sender's home country), inconsistent with the customer's usual business activity and reported occupation.

As it relates to Mexico in particular, the Remittance Industry Observatory published a report in 2017 indicating that not only was the total remittance amount rising, but the average amount sent during each transaction had been steady over a four-year period at around \$300. In Florida, it was \$360. In 2017, RIO estimated that just under 250,000 such transfers occurred in Florida, and the total from the U.S. to Mexico was just under \$30 billion. In the six years since, that number has nearly doubled.

The Dialogue: Leadership for the Americas compiled data on remittance transfers in 2022. They found:

- Total sent from the U.S. was \$150 billion
  - At least 26 million senders and 40 million transactions
  - Annual 14 percent growth
  - 80% of the total remittance flow to Latin America came from the U.S., up from 75% the year before
  - Approximately 30% of the transfers were digital

And, most significantly for our purpose here, *the Gross Domestic Product of some nations* had a significant component from these very transfers:

El Salvador	26.7%
Guatemala	20.0%
Haiti	15.9%
Honduras	28.8%
Jamaica	25.6%
Nicaragua	22.2%
Mexico	4.6%*

**\*Mexico's GDP is much larger than all the others combined.**

Given these figures and the amount of money they represent, it is no wonder some governments are assisting portions of their populations to undertake the horrific journey we have described; the return monies are *literally keeping their economies afloat* in many cases.

In the case of Mexico, the Mexico Institute and Mexico News Daily both reported that,

*Around 7.5% of the more than US \$58 billion in remittances sent to Mexico last year could be linked to drug trafficking*, according to a Mexican think tank. Central bank data shows that *Mexicans living and working abroad, mainly in the United States, sent a record \$58.5 billion* home last year.

The think tank Signos Vitales said in a report that there is evidence that *at least \$4.4 billion of that amount* is ill-gotten gains that was sent electronically to Mexico as part of a money laundering process.

...Among the evidence cited by Signos Vitales is that *large amounts of money were sent to Mexico from U.S. states with small Mexican populations* and that *monthly remittances to over 200 municipalities exceeded the number of households located in them.*

The U.S. state from which the third highest amount in remittances emanated in 2022 — about 8% of the total — was Minnesota, which ranked behind only California and Texas despite having a Mexican population of just 200,000, or 0.5% of the total number of Mexican-origin residents in the United States. [It] also noted that the amount of money sent to Mexico from Minnesota increased 585% between 2018 and 2022.

“The most powerful reason to believe that it’s not Mexicans sending remittances from Minnesota is that *the amount sent — some \$4.7 billion — is equivalent to the gross annual income of all ... Mexicans [in the state], making it financially impossible,*” the report said.

The combined increase in remittances in the same period from that state as well as Idaho, Maine, Montana, New Hampshire, North Dakota, Tennessee and Utah — all of which have relatively small Mexican populations — was just under 279%, Signos Vitales said.

The data-focused think tank also said that remittances originating from unknown locations increased 332.5% between 2018 and 2022.

In addition, it said that *227 municipalities received more remittances than households on a monthly basis last year. The number of monetary transfers received by 32 of those municipalities was at least two times higher than the number of households,* Signos Vitales said.

The \$4.4 billion figure calculated by Signos Vitales is in fact based solely on “those municipalities ... where 100% of the homes receive more than one [monetary] transfer per month,” Signos Vitales said.

“... It’s an introduction to the magnitude of the [money laundering] problem, which we believe is enormous,” the think tank added.

In its report, Signos Vitales also noted that the total monetary amount of remittances sent to Mexico has increased sharply in recent years. “There has to be an explanation for the astounding increase in the past few years. It’s impressive that *it’s gone from around \$21 billion [a decade ago] to nearly*

**\$60 billion,”** said the think tank’s president Enrique Cárdenas, an economics professor.

The report also built on research from 2021 which found:

Organized crime groups in Mexico have shown a remarkable ability to adapt amid the global health crisis, and ***the record number of remittances sent back to the country from the United States presents a clear money laundering opportunity.***

To be sure, ***Mexican criminal groups have long co-opted remittances sent through US banks*** for their own interests. In 2017, for example, the US Justice Department announced that Banamex USA’s (BUSA) anti-money laundering monitoring system “issued more than 18,000 alerts involving more than \$142 million in potentially suspicious remittance transactions” sent between 2007 and 2012.

Organized crime groups often use such transfers to launder money and hide its illicit origins. Yet BUSA “conducted fewer than 10 investigations and filed only nine” Suspicious Activity Reports (SARs) during that time, and didn’t file a single report on suspicious remittance transactions between 2010 and 2012, according to US prosecutors. ... Remittances will remain a key money laundering tool for Mexican crime groups so long as US banks struggle to step up controls.

Finally, we received evidence regarding a remarkable study conducted at the Universidad de la Salle Bajío Campus Salamanca Correo in Mexico. It found:

In 2021, remittances reached a record level of more than 52.7 billion USD, 25% more than a year before but 215% in comparison with 2014. That means, that remittances doubled in seven years which is a remarkable accomplishment....

In the face of this conundrum, ***we want to inquire whether there is enough evidence to correlate the boom in Mexico’s remittances with Mexican TCO and the outbreak of the drug overdose death crisis in the United States up 2015.***

Most of illegal fentanyl consumed in the US is produced in clandestine labs in Mexico. Fentanyl is 50 times more potent than heroin, rather cheap, easy to get and is classified as a synthetic drug because it is made of chemicals.

Figure 1 plots *the trajectory of murders related to organized crime in Mexico, remittances, and drug overdose deaths in the USA*. We can notice that *the three variables seem to move harmoniously* taking off very quickly up 2015. .... Drug overdose deaths and remittances behave similarly, whereas violent murders in Mexico have also augmented but more irregularly and with an important backlash in 2021; they have stabilized at around 35,000 murders a year on average.

Table 3 displays the top seven Mexican states in violent murders and their share in remittances from 2003 to 2020. The high level of violence in terms of murders by the seven states have a strong presence of Cartel Jalisco Nueva Generación (CJNG) and harbor clandestine labs to produce synthetic drugs.

*The fact that these states accounted for 41.46% of violent murders between 2003 and 2020 and at the same time they also received 48.28% of remittances in the same period, awake the suspicion that this foreign currency could be camouflaging revenues from drug trafficking.*

We took quarterly data published by Data Center for Disease Control (Centers for Disease Control and Prevention, 2022) from QI-2015 to QIII-2021 and found significant correlations between drug overdose deaths vs remittances. ... As can be seen from table 4, *the seven Mexican States receiving 2/5 of remittances show a positive significant correlation with drug overdose deaths* in borderlands,

*Thus, we can sustain the hypothesis that Mexico's spike in remittances is not correlated with historical low rates of unemployment and this boom in remittances coincides with higher prices of synthetic drugs and larger numbers of drug overdose deaths.* The same pattern with slight differences can be observed by Texas (figure 5) and New Mexico (figure 6) respectively.

This could either be the result of more migrants working in the USA or of higher revenues obtained by Mexican TCO at higher prices of their drugs derived from the lockdowns and freezing of economic activity during the Covid-19 pandemic. This conclusion represents only an approach to a complex and dynamic phenomenon, and it is based on public data.



### C. TCOs AND THEIR CUTS

We have already established that Florida is home to a large immigrant population, including a large illegal population. And just as some of our citizens are criminals who work with or in fear of gangs and TCOs, so too are some aliens. Regardless of status, though, a great many incur substantial debt to TCOs in the process of reaching our state. That debt does not disappear just because they arrive. Cartels and their gang affiliates also make large sums of money in this country through various activities; they look for ways to get it back to their “home turf.”

One method becoming more popular, it seems, is via co-opting of the remittance process. We have previously referenced an FDLE investigation of financial information we subpoenaed from a number of Florida institutions documenting financial transactions from within Florida to specific locations in countries through which migration is occurring. That investigation has turned up disturbing evidence of multiple cases of *each* of the FinCen “Red Flags” described above.

(1)

Most disgustingly, *TCO control of remittances is exercised upon the most vulnerable population: Unaccompanied Alien Children*. This is done by simple extortion: parents borrow money from these criminals to send their children to the United States where, instead of being placed with a vetted sponsor who makes sure they are safe and sound, they are abandoned thousands of dollars in debt to groups who can have their parents harmed or killed, or seize their home. Their “sponsor” lets them work under false identification, in hazardous jobs with great risk of harm, and unscrupulous MTOs allow them to cash their paychecks (often issued under someone else’s name) and send cash to their parents, who immediately turn that money over to the TCO—*all courtesy of ORR* and other federal agencies’ lax policies.

The New York Times’ “Night Shift” story described the situation thusly:

The store is more than just a place to wire money. [T]he woman at the cash register, ... had helped the ninth grader’s brother apply to be her sponsor. Now she noticed that the girl had the white payroll debit card used by the sanitation companies. The companies deposited a week’s pay each Friday, and workers usually withdrew it all in cash the following day. The girl [said] with pride that she had gotten a job.

[The woman] sympathized with children who worked nights *but thought their sponsors were akin to traffickers.*<sup>30</sup> ...Another girl came in with a white payroll card. She finished [her] shift a few hours earlier and still had a headache from the night's chemicals. [The woman] counted out \$500 for her and gave her a discount on a bag of ice pops. "Take care of yourself," she said...

Technically, *minors are not supposed to send wire transfers*, and [the woman] was supposed to check their IDs. But when she tried to enforce the rule, customers complained. "*They just have fake papers anyway*," she said. The store got more crowded in the afternoon. A boy with the beginnings of a mustache withdrew his \$500 and bought a bottle of nonalcoholic wine. A teenager who had recently dropped out of 10th grade so he could switch to the day shift sent \$150 to his mother.

Another child came in, a slight 15-year-old who had played on the soccer team ... but dropped out after spring break to work during the day. He was too short to rest his elbows on the counter. "Is your uncle not letting you go to school?" she asked as he ran his payroll card.

"They don't let me," he said... Sometimes, she wanted to interrogate the children who came in with payroll cards, but she also knew **that would be bad for business**. There was another store with a card reader a few miles up the highway. *She handed the boy \$500 and then helped him send money to his mother.*

What we propose may at least throw some sand in the gears of this practice—and if anything can be done to avoid even one child being permitted to perpetuate this cycle of exploitation and self-harm, we believe it should.

(2)

A case from the nearby State of Georgia sets out another facet of the enterprise:

**Multiple guilty pleas expose ability of drug cartels to launder drug proceeds through money remitters.**

Drug Cartels are constantly looking for conduits like money service businesses to launder their illicit drug proceeds back to Mexico. We work to

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<sup>30</sup> We do not disagree, though we also would not describe *her* complicity as anything but criminal.

dismantle drug organizations by cutting off the money flow back to Mexico, this makes it harder for the drug cartels to operate,” said James Dorsey, Acting Special Agent in Charge, Atlanta Field Office. ...

In 2014, federal law enforcement agents began investigating individuals in the metro-Atlanta area that were suspected of laundering drug proceeds to Mexico. Federal agents utilized cooperating sources to infiltrate these individuals’ networks and determined that the money launderers were frequently using small businesses to send drug proceeds to Mexico. These small businesses offered “money remittance services,” which allow customers to wire funds to individuals in other countries without using traditional bank accounts.

Investigators determined that managers and employees of a number of metro-Atlanta remitters were knowingly helping the money launderers send drug proceeds to Mexico. During the course of this investigation, cooperating sources and an undercover law enforcement officer brought drug proceeds or money that was represented as coming from drug sales to different remitters. In exchange for a kickback, managers and employees of nine different remitters agreed to launder the funds to Mexico by breaking the transactions into smaller amounts and by listing fake sender names, addresses, and telephone numbers. The investigation revealed that *nine metro-Atlanta remitters transmitted more than \$40 million over a roughly four-year timeframe*. The resulting guilty pleas in this case made clear that the bulk of this money came from the sale of illegal narcotics.

*Several of the defendants who pleaded guilty actually served as the Bank Secrecy Act/Anti-Money Laundering (“BSA/AML”) compliance officers* for their respective stores and were responsible for detecting and reporting these types of illicit financial transactions. Instead, these defendants used their anti-money laundering training to help the drug proceeds flow to Mexico undetected.

*The recorded undercover transactions that took place during the operation exposed how willing many remitters were to help their customers secretly send drug proceeds to Mexico*. One defendant, who served as a store manager and BSA/AML compliance officer, even *gave an undercover officer tips on where to sell drugs* in Atlanta. Another defendant, who also served as a store manager and BSA/AML compliance officer, *offered to provide a cooperating*

***source help on obtaining fake identifications so that drug proceeds could be transmitted to Mexico undetected.***

Reuters described the same phenomenon during our investigation:

A Mexican mother walked into a bank in her home city of Culiacán in the Mexican state of Sinaloa, where an \$8,000 remittance from the United States was waiting. She withdrew the funds in local currency, then strolled across town and deposited nearly all of it into accounts at two different banks.

Money sent home by migrant workers is a lifeline for millions of Mexicans. But the woman had never met the person who wired her the funds, nor the owners of the accounts where she took the cash. What she did know: ***The deal had been carefully arranged by the Sinaloa Cartel, one of the world's largest drug trafficking groups, to repatriate profits from U.S. drug sales back to Mexico disguised as a routine remittance.*** Her cut: \$230 worth of Mexican pesos.

It was the start of easy money for the woman, who said she previously had struggled to make ends meet cleaning houses. Recalling that day in April 2014 for Reuters, ***she estimated she had earned some \$17,000 over the years recruiting others into the scheme and cashing remittances totaling hundreds of thousands of dollars*** – but never too much or too often, so as to avoid scrutiny by banking authorities. She said a neighbor got her into the game, and that she had never met her bosses in person. “Everything was by phone,” she said, “and the phone numbers changed every time.”

The woman showed Reuters ***WhatsApp messages*** on her phone that she said were from traffickers coordinating her remittance pickups and drop-offs. One from early 2022 said: “They are waiting for you outside. They know who you are. Give them the money.”

The Culiacán mother is part of ***an army of civilians recruited by the Sinaloa Cartel and other drug syndicates across Mexico to help move illicit drug profits earned in the United States south of the border. The criminal scheme essentially piggybacks on the vast legal network of money-transfer firms that help migrant laborers send money home to their families.***

...As legitimate remittances have ballooned, it has become ever easier for cartels to disguise their ill-gotten gains in small transfers sent to average

people across Mexico who have no obvious links to organized crime, according to four U.S. and Mexican security officials.

*...Several features of the remittance sector make it an attractive vehicle through which criminal funds can enter the financial system*, according to four industry executives and the Mexican and U.S. law enforcement officials. Chief among them is the worldwide reach of this network and the modest-sized cash transactions that drive it. Identification requirements for such transfers are more relaxed than those needed to set up a formal bank account or to wire significant sums of money.

Cases of crime groups using popular money-transfer services to conduct illegal activities have been documented before. *Reuters interviewed two dozen Mexico residents who said they had been paid by the Sinaloa Cartel to act as conduits for remittances, turning the money over to cartel operatives after receiving it.* Records from eight U.S. federal court cases and interviews with a dozen industry insiders, analysts and law enforcement agents on both sides of the border paint a detailed picture of how the criminal venture works.

The use of remittances to move drug money was *supercharged by the COVID-19 pandemic after long-established travel routes were upended by closures and lockdowns*, according to four security officials from the United States and Mexico. Between March 2020 and November 2021, the U.S.-Mexico border was closed to all but “essential” travel. That made the traditional method of repatriating drug profits – bulk smuggling of cash hidden in southbound cars, trucks and cargo trailers – much harder. Traffickers turned to other means, the security sources said, resulting in a heavier reliance on remittances. *It’s an approach that has endured even as the public health emergency has receded, they said, because the networks the narcos established are effective.* The Sinaloa Cartel and Jalisco New Generation Cartel are believed to be among the drug syndicates using remittances to repatriate drug proceeds, the person said.

There is a clear pattern for how money is laundered via remittances, according to the U.S. official who works on illicit finance, people who have participated in the scheme in Mexico, and federal court documents reviewed by Reuters from U.S. money laundering prosecutions.

In the United States, much of the remittance trade is conducted through corner stores, chain retailers and currency exchanges. These businesses sign on as agents with one or more of the money-transfer companies, for example Western Union, and display the familiar logos of these firms in their shops to entice customers. The retailers receive training from the money-transfer companies on how to use their technology platforms, spot fishy transactions and comply with U.S. anti-money laundering laws. Agents are paid a commission for each transaction they process. Customers can bring cash to these storefronts and send it abroad. *Neither senders nor receivers are required to have a bank account.*

This fragmented network is key to the functioning of the scheme, according to the people and documents. Although money-transfer companies have internal systems designed to spot and curtail illegal activity, controls largely rely on checks done face-to-face with customers at the shop level. Thus, *protections are only as robust as the honesty and diligence of these mom-and-pop agents, some of whom are purportedly in league with drug traffickers*, according to law enforcement sources and the eight federal court cases reviewed by Reuters that involved alleged laundering of drug money via money transfers.

The process of dividing large amounts of money into smaller transactions to avoid reporting requirements is commonly known as “smurfing” or “structuring.” Mobilizing large numbers of people or “smurfs” to send and receive those modest sums is referred to as “many to many” by U.S. law enforcement agents.

*U.S.-based accomplices sending money south can earn kickbacks from the cartels as high as 10% of the value of individual transfers that rarely exceed \$1,000*, according to the U.S. official and a 2019 federal indictment of alleged criminals running an Ohio money laundering ring.

*The average size remittance sent to Mexico in 2022 was \$390*, according to data from the country’s central bank. Those funds often are sent to Mexican merchants including convenience stores, supermarkets, pharmacies and department stores.

Two dozen Mexico-based smurfs who said they work for the Sinaloa Cartel told Reuters they prefer dealing with retailers because those businesses tend to ask fewer questions than banks do. They said they typically are required to

show their official voter ID card; provide the name of the sender and their relationship to that person; and present a transaction tracking number that senders share only with recipients – *details provided to them in advance by the cartel via texts or Whatsapp messages.*

*Receivers in Mexico typically keep 1% of the proceeds as compensation*, the people said, with new recruits pocketing a larger share on their first transaction to entice them into the racket. Security officials said Mexican smurfs are paid less than their U.S. counterparts because the risk of arrest is lower. A Reuters search of Mexican court records dating back to 2012 turned up no cases involving money laundering through remittances.

In the United States, at least seven drug trafficking cases that involved the use of remittances to send profits to Mexico have been successfully prosecuted since 2017 in federal courts in Colorado, Georgia, Ohio, Oklahoma, Texas, Virginia and Washington state. Collectively, those cases involved the *laundering of more than \$100 million* between 2013 and 2020, according to court documents filed by prosecutors. At least *81 individuals* charged in those cases have pleaded guilty to crimes including conspiracy to commit money laundering and to distribute narcotics, and illegal possession of firearms.

...Sigue, for example, examined 375 transactions performed by Express Cellular from March to August of 2017 and found multiple indicators of “wire transfers related to narcotics trafficking,” the affidavit said. Among the warning signs noted in the document: *Nearly two-thirds of the transactions were sent to the “high risk” Mexican state of Nayarit, a place renowned as a center of opium poppy cultivation.* And many of the transactions were for amounts between \$800 and \$999, a range Sigue flagged as indicative of “narcotics proceeds.”

Barely 28,000 people live in the Sinaloan town of Costa Rica, located about 35 kilometers south of Culiacán, the state capital. It is an area of low migration to the United States, according to Mexican government data. Yet Costa Rica boasts a thriving financial cluster: Six branches of the country’s main banks are located there, as well as convenience stores, pharmacies and other retailers where residents can pick up remittances.

In a visit to the town last year, Reuters saw at least five people on motorcycles, *wearing fanny packs and accompanied by bodyguards, collecting cash from people exiting branches* of Banco Azteca, Banorte and BanCoppel located on

the poorly paved main drag. Six locals told Reuters these couriers worked for the Sinaloa Cartel picking up drug money sent as remittances, without elaborating further.

Across Sinaloa, *49 people familiar with this activity – many of whom have participated themselves – told Reuters it's a common side hustle for residents.* A mother from El Tepuche, a small rural town about 18 kilometers outside Culiacán, said she had been cashing remittances for the Sinaloa Cartel for four years. *“I've done it, most of my family has done it,”* she said. The woman said some of her relatives retrieve remittances for the cartel using a smartphone app from Albo, a Mexican fintech company.

...Mexico last year received the second highest amount of remittances globally, behind only India and surpassing China, according to the World Bank. Remittances last year accounted for 4.3% of Mexican GDP, nearly double the percentage from 2015, government data show. Almost 2 million Mexican households received remittances last year, according to Mexico's central bank.

...In the first nine months of last year, *227 Mexican municipalities received so many money transfers that every single household in those places could have received at least one remittance per month.* “Statistically speaking, such phenomena are unlikely,” Signos Vitales said. *Collectively, those places received \$10.5 billion, or nearly 25% of all remittances sent to Mexico in the first three quarters of 2022.* Oquitoa is a hamlet of around 500 people located in a region of Sonora state dominated by the Caborca Cartel. As recently as 2017, Oquitoa registered no remittances. Last year it received \$2.5 million.

In Culiacán, the former house cleaner who began cashing remittances for the Sinaloa Cartel in 2014 said she had initially been nervous about getting involved with narcos, but did so “out of necessity.” She had recently returned with her daughter to Mexico from the United States and was struggling to live on her \$150 monthly earnings when a neighbor suggested a way to make some easy money. Her initial cut of \$230 went towards paying that month's rent. Soon, she was retrieving remittances regularly, but no more than three times a month, a limit imposed by the cartel. Sometimes, her handlers messaged that she must “take a break” for a few months, she said. The woman said she received about 1% of each remittance she cashed. But a good chunk of her



total earnings – around \$8,000 – came from bringing others into the ring. *She said she was paid \$40 a head for people she recruited herself, \$20 for each person her enlistees brought in, followed by a final payout of \$10 per person from the next layer of the pyramid.* She said the work hasn't made her rich, but it has made life a little more comfortable. "We used the money to improve the house," she said.

One of her direct recruits was a Sinaloan truck driver in his 50s, who told Reuters he eventually brought his daughter in on the action. He said she and other younger recruits used Albo, a Mexican fintech, or mobile payments company, to receive money for the cartel. The daughter's activities cast light on how new banking technology offers traffickers fresh ways of laundering money, a trend confirmed by security experts and 13 smurfs who said they cash remittances for the Sinaloa Cartel. Some fintechs offer app-based services that wire money internationally in seconds, and provide users with a debit or credit card to make purchases with those funds.... The truck driver said *his daughter cashed remittances for the Sinaloa Cartel for three years. Then, in June 2019, two unidentified men shot her dead.*

"They shot my daughter, here in front of my house," he said. Reuters viewed a copy of her death certificate. It said she died of gunshot wounds. *The man said he still cashes remittances for the Sinaloa Cartel.* He's afraid they'll harm him if he stops.

(3)

The sort of activities our witnesses described to us are also corroborated in a lengthy article by VICE World News from April, 2021, abridged and reordered below. By the time we read it, it was no longer news to us, but it contains what we consider an excellent distillation of another problem we have studied and now confront: **kidnapping, ransom, and extortion via remittance.**

Don ... was trying to get back to his wife and two daughters in San Jose, California, where he'd lived for more than a decade before being deported back to Mexico.

With no legal way to reunite with his family, Don had agreed to pay the smugglers \$12,000 to sneak him across the border and up to Los Angeles. But as the two men drove him through Tijuana, he overheard them talking and realized they had other plans.

“Did you bring the gun?”

“Yeah, in case they want to run.”

They passed a Mexican police patrol, but Don didn’t bother to scream—he assumed the cops were friendly with his captors, or perhaps even in on the kidnapping. As the SUV pulled up to a house, the men forced a hood over his head and tied up his feet and arms. He thought to himself, “This is it; I am never going to see my family again.”

In California, Don’s wife got a phone call. A man whose voice she didn’t recognize demanded she pay \$10,000 through wire transfers for her husband’s release. She insisted on talking to Don. The kidnapers held the phone to his mouth.

“Get the money, please, get it,” he told her. “Ask my brothers. Find someone who will loan it to you. Help me.”

Don was kidnapped on January 13, 2014. In the years since, tens of thousands of other migrants have endured similar nightmares. ...At the heart of it are *wire transfers through American companies, which are still by far the most common way for kidnapers to extort ransom payments and for coyotes to collect fees.*

The kidnapper gave detailed instructions to Don’s wife, Maria. If she wanted to see her husband alive, she had to make four deposits of \$2,500 each to four people in Tijuana. Maria scraped together all she and Don had, then turned to relatives for the rest. She drove to Tropicana Foods in San Jose, a market that sells everything from groceries to jewelry and clothes. At the checkout counter, customers can also send cash abroad using a number of money transfer companies. Maria chose Ria, a California-based company with nearly half a million locations in 159 countries, because it offered the best exchange rate.

Maria’s in-laws each deposited \$2,500. *Ria charged \$25 per transfer. The payments were “structured” or broken up into smaller amounts in an effort to avoid triggering laws* that require companies like Ria to keep detailed records of any transaction over \$3,000 and monitor for suspicious behavior.

Even so, when Maria tried to send her portion, Ria’s system blocked it. Undeterred, she simply went to another Ria outlet a few miles away. This

time, the transfer went through. For the \$10,000 ransom payment, Ria earned \$100 in fees....

Most family members of kidnap victims pay \$2,000-\$4,000 to free the loved one, according to receipts we reviewed and interviews with nearly a dozen victims. With few exceptions, the kidnappings are carried out by cartels or affiliated criminal groups. Like Maria, the victims usually enlist friends and relatives to help send the money to avoid being blocked. The initial extortion is often just the beginning. If kidnappers sense victims aren't bled dry, they demand more money. Such was the case with Maria and Don.

Hours after Maria sent the payments, the kidnappers called back and angrily reported that one of the \$2,500 transactions was blocked on their end. Maria was able to retrieve that money, but the man told her she needed to come up with another \$8,000 to make up for the loss or she'd never see Don again.

Don's mother had recently sold a house and split the money among her children. Those funds would now be used to pay off the kidnappers.

The kidnappers gave Maria a new list of four names and again instructed her to send the money in parts. She returned to Tropicana Foods and attempted to make the transfer, but this time the teller said the amount was too large.

In Tijuana, Don's nightmare was just beginning. He recalled being held alone, blindfolded and bound. He received only water, no food. The first guard kicked him, he said, and another took down Don's pants and touched his genitals.

"He would touch my parts and tell me that he was going to help me, that I needed to do what he said, because if I didn't, they were going to kill me," Don said. "I was practically like an animal," he added, wiping tears from his face. "It was like they were going to sacrifice me."

Don, ... had been deported previously trying to enter the U.S., and his 2013 removal came after a traffic stop led to police finding a weapon—a collector's item Japanese throwing star, or shuriken.

On the third day of his kidnapping, the man who liked to touch Don came into the room and announced: "*Te vas a tomar dos Tonayans.*" He carried two bottles of Tonayan, a bottom-shelf brand of tequila that comes in a plastic jug. Don would be released, but first he had to drink.

With no other choice, Don began to down the tequila. He blacked out and woke up next to a highway. He was beaten and bloodied, his clothes dirty and stained. He begged for help, but passers-by kept their distance.

Don managed to get to a church in Tijuana. A man outside agreed to call Don's home, and Maria picked up. Over the previous three days, she had paid the kidnappers \$14,500 for Don's release: \$7,500 in money transfers, plus the additional \$7,000 in cash, which her in-laws fearfully handed off at a park in East Los Angeles.

Maria arranged for a cousin to pick up Don. ... They found yet another coyote to smuggle him across near Calexico, California.

Two months after Don's kidnapping, Maria went to the police. ... She knew after delivering the second ransom payment that the criminals had connections in California, and she feared retaliation. She also knew of other people—family members of church friends—who'd been kidnapped while crossing the border.

"I was terrified," she said. "But my friends at the church said to me, 'You have to speak up so other people will also overcome their fear and denounce what's happening. Because if people don't say what happened, it remains a secret and nothing ever changes.'" ...

Two FBI agents arrived at Maria's house a few weeks later. She retold the story, again providing copies of all the records. Maria said she never heard from them again.

As soon as Don crossed into Arizona with his second coyote, immigration agents began pursuing the group, and eventually detained them. The federal authorities wanted to prosecute the smuggler, and Don agreed to cooperate as a witness in the case.

He also told them about the kidnapping, and after a year in detention, a judge ordered him released, ruling he had a "credible fear" of returning to Mexico. He and Maria are currently pursuing U-visas for undocumented immigrants who are victims of crime and cooperate with law enforcement. ...

Nothing ever came of the FBI investigation. In 2017, Don's attorney contacted the FBI agent who visited Maria. The agent said in an email that the case was

closed because Don could not be reached for an interview while he was in ICE custody.

These days, Maria works in a Mexican restaurant, and Don has returned to the construction industry, laying tile in bathrooms and kitchens for \$28 an hour, but the pandemic has made jobs scarce. They still owe money to their relatives who helped pay the \$14,500 ransom.

Don and Maria still hold out hope the kidnappers will be caught and prosecuted, but they know the reality of that happening gets dimmer with every passing day. “That money will never be returned to me,” Don said. “But if there were justice in my case, so other families didn’t go through the same, that would be enough.”

There are no reliable statistics on migrant kidnappings. The Mexican government’s most recent report, from 2011, documented more than ***11,000 in just six months***. If that pace continued, it would work out to over 200,000 kidnappings in a decade. Assuming the kidnappers received around \$2,000-\$4,000 per victim, the going rate in the receipts we reviewed, that works out to ***\$40 million–\$80 million annually paid out in ransoms***. The true total is impossible to pin down, since most kidnappings go unreported and only the most horrifying cases ever make headlines.

In hopes of avoiding a similar fate, migrants pay smugglers upwards of \$14,000 to ferry them from Guatemala or Honduras to a given city in the U.S., usually taking out loans at exorbitant interest rates and putting up their family’s land for collateral to pay the fee. The trip is marketed as all-inclusive, including not only food but also the fee paid to cartels to pass through territory they control.

***The vast majority paid a smuggler at some point in their journey. Most of that money traveled through U.S. financial institutions. Migrants rarely carry cash because it’s too dangerous, and wire transfers offer a degree of protection against theft.***

The low-budget option is to make the trek north without a smuggler and just pay for the border crossing into the U.S., which runs from a couple hundred to a couple thousand dollars. Payment is non-negotiable.

***“The cartel has its rules,”*** said one smuggler in Juarez who asked to go by the name Spider. ***“Those who don’t pay are disappeared.”***

At 43, Spider has been in the smuggling business for 20 years. Back when he was 13, he could cross freely into El Paso. Now he charges \$1,500-\$1,800 for the same trip. *A third of the fee goes to the cartel* that controls his portion of the Rio Grande. To reach Dallas, the price goes up to \$5,500. He said he'd crossed 12 people the day before. His preferred wire service is MoneyGram, but he also collects using Elektra, BanCoppel, and others.

*Spider's money is picked up by a rotating cast of family, friends, and acquaintances whom he has trained on what to say if questioned.* If the teller asks who sent the money, for example, they should say a relative—but a distant one, like a stepfather or brother-in-law—or even a lover. His people can usually collect up to four payments with one company before they are frozen out, he said, but after a few months they're back in business.

"It's a sweet deal for everyone," Spider said. "Even the people picking up the money make \$25 for every deposit." ... The smuggling doesn't end at the U.S. border. Once migrants cross the Rio Grande, they are typically handed off to another member of the organization, who drives them to a safe house where they wait for payment to be collected before they are freed or continue north.

Ramón, a smuggler in Arizona, is a U.S. citizen who makes around \$1,200 per trip transporting up to six people at a time from the border to Phoenix or Tucson. *He compared the service to a travel agency, with the coyotes as "agents" who refer clients, and him as the "chauffeur" driving the last leg of the journey.*

*"It's a real ego stroke, to be honest,"* Ramón said. "If you get them across, they're like, 'Thank you, thank you so much.'"

The line between smuggling and kidnapping can be blurry, with people held for days or weeks at stash houses until they pay what's owed—and sometimes more. Ramón recalled witnessing a stash house worker threaten someone by firing gunshots into the air: "He was like, 'You have to hurry, get all these account numbers otherwise I'm going to have to call this guy's mom and tell her why her son is tied up.'"

Evidence of extortion payments connected to stash houses in the U.S. shows up in receipts we reviewed. One family in New Jersey used the money transfer service Walmart2Walmart to send two payments totaling \$1,000 to free family members held in Texas.

Ramón said...“The way they send transfers of money hasn’t changed in probably 30 years,” he said. “I have some buddies that can do some crazy things with bitcoin, but I'm not that cool. It's old-school.”

Other kidnapping victims also shared money transfer receipts. Using the recipient names, we located some of the individuals responsible for collecting the ransoms in a matter of minutes, just by searching on Facebook. One man who ignored our messages lives in the Mexican border city of Nuevo Laredo. He lists his occupation as “Boss of Los Zetas,” a notoriously violent cartel, though he looks to be 20 at most. He picked up a \$1,500 money transfer from Mastercard subsidiary Transfast, one of four payments sent in the kidnapping of an Ecuadorian family trying to reach the U.S.

[We] reviewed 40 ransom payments made through money transfers in eight different kidnapping cases from 2014 through January of this year. Virtually all of the money flowed through U.S. companies, mostly through Western Union and MoneyGram but also Walmart and lesser-known companies like Ria. *By our rough estimate, criminal organizations in Mexico have made around \$800 million on migrant kidnappings alone over the past decade,* and money-transfer companies received a cut on nearly every transaction through fees and exchange rates. ...

*Ransom payments are a drop in the bucket compared to the fees people willingly fork over to be smuggled into the U.S. American companies profit from these deals too, through relatives wiring money to the coyotes.* The cost of crossing illegally ranges from \$150 to \$15,000, depending on the stretch of the border, the destination in the U.S, and where the journey began. *The total paid to smugglers, mostly through wire transfers, is in the range of \$2 billion annually,* according to law enforcement and think tank estimates....

Money transfer companies and U.S. authorities have tools to track the millions of dollars being sent to human smugglers and kidnapers. But most of the information gets lost in a web of bureaucracy.

When companies spot something shady, such as a large transaction or structuring, they are obligated to file a “Suspicious Activity Report,” or SAR, with the U.S. Treasury Department. The system is an information black hole. Last year, companies filed 2.5 million SARs, so many that the database of reports is unwieldy almost to the point of uselessness, especially for kidnappings that involve relatively small dollar amounts.

“Their mandate was to be a filing cabinet, to be a data repository,” said Jimenez, the anti-money laundering expert. “Very few law enforcement use SARs as a starting point for an investigation. They use it as a supplement.”...

Money transfer companies have seen their fortunes rise in the years since Don’s kidnapping. Remittances to Latin America are a \$100 billion-per-year industry. “Financial institutions along the spectrum, they’re making a killing,” said Richard Lee Johnson, a doctoral researcher at the University of Arizona who studies the relationship between debt and migration in Guatemala. “It’s a whole economy.”

Even DHS’s “United States-Mexico Binational Criminal Proceeds Study” found that:

CEs also hire individuals to move criminal proceeds through wire transfer companies like Western Union. For example, in February 2010, the Attorneys General of Arizona, California, New Mexico, and Texas announced a \$94 million settlement agreement with Western Union. The company had been accused of allowing people who were working on behalf of Mexican CEs and human traffickers to wire funds from the United States to Mexico.

#### D. PAYING IT FORWARD INSTEAD OF OVERSEAS

The trend of the evidence we reviewed and set forth is this: TCOs, particularly those based in Mexico, are using the aliens under their control to commit crimes like human smuggling and kidnapping, as well as to launder the proceeds of criminal activity, and they are doing so increasingly through the use of remittances. We understand that this can occur at either end of the transaction, or both: cartels can have several aliens send transfers to a funnel account, which then makes a larger transfer to the cartel. Cartels can also compel aliens to send funds to small villages or large cities all along migration routes, where cartel agents retrieve them, possibly giving the alien’s family members some portion. In short, there are many opportunities to take a cut of these transfers, and TCOs avail themselves of every one.

We investigated this phenomenon ourselves. We subpoenaed financial transaction information from a number of Florida financial institutions and discovered, with FDLE’s assistance, a similar pattern of suspicious activities to certain locales south of the border. The conclusion is inescapable: just as the articles



above described, there are some living among us who are facilitating this criminal activity, whether out of fear, greed, or simply from desire to bring others here without obeying the laws while doing so.

There are approximately 90 banks in Florida, and several hundred Money Transfer Organizations. We sent subpoenas to three banks and three MTOs, and asked them to provide data on the (a) number and (b) aggregate dollar value of transactions which met the following criteria:

- done within a specific *one-year period*
- originated from within Florida
- terminated outside the nation's borders
- represented *non-commercial* activity

**The results were shocking.**

Not counting children, most estimates indicate that there is a total of roughly 4 million people from other countries living in Florida (regardless of status). Yet,

***In a single one-year period, these six institutions alone recorded nearly 17 million such transactions. These transactions had an aggregate value of 5.2 billion dollars.***

This means an average of more than four transactions for every single alien in the state, with an average transaction value of \$305. As we documented above, we also subpoenaed records which show a suspicious pattern of transfers into remote or odd areas; for example, Venezuelan people in Florida sending money in equal installments over four weeks to a remote area of Mexico. It strains all forms of credulity to think all these represent legitimate transfers.

The State of Oklahoma has also attempted to address this phenomenon. Years ago, the people of Oklahoma imposed a fee on wire transfers such as these that leave their state borders. **We propose that our leaders should impose a similar statutory fee on all such transactions from Florida which leave the country.** On the above set of transactions alone, a 1.5% fee would yield *\$7.8 million*. Assuming these six financial institutions represent an overly-cautious estimate of 20% of the total transfers, the expected yield would be nearly *\$40 million*.

Even discounting the opportunity to identify criminal activity and cut into cartel profits this represents, there are ample reasons to support such a fee. To begin with, this is a staggering amount of money which is leaving not just the economy of

our state, but that of our entire country. It will never be taxed, spent, or invested into our state and its people. It is gone. Florida should recoup at least some portion of it, especially because these types of transfers are “ripe for criminal exploitation.” These funds may be from legitimate income, but may also be either earned illegally or the product of criminal activity.

In addition, the fees collected would support a number of other recommendations we have made, such as:

- increased funds for DCF and family courts to manage our UAC and SIJ proposals;
- for FDLE, law enforcement, and criminal justice agencies to investigate, interdict, and prosecute smugglers, cartels and their affiliates;
- assistance to the public education system to help serve new students; and
- to subsidize some of the possible costs to small businesses associated with beefed-up e-verify laws.

Oklahoma parcels their fee out to a listed set of agencies. Florida could do the same.

We understand that this proposal will not capture all such transactions, and will not necessarily stop illicit activity. We do not believe it to be a perfect solution. But to the extent it might make crime less convenient while helping the residents of our state and protecting at least some UAC, the perfect should not be the enemy of the good.

Oklahoma sets a modest fee of 1.5% on all outgoing wire transfers from the state to any destination, even domestically. The fee (raised from its original 1%) is a withholding against the state income tax; any person who wishes may claim it as a deduction when filing their state taxes. **96% do not**, indicating that a massive portion of the transactions are likely made by those who are not paying state income tax—i.e., **not legal**. The report of the Oklahoma State Tax Commission, for the year 2018-2019, shows wire transfer fee receipts of \$13,147,000. Oklahoma has a tiny fraction of the population of illegal aliens found in Florida.

Our proposal would impose a fee only on those transactions which originate inside Florida and leave the country. Florida has no state income tax. But we think essentially the same result as Oklahoma’s tax credit could be accomplished by including a provision whereby legal individuals might achieve a similar outcome: allow for a refund with certain conditions.

Upon filing a sworn request for each transaction sought to be refunded with the Office of Financial Regulation, containing the receipt for the transaction including wire transfer number, either a valid social security number or a valid taxpayer identification number, and valid state-issued photographic identification, the customer shall be entitled to a refund equal to the amount of the fee paid by the customer for the transaction.

We envision such a law might look something like this (patterned on the Oklahoma law):

Money and wire transmission fee - Quarterly remittance - Enforcement

A. Any licensee of a money transmission, transmitter or wire transmitter business pursuant to Florida Statutes shall collect a fee of Five Dollars (\$5.00) for each transaction not in excess of Five Hundred Dollars (\$500.00) and in addition to such fee an amount equal to one percent (1%) of the amount in excess of Five Hundred Dollars (\$500.00) which originates within the State of Florida and terminates outside the United States or its sovereign territories, consulates, or military installations.

B. The fee prescribed by subsection A of this section shall be remitted quarterly to the Florida Department of Revenue in such manner as the Department may prescribe for such purpose. All required forms and remittances shall be filed with the Department not later than the fifteenth day of the month following the close of each calendar quarter.

C. The Department of Revenue shall apportion all revenues derived from the fee to [such agencies and funds as may be designated].

D. Every licensee and their delegates shall post a notice on a form prescribed by the Department of Revenue that notifies customers that upon filing a sworn request for each transaction sought to be refunded with the Office of Financial Regulation, containing a receipt for the transaction including wire transfer number, either a valid social security number or a valid taxpayer identification number, and valid state-issued photographic identification, the customer shall be entitled to a refund equal to the amount of the fee paid by the customer for the transaction.

E. The Department of Law Enforcement shall be afforded all provisions currently under law to enforce the provisions of subsection B of this section. If a licensee fails to file reports or fails to remit the fee authorized by subsection B of this section, the Office of Financial Regulation shall have the authority pursuant to

Florida Statutes to suspend the license of the licensee and its delegates. A notification of the suspension shall also be sent to the Office of Attorney General. The licensee and its delegates may not reapply for a license until all required reports have been filed and all required fee amounts have been remitted.

F. Upon request from the Office of the Attorney General, the Office of Financial Regulation may make a claim against the surety bond of the licensee on behalf of the State.

### CONCLUSIONS

This overview illustrates the current realities posing physical and financial dangers to the residents of Florida. If there is an over-arching theme that we have discovered that is endemic to the tributaries of illegal immigration to which we have been exposed during our past year of intensive work it is this: when every community is a border community, the perils presented to us will inevitably follow. "As long as it stays in Mexico" is an illusion of well-being in this country which has been shattered.

We believe that for too long, it has been left to the people of a few communities and states to suffer a disproportionate share of the effects of the policies we have described. For too long, somnolence has been the reaction by those who benefit from the illusion of geographic separation and remain numb to events occurring first outside, then at, then around our nation's borders. We ourselves were not as cognizant as we wish we had been of how decisions made in the District of Columbia are profoundly, and apparently intentionally, producing what is nothing short of a humanitarian disaster.

There are, however, things that Florida can do about it, starting with the list on page 142.

Whether one believes the purposes behind current federal policies are appropriate or abominable, and whether their execution is masterly or maladroit, it is beyond real dispute that the current state of affairs is a predictable consequence of those policies.

**These are the current policies, and these are their observed effects.**

Thomas Gray was famous for positing that “if ignorance is bliss, ‘tis folly to be wise.” When it comes to the subjects we were mandated to investigate, we found that there are many who do not recognize the scope and severity because they perceive it not to be affecting their day-to-day existence.

This is not bliss.

In previous Presentments, we have cited Florida’s Standard Jury Instruction about Willful Blindness:

**Florida law recognizes a concept known as willful blindness, which is sometimes referred to as “deliberate avoidance of positive knowledge.” Willful blindness occurs when a person has his or her suspicion aroused about a particular fact, realized its probability, but deliberately refrained from obtaining confirmation because he or she wanted to remain in ignorance. A person who engages in willful blindness is deemed to have knowledge of that fact.**

This concept should apply with equal force in this situation. Lack of awareness of the policies, the problems – the *atrocities*—we have described, is no longer an option.

We choose wisdom and knowledge, even though it is certainly not blissful. Pretending there are not policies in existence, that they have no effect on our state because they are exercised on the other side of a map line, is folly—not bliss.

**THIS is no longer acceptable.**

**Because THIS**



Darien Gap



NGO Camp



US Border



**is also unacceptable.**

Florida is not helpless, and should wait no longer to protect its interests, its residents, and its immigrant population from the problems we have described. We urge our fellow citizens to become aware and educated about these issues, and our leaders to take swift and direct action.

We have done our best to be thorough in our investigation. We have worked hard to obtain multiple sources of information and perspectives on issues. We have chosen our words with care, after significant deliberation. While we understand that there may be some who seek a reason to discredit our work, we are comfortable that it represents a sound set of conclusions, logically derived from facts, testimony, and evidence.

We believe our findings are accurate, and our rationales legitimate. We would like any audience to know that we are a large and diverse group, who showed up at the courthouse more than a year ago and have labored independently ever since to answer the questions posed in our mandate. We believe we have made great progress in that mission.

## RECOMMENDATIONS (DIGEST)

1. *We recommend that our leaders consider the formation of another Statewide Grand Jury solely to investigate the questionable activities of Non-Government Organizations doing immigration business in or with our state, especially the misuse of grant funds, avoidance of transparency in use of public funds, and contravention of state laws.*
2. We reiterate here our recommendation from our Third and Fourth Presentments: ***require any UAC “sponsor” who is not a biological parent or court-ordered legal guardian to submit themselves and the UAC to the family court for such a formal legal determination.***
3. Further, we ask our leaders to ***immediately close the SIJ visa loophole by requiring petitions under Chapter 39.01 to either (a) be filed by the Department of Children and Families or (b) require that any minor being deemed dependent be formally placed in custody of the Department.***
4. ***We believe Florida should begin tracking data regarding the immigration status of arrestees, and mandate its reporting to FDLE for retention and publication. We recommend that our leaders adopt a law requiring the Department of Corrections, each County Sheriff, and the Chief of Police of any law enforcement agency in this state to provide such data to FDLE along with the other data they are already sending.***
5. ***Moreover, given the large number of inmates reflected by SCAAP and the Texas DPS data who had been ordered removed but remained to commit more crimes, we recommend that our leaders look into adding a sentencing enhancement provision such as that below which would increase the exposure for those who have been previously deported and return to commit a felony offense in our state.***

921.0024(1)(a) Sentencing multipliers:

Prior Removal/Deportation: If the offender has been previously deported or removed from the United States pursuant to law, the subtotal sentence points are multiplied by 1.5.

*We also believe it would be appropriate for our State leaders to enhance the sentence for a person convicted of a criminal offense who is proven to be a member of a cartel or TCO, much as is the case already with enhanced sentencing for gang membership.*

**6. We think our elected officials should again consider strong legislative mandates regarding universal documentation requirements, and notification to potential employers and victims of these crimes.**

**7. We propose that our leaders should impose a modest statutory fee on all wire transactions from Florida which leave the country.**

Money and wire transmission fee - Quarterly remittance - Enforcement.

A. Any licensee of a money transmission, transmitter or wire transmitter business pursuant to Florida Statutes shall collect a fee of Five Dollars (\$5.00) for each transaction not in excess of Five Hundred Dollars (\$500.00) and in addition to such fee an amount equal to one percent (1%) of the amount in excess of Five Hundred Dollars (\$500.00) which originates within the State of Florida and terminates outside the United States or its sovereign territories, consulates, or military installations.

B. The fee prescribed by subsection A of this section shall be remitted quarterly to the Florida Department of Revenue in such manner as the Department may prescribe for such purpose. All required forms and remittances shall be filed with the Department not later than the fifteenth day of the month following the close of each calendar quarter.

C. The Department of Revenue shall apportion all revenues derived from the fee to the [agency or fund as the legislature may deem appropriate].

D. Every licensee and their delegates shall post a notice on a form prescribed by the Department of Revenue that notifies customers that upon filing a notarized request for each transaction sought to be refunded with the Office of Financial Regulation, containing a receipt for the transaction including wire transfer number, either a valid social security number or a valid taxpayer identification number, and valid state-issued photographic identification, the customer shall be entitled to a refund equal to the amount of the fee paid by the customer for the transaction.

E. The Department of Law Enforcement shall be afforded all provisions currently under law to enforce the provisions of subsection B of this section. If a licensee fails to file reports or fails to remit the fee authorized by subsection B of this section, the

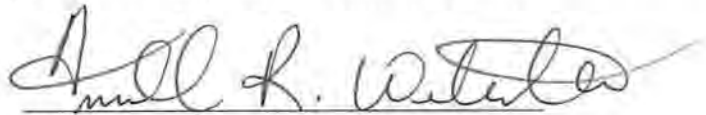


Office of Financial Regulation shall have the authority pursuant to Florida statutes to suspend the license of the licensee and its delegates. A notification of the suspension shall also be sent to the Office of Attorney General. The licensee and its delegates may not reapply for a license until all required reports have been filed and all required fee amounts have been remitted.

F. Upon request from the Office of the Attorney General, the Office of Financial Regulation may make a claim against the surety bond of the licensee on behalf of the State.

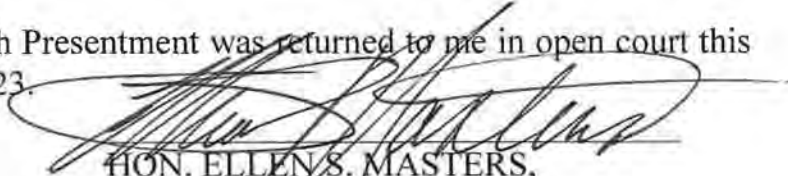
8. We recommend that our lawmakers assess the feasibility of either requiring general contractors to ultimately be fully and directly legally responsible for ensuring their subcontractors hire only legal workers, or requiring any employee staffing agency or any person or business which provides employees to work for another, to register with the state's Department of Labor and be bound by Florida's new e-verify requirements. We also suggest that the "25-employee exemption" to e-verify requirements be eliminated.
9. We strongly urge the legislature to *delete Florida Statute § 908.104(8) in its entirety and Florida Statute § 908.104(5) must be limited* to crimes occurring in the United States and time barred to five years prior to an alien's claim of relief under the statute. *Additionally*, the Florida Legislature must bar an alien with pending criminal charges for any crime or attempt to commit any crime of violence, felony drug offense involving the sale, manufacturing, distribution, or trafficking in a controlled substance, or felony sexual offense from being eligible for relief.
10. *TCOs / cartels should be equated with, and designated as, foreign terrorist organizations* under 8 U.S.C. 1189, to unlock certain additional methods for lawfully combatting them. We realize our State cannot make such a designation, but we recommend that our federal representatives seriously entertain such a measure.

Respectfully submitted to the Honorable Ellen S. Masters, Presiding Judge of the Twenty-First Statewide Grand Jury, this 17<sup>th</sup> day of November, 2023.



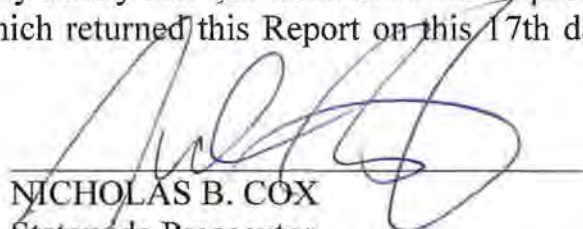
Foreperson Juror #18  
Twenty-First Statewide Grand Jury

THE FOREGOING Fifth Presentment was returned to me in open court this this 17th day of November, 2023.



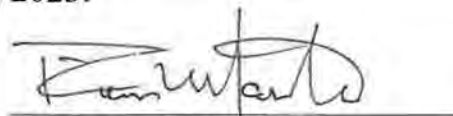
HON. ELLEN S. MASTERS,  
Presiding Judge  
Twenty-First Statewide Grand Jury

I, Nicholas B. Cox, Statewide Prosecutor and Legal Advisor, Twenty-First Statewide Grand Jury of Florida, hereby certify that I, as authorized and required by law, have advised the Grand Jury which returned this Report on this 17th day of November, 2023.



NICHOLAS B. COX  
Statewide Prosecutor  
Florida Bar #767610  
Twenty-First Statewide Grand Jury

I, Richard Mantei, Senior Assistant Statewide Prosecutor and Assistant Legal Advisor, Twenty-First Statewide Grand Jury of Florida, hereby certify that I, as authorized and required by law, have advised the Grand Jury which returned this Report on this 17th day of November, 2023.



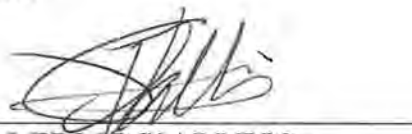
RICHARD MANTEI  
Special Counsel  
Senior Assistant Statewide Prosecutor  
Florida Bar #119296  
Twenty-First Statewide Grand Jury

I, Robert Finkbeiner, Chief Assistant Statewide Prosecutor and Assistant Legal Advisor, Twenty-First Statewide Grand Jury of Florida, hereby certify that I, as authorized and required by law, have advised the Grand Jury which returned this Report on this 17th day of November, 2023.



ROBERT FINKBEINER  
Chief Assistant Statewide Prosecutor  
Florida Bar #938904  
Twenty-First Statewide Grand Jury

I, Guillermo Vallejo, Assistant Statewide Prosecutor and Assistant Legal Advisor, Twenty-First Statewide Grand Jury of Florida, hereby certify that I, as authorized and required by law, have advised the Grand Jury which returned this Report on this 17th day of November, 2023.



GUILLERMO VALLEJO  
Assistant Statewide Prosecutor  
Florida Bar #120304  
Twenty-First Statewide Grand Jury

**FILED**  
JOHN A. TOMASINO  
NOV 17 2023  
CLERK, SUPREME COURT  
BY 