

**DO YOU KNOW WHAT IS
IN YOUR SUITCASE? HOW DRUG
TRAFFICKERS ARE DECEIVING
SENIORS TO SMUGGLE CONTRABAND**

HEARING
BEFORE THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE
ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

WASHINGTON, DC

FEBRUARY 10, 2016

Serial No. 114-19

Printed for the use of the Special Committee on Aging



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

U.S. GOVERNMENT PUBLISHING OFFICE

48-285 PDF

WASHINGTON : 2022

SPECIAL COMMITTEE ON AGING

SUSAN M. COLLINS, Maine, *Chairman*

ORRIN G. HATCH, Utah
MARK KIRK, Illinois
JEFF FLAKE, Arizona
TIM SCOTT, South Carolina
BOB CORKER, Tennessee
DEAN HELLER, Nevada
TOM COTTON, Arkansas
DAVID PERDUE, Georgia
THOM TILLIS, North Carolina
BEN SASSE, Nebraska

CLAIRE McCASKILL, Missouri
BILL NELSON, Florida
ROBERT P. CASEY, JR., Pennsylvania
SHELDON WHITEHOUSE, Rhode Island
KIRSTEN E. GILLIBRAND, New York
RICHARD BLUMENTHAL, Connecticut
JOE DONNELLY, Indiana
ELIZABETH WARREN, Massachusetts
TIM KAINE, Virginia

PRISCILLA HANLEY, *Majority Staff Director*
DERRON PARKS, *Minority Staff Director*

C O N T E N T S

	Page
Opening Statement of Senator Susan M. Collins, Chairman	1
Opening Statement of Senator Claire McCaskill, Ranking Member	2

PANEL OF WITNESSES

Andrew Martin, Son of Dresden, Victim	5
Daniel Seibert, Victim	7
Scott Brown, Acting Assistant Director of Investigative Programs, Immigration and Customs Enforcement, U.S. Department of Homeland Security	9
Jill Steinberg, Senior Counsel, Office of the Deputy Attorney General, U.S. Department of Justice	10

APPENDIX

PREPARED WITNESS STATEMENTS

Andrew Martin, Son of Dresden, Victim	37
Daniel Seibert, Victim, (by video - no written testimony)	—
Scott Brown, Acting Assistant Director of Investigative Programs, Immigration and Customs Enforcement, U.S. Department of Homeland Security	41
Jill Steinberg, Senior Counsel, Office of the Deputy Attorney General, U.S. Department of Justice	55

**DO YOU KNOW WHAT IS
IN YOUR SUITCASE? HOW DRUG
TRAFFICKERS ARE DECEIVING
SENIORS TO SMUGGLE CONTRABAND**

WEDNESDAY, FEBRUARY 10, 2016

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, DC.

The Committee met, pursuant to notice, at 2:28 p.m., Room 562, Dirksen Senate Office Building, Hon. Susan M. Collins, Chairman of the Committee, presiding.

Present: Senators Collins, Flake, Heller, Cotton, Tillis, McCaskill, Casey, Gillibrand, Blumenthal, Donnelly, and Kaine.

**OPENING STATEMENT OF SENATOR
SUSAN M. COLLINS, CHAIRMAN**

The CHAIRMAN. The Committee will come to order. Good afternoon.

One of the top priorities of this Committee is to wage the battle against criminals who are constantly trying to swindle American seniors out of their hard-earned savings. These scammers are endlessly inventive. Last year alone, our committee's fraud hotline received 1,100 calls on more than 30 different scams from victims located in every State. At the top of the list was the IRS impersonation scam, followed by the Jamaican lottery, deceptive robocalls, computer tech support fraud, identity theft, grandparent scams. The list goes on and on.

Regrettably, today, we add to that list a new scam brought to our attention by Federal law enforcement officials and one of my constituents, and this one is particularly pernicious. As we will learn from our witnesses, international criminal cartels have begun to use unsuspecting American seniors as mules to smuggle narcotics across international borders. Tragically, at least 145 victims have been arrested by foreign governments as a result of this scam and approximately 30 of them remain incarcerated overseas.

Typically, the criminal organizations behind this intricate scheme draw seniors into a web of deceit using what I call a predicate scam like the romance scam, in which a con artist develops a personal relationship, usually online, with an unsuspecting senior. Once the seniors are ensnared, the criminals then deceive them into smuggling drugs by asking them to travel overseas, where they are given packages with unknown contents to carry across

international borders. The scammers give reasons that appear plausible to many seniors.

Typically, the criminals pick up the tab for the seniors' travel expenses. That is one way that they convince them that they are legitimate.

The criminals also make the international travel arrangements for their victims, which is another key to how this scam works. Instead of sending the senior on a direct flight from the United States to his or her destination, the criminals create a complicated itinerary that requires the senior to stop somewhere overseas, often for days at a time. During this waylay, the seniors are told that it is important that they carry a package or an extra suitcase with them on the next leg of their journey. Unbeknownst to the senior, that package or suitcase he or she has been asked to carry has drugs carefully hidden inside. Even if the senior were to look inside, he or she is unlikely to notice anything unusual.

Then, as the seniors try to clear customs overseas, disaster strikes. Officers uncover the contraband and arrest them on charges of drug trafficking. Instead of reaching their destination and finally getting to greet the lover that they met online, or recover the funds promised them by Nigerian bankers, they find themselves imprisoned in a foreign jail and thousands of miles away from home.

The criminals who set this chain of events in motion are cruel, but also very, very clever. I cannot emphasize enough how important it is that seniors and their families become aware of their techniques and take actions to protect themselves and their loved ones from these heartless criminals. We also need a vigorous and determined effort by law enforcement, particularly at the Federal level, not an easy task given the challenges posed by international boundaries.

I look forward to learning more about this terrible new fraud from our witnesses and what can be done to combat it. Thank you.
Senator McCaskill.

OPENING STATEMENT OF SENATOR CLAIRE McCASKILL, RANKING MEMBER

Senator McCaskill. Good afternoon, and thank you, Chairman Collins. This Committee has done tremendous work under your leadership to aggressively fight fraud and scams. Later this week, the Committee will be publishing its Fraud Book, reporting the top scams reported to our fraud hotline. I hope that the Fraud Book can serve as a resource for seniors on scams to watch out for and organizations to contact should they be concerned that they are being scammed.

The scams discussed in the Fraud Book and the scams we have focused on in several committee hearings are really as old as time. Most of these scams are, at their core, confidence scams. What has changed is the use of technology, international boundaries, and even changed tactics in response to our own consumer education. Criminals today have a much easier time covering their tracks and changing their strategies, and the evolving nature of these scams highlights how adaptable they are.

The drug trafficking scam has more serious consequences than just a loss of resources, especially in countries where intent is not required to be convicted of a crime. Obviously, for a senior to be placed in prison and deprived of his liberty is an ultimate consequence to an old fashioned confidence scam.

Staying ahead of the curve is very challenging. Take, for example, the IRS impersonation scam, the subject of a committee hearing last year and still a real problem to seniors nationwide. These calls are being received at increasing rates due to a fraudsters' ability to use robocall technology. Even though their success rate per call has decreased, the fraudsters are still reaching many more people, and because many of these calls are coming from overseas and using VOIP, Voice Over Internet Protocol, they are very difficult to trace.

Now, the scammers are twisting the tips provided by the government acknowledging these red flags in their conversations and using them to prove their legitimacy. For instance, tips publicized stated the IRS would never contact you first by phone and there would always be an initial contact via mail. To gain the confidence of our seniors who are aware of this tip, scammers have now changed their script to convince victims that they have been sending them letters regarding their amount owed, but there was no response. Therefore, they are taking immediate action to collect those funds. The IRS impersonation scheme shows just how far fraudsters will go to gain the confidence of our Nation's seniors, just to get a piece of their hard-earned retirement funds.

I am really pleased that the Department of Justice has joined us today. I do not want to discount the role that consumer education plays in making seniors aware of the latest evolutions of these scams, but that by itself is just simply not enough. Many seniors who fall victim to these scams have diminished mental capacity and are not able to distinguish a real offer from a scam.

This drug mule scam, for instance, could appear real to some seniors, especially when they board a plane and fly overseas without having to pay for it. The plane ticket adds an air of legitimacy to what would otherwise be a very shady operation.

The only way we will ever really put a dent into this problem is by putting some of these criminals behind bars. I am curious to hear from DOJ about how they are going about prosecuting these fraud cases, especially in cases that cross international borders.

I would say as an aside that I used to tease my friends that were in the U.S. Attorney's Office when I was a State prosecutor, saying, I wish you guys would just take 911 calls for a month, because the Federal Government has this wonderful luxury that you get to decide what cases to take, and whatever you do not take rolls downhill to the State prosecutor. We always teased that they could find Federal jurisdiction when they wanted to, but they never had to.

This is a case where a local prosecutor cannot go after these criminals. They are international, and that, I would submit for the record, is why we have Federal law enforcement, not to prosecute violent crime, not even to prosecute bank robberies, not to prosecute kidnapping, but to prosecute those crimes that State and local prosecutors simply cannot reach, and these crimes, these frauds, done from an international location, fall squarely in the lap

of Federal law enforcement, and I, for one, am impatient with the excuse, well, they are just not big enough. I think these are affecting the quality of life for millions of seniors in this country and I believe it should be a much higher priority of the Department of Justice.

We have spent a lot of time working on the Jamaican lottery scam here and now we have a good working relationship with the Jamaican government, but yet we still only extradited one person on the Jamaican lottery scam. Meanwhile, they are making rap songs about the Jamaican lottery, quote-unquote, “heroes” in Jamaica. They have become local people of fame and fortune.

I appreciate all the work law enforcement is doing, and I understand that interjurisdictional task forces have been put together, but the time to start taking action is now. Thousands and thousands of people are being ripped off, and the idea that we are not catching many of the crooks has just emboldened criminals and copycats to target more and more seniors.

I look forward to working with law enforcement to remove any obstacles that might be in their path toward prosecution. If there is anything that the U.S. Senate needs to do to make this easier for Federal law enforcement authorities, today is the day to let us know what that is.

Thank you very much.

The CHAIRMAN. Thank you.

Now, we turn to our panel of witnesses. First, we will hear from Andrew Martin, who is from Henderson, Nevada, but formerly from the great State of Maine. Mr. Martin’s father of Dresden, Maine, is a victim of the scam that our committee is focusing on today.

After Mr. Martin’s testimony, we will view a video of Daniel Seibert, an Arizona resident, and I would like to at this point yield to my colleague from Arizona, Senator Flake, whose staff has been extremely helpful in producing the video of his constituent’s testimony.

Senator FLAKE. Well, thank you. Thank you, Chairman Collins. I just want to thank you and the Committee and Ranking Member McCaskill for holding this hearing. It represents an important step in putting this new and very troublesome scam under a microscope.

As I understand it, this is implicating individuals across the country, including, as the Chairman noted, the man from Arizona, Daniel Seibert, who we will hear from in just a minute. My office was able to work with the Committee and to make sure that his testimony was heard today.

I want to also thank ICE for intercepting Mr. Seibert before his situation escalated, and I hope that the spotlight that is being put by the Committee on this subject will help in stopping others from being victimized in the future, and thank you, I look forward to hearing from the witnesses.

The CHAIRMAN. Thank you.

We will then hear from Scott Brown. Mr. Brown is the Acting Assistant Director of Investigative Programs at the U.S. Immigration and Customs Enforcement Agency, better known as ICE. As Senator Flake mentioned, he prevented his constituent from being truly further damaged by this scam.

Finally, we will hear from Jill Steinberg, a Senior Counsel in the Office of the Deputy Attorney General at the Department of Justice.

Thank you all for joining us. We are going to begin with Mr. Martin.

STATEMENT OF ANDREW MARTIN, SON OF DRESDEN, VICTIM

Mr. MARTIN. Chairman Collins, Ranking Member McCaskill, and distinguished members of the Committee, thank you for the opportunity to appear before you today to testify about my father's unwitting involvement in a romance scam which targets seniors to smuggle drugs.

My father was arrested in Madrid last July, having nearly two kilograms of cocaine in his possession worth approximately \$400,000. He had no idea that he was carrying drugs. He went to Peru thinking he was taking real eState documents to a woman in London whom he met and fell in love with online.

The idea that my dad is now a convicted drug smuggler, sentenced last month to 6 years in prison, is surreal. My dad, a retired pastor, had no prior criminal history of any kind, not even a speeding ticket. He never drank, never smoked, never swore in his entire life. However, he did have his shortcomings. He was too trusting of people and overly gullible.

Seven years ago, at age 70, my dad found himself single and lonely, so he moved in with my sister. Dad would go on Internet chat sites to pass the time. One day, Dad meets Joy, an attractive woman in her 30's who claimed to be from Nigeria but living in the U.K. Joy and Dad exchanged life stories and photos and they would spend hours chatting nearly every night. Dad quickly became infatuated with her. The true identity of Joy remains a mystery, but suffice to say, Joy and her associates destroyed my father's life.

As a struggling artist, Joy claimed to be poor and hungry. Even though Dad's only income was a mere \$1,000 per month that he got from Social Security, he would often forego paying my sister rent so that he could instead support Joy, which he did for 6 years. Joy gave him lots of attention, told him she loved him, and wanted to marry him 1 day.

Joy told my dad that she inherited a large eState in South America from her wealthy father, who was murdered in Africa. The property was worth millions and she wanted to sell it, but the deed was in Peru. She was unable to get a visa to go herself, but if he would go and bring these real eState documents to her, they could have a very comfortable life together. Dad promised he would go for her if she could find a way to pay for his trip. Joy, allegedly not having any money either at the time, put the trip on hold.

Last year, my father met and married a local woman. He tells Joy that he needs to end their relationship. Joy reminds Dad of his promise to help her with the real eState papers. She offers to pay Dad a significant amount of money if he would go to Peru and bring papers to her in London. Broke and wanting to recover the money he had sent Joy over the years, Dad decides to keep his promise. Joy tells Dad her family attorney would meet him with the papers at the airport in Lima. Dad was to rest up a night or

two at the hotel and then fly to London, deliver the documents, get paid, and return home.

Against his new wife's advice, Dad boards the plane to Peru. When Dad arrives in Lima, nobody is there to meet him. He calls Joy, learns the attorney was delayed, and is told to wait at the hotel for him. After a few days, Dad has no more money for the hotel and has not yet heard from the attorney, so Joy wires him some money via Western Union, informs him that the lawyer would be there soon, and requests him to continue waiting.

After 10 days, the man finally shows up with two sealed packages that felt like books. He gives the books to Dad and a plane ticket to London. The man informs Dad the books were sealed for inspection, but if security wants to inspect them, it's okay to go ahead and allow them. This apparently satisfies my father, so he never looks at the contents.

The following day, Dad places the packages in his carry-on bag and boards the plane to London. He has two stops to make, one in Madrid and then on to Dublin, where he was to spend 2 days before continuing on to London. When he—upon arriving in Spain, airline staff meets my dad with a wheelchair to take him to his connecting gate. He is stopped by security, who see the books during X-ray exam of his carry-on. To my Dad's horror, they find cocaine.

It takes a couple of weeks for me to learn that Dad has been arrested. A few weeks after that, Dad's new wife tells him that she wants a divorce. She had been getting frightening calls from men looking for my father and was forced to change her phone number.

My wife Lisa and I flew to Spain last October to visit my father in prison. Dad was overwhelmed when he saw us and broke down in tears. He kept telling us how ashamed he was and how stupid he felt, having fallen for this scam. He honestly thought Joy was his friend and he trusted her. Joy was never pushy about the trip to Peru until my Dad announced that he was married. I guess at this point, the scammers felt that this was their last chance to use my father.

Now, at age 77, Dad may very well spend the rest of his life in prison. He is in very poor health. He has prostate and heart and back problems. He was supposed to have surgery on his back 2 weeks after the trip, which, of course, has not happened, leaving him in constant pain. He faints all the time and is being kept in the prison infirmary.

When Lisa and I saw him, he looked frail and his mental capacity was in obvious decline. He seemed confused about different aspects of his ordeal. He just wants to come home and not die in prison.

I will close with the last paragraph from the first letter my Dad wrote us in prison. Dad writes, "I want to thank you both for not abandoning me here. What to do once released, if I do not die here, I have no idea, as I am now homeless again. How I miss my wife. I feel so terrible for all the pain I caused the woman I loved. I only wanted to provide her more than Social Security allowed, but never anything illegal. I trust you believe me. Love, Dad."

Thank you again for the opportunity to share my father's story with you. I will be happy to answer any questions.

The CHAIRMAN. Thank you very much, Mr. Martin.

I want to tell you how much it means to the Committee that you are willing to publicly share your father's story, because I believe it will really help others who have been targeted by these horrendously unscrupulous criminals. I guess all criminals are unscrupulous, but this is so heartless, and the idea that your father is in prison is just extraordinary to me. We look forward to questioning you and learning more.

We are now going to turn to Senator Jeff Flake's constituent, and his name is Daniel Seibert, and he will tell his story.

STATEMENT OF DANIEL SEIBERT, VICTIM

[A video recording was played.]

Mr. SEIBERT. My name is Daniel W. Seibert. I live in Green Valley, Arizona. I'm 79. It was 19—or, no, 2006, and that is about when I guess you will say I retired.

Senator Flake's STAFF MEMBER. Mr. Seibert, we learned from ICE that you recently took a trip that ended with Agent Small dropping you in the airport in Georgia. Could you tell us what led to you going on this trip in the first place?

Mr. SEIBERT. It was a fun—I was supposed to have, and I did not know anything about what they wanted me to do until actually I talked to the agents there. What—what it turned out to be is, according to what they told me, is I was supposed to go to the U.K., pick up some kind of a package, from there go to Dubai, and then from Dubai I was supposed to go to Japan, but I did not think anything about it. I said, well, I have never been to Dubai, so I wanted to go. I have been in 76 countries and Dubai is not one of them, so I said, well, I wanted to go.

Well, then they stopped me and then they explained what was going on, and they treated me very good, respectfully. I mean, they knew I did not know what was going on, so—

Senator Flake's STAFF MEMBER. How were you first contacted by this person who asked you to take the trip?

Mr. SEIBERT. It was by e-mail, but it has been so long ago now, I do not have any of them e-mails left. I do not remember his name, even.

Senator Flake's STAFF MEMBER. What did he say in the e-mail that led to you going on the trip?

Mr. SEIBERT. The only thing that I can remember is why I wanted to go, is because I wanted to go to Dubai, and I just wanted to take a vacation.

Senator Flake's STAFF MEMBER. Did he mention that you would get some unclaimed funds that you believed were owed to you?

Mr. SEIBERT. Yes. Actually, the trip did not cost me a penny, because if I had to pay, I would not have went. The person that actually paid for the ticket, I do not even know his name anymore, to be honest with you.

Senator Flake's STAFF MEMBER. Once you agreed to go on the trip, did at any point the person tell you you would have to pick up a package?

Mr. SEIBERT. Well, he called me on the phone, is what it was, and said I had to go to the U.K. to pick up a package which I was going to take with me all the way to Japan, and I asked him about,

well, what is in the package. He said a thing, like, it is a thank you package I am supposed to give to some banker in Japan. In Japan, it is very customary you give people presents. Even if the—if you go to a bank and the banker treats you nice or whatever, you give the guy or the woman a present, and I assumed, well, that is what it is. It is the head guy of the bank and we were thanking him ahead of time, so it was just a thank you present.

Senator Flake's STAFF MEMBER. You had no reason to be suspicious about what was in the package?

Mr. SEIBERT. No. None at all, really. I just assumed it was going to be a thank you present, which could have been anything from a wristwatch to a whatever. I mean, things like watches and things like that are a common gift in Japan.

Senator Flake's STAFF MEMBER. When the agent stopped you in the airport, did you know why he was stopping you?

Mr. SEIBERT. I had no idea at all.

Senator Flake's STAFF MEMBER. The whole time you thought that you were going to go on this trip to be able to collect your funds, and that is why you went on this trip?

Mr. SEIBERT. Yes, that is right.

Senator Flake's STAFF MEMBER. On another topic, you had said you had been contacted by other people about funds in banks.

Mr. SEIBERT. Yes. Many of the Nigerian banks and the Federal Reserve Banks that are in the United States...

[inaudible], and Senators now all of the sudden.

Senator Flake's STAFF MEMBER. You received e-mails from people impersonating Senators, but also from people impersonating other officials and heads of state?

Mr. SEIBERT. This is from the Internal Revenue Service, and there are other people—uh—the United States Postal Service was the next one I had, and this one is from Federal Reserve Bank, the one in New Jersey, and I am not sure whether they are real or whether they are fake, because the first thing he wants, he wants \$1,750, the guy in New Jersey.

Senator Flake's STAFF MEMBER. Have you sent money to any of those people who have contacted you?

Mr. SEIBERT. Regretfully, the answer is yes.

Senator Flake's STAFF MEMBER. Do you remember how much money you have sent to them?

Mr. SEIBERT. Over the last 6 years, I have probably sent about \$150,000.

Senator Flake's STAFF MEMBER. Was that before or after you went on the trip?

Mr. SEIBERT. I think I have sent them some since, not much, just a couple hundred dollars. I sent most of the money probably five and 6 years ago.

Senator Flake's STAFF MEMBER. You still do get a lot of e-mails asking you to send money to them?

Mr. SEIBERT. I get about 400 e-mails a day. I would guess that 300 of them want money.

[End of video recording.]

The CHAIRMAN. Thank you. Senator Flake, I want to thank you again. Your staffer did a great job interviewing Mr. Seibert, and you can see what a horrible situation this is, but for ICE's inter-

vention, he would have ended up smuggling drugs, I have no doubt about that, given that he had given away \$150,000 to scammers over the past 6 years, so with that, let me turn to Mr. Brown, who can give us a bigger picture of this scam, but also any comments you can make on this particular case and others would be helpful to us, and I want to publicly thank ICE for coming to us and letting us know about this scam so that we could publicize it and help prevent others from falling victim.

**STATEMENT OF SCOTT BROWN, ACTING ASSISTANT
DIRECTOR OF INVESTIGATIVE PROGRAMS, IMMIGRATION
AND CUSTOMS ENFORCEMENT, U.S. DEPARTMENT
OF HOMELAND SECURITY**

Mr. BROWN. Chairman Collins, Ranking Member McCaskill, and distinguished members, on behalf of Secretary Johnson and Director Saldana, thank you for the opportunity to discuss ICE's efforts to investigate and thwart criminals who target the elderly with nefarious schemes that rob them of their dignity, their money, and potentially their liberty.

Homeland Security Investigations, or HSI, is the investigative arm of ICE and conducts criminal investigations to protect the United States against terrorism and other criminal activity that threaten public safety and national security and to bring to justice those seeking to exploit our customs and immigration laws worldwide. In its investigative capacity, HSI enforces more than 400 Federal laws and regulations with jurisdiction over investigations of crimes with a nexus to the U.S. border.

As you know, there are many fraud schemes, such as phony investment pitches and business opportunities. Such scams are growing increasingly sophisticated and international in scope and are able to victimize U.S. citizens throughout the country. Perpetrators victimize consumers of all ages, backgrounds, and income levels, but as you have seen, the elderly seem to be disproportionately targeted.

Today, I want to bring to the attention of the Committee and the general public an emerging trend involving the movement of illicit contraband—drugs—by unsuspecting elderly citizens.

Transnational criminal organizations, or TCOs, have long sought to recruit drug couriers who appear to be unsuspicious and present the best opportunity to successfully smuggle contraband across international borders. Using various avenues available on the Internet to gather information on potential victims, such as social media, cyberbegging, and fishing e-mails, TCOs now tailor their inheritance, romance, and business opportunity scams to recruit the elderly to smuggle narcotics through commercial air travel.

The unwitting couriers travel to numerous countries with airline tickets provided or funded by the TCOs, and these TCOs often change the itinerary at each leg of the journey in an effort to evade detection. These elaborate international schemes involve these couriers meeting with alleged business partners in numerous countries during a single trip. These business partners have the courier take a suitcase or a gift that appears innocent, but contains drugs, to the business partner they will meet at their next stop.

The average age of the couriers identified encountered smuggling narcotics was approximately 59, and the oldest of these couriers

was 87. The oldest unwitting individual HSI encountered during one of our investigations was 97 years old. HSI special agents were successful in convincing him to abandon his travel plans before he could become another victim.

Through our joint targeting and investigative efforts, dubbed Operation Cocoon, HSI and U.S. Customs and Border Protection, working with our foreign counterparts, to date have led to the arrest of 15 facilitators affiliated with the transnational criminal organizations behind these schemes and the interdiction of a total of 272 kilograms of methamphetamine, 209 kilograms of cocaine, four kilograms of ecstasy, and 11 kilograms of heroin.

As evidenced by the video testimony you just saw, whenever possible, HSI has worked to prevent potential elderly victims from departing the United States if we believe they may be unwittingly utilized to smuggle narcotics, as we did with Mr. Seibert.

Unfortunately, there are instances when the recruited individuals are so engaged by the underlying scam used by the criminal organization they do not believe they are being duped. Often, these organizations warn their victims to not believe anyone who approaches them as law enforcement. HSI has warned elderly couriers concerning their potential role in this type of scheme, only to have the elderly victim continue with their travel and subsequently get intercepted in other countries with narcotics.

This is why it is so important to raise the public's awareness of these types of fraud schemes. We need to be discussing these schemes with our loved ones, both young and old, and reiterating the adage, if it appears too good to be true, then it probably is.

Thank you again for the opportunity to appear before you today. ICE looks forward to working with the Committee to raise awareness and to eliminate the opportunities for these criminals to prey upon our senior citizens. I would be happy to answer any questions that you have.

The CHAIRMAN. Thank you very much, Mr. Brown, but for your agents intercepting Mr. Seibert, I have no doubt that his fate would have been similar to Mr. Martin's, and I appreciate your good work.

Ms. Steinberg.

**STATEMENT OF JILL STEINBERG, SENIOR COUNSEL,
OFFICE OF THE DEPUTY ATTORNEY GENERAL,
U.S. DEPARTMENT OF JUSTICE**

Ms. STEINBERG. Chairman Collins, Ranking Member McCaskill, and distinguished members of the Committee, thank you for the opportunity to discuss the Department of Justice's efforts aimed at combating fraud against our Nation's seniors.

There are numerous schemes to exploit the elderly for financial gain. With clever perpetrators and the advent of new technologies, many of these scams continue to evolve and challenge law enforcement. That said, across the Department, we are engaged on this issue and working hard to seek justice on behalf of elder victims.

We take an all-of-Department approach to combat elder abuse and financial exploitation. That includes the investigation and prosecution of cases, outreach and education programs, funding relevant research, and providing services to victims.

Starting first with enforcement efforts, as the Committee knows, many frauds targeting the elderly originate overseas. Combating such schemes requires close collaboration with our international partners. To this end, we are committed to expanding our engagement with law enforcement agencies in countries in which these frauds may originate.

As a key component of these efforts, the Department co-chairs the International Mass Marketing Fraud Working Group. This group includes other U.S. investigative and regulatory agencies and representatives from Australia, Belgium, Canada, the Netherlands, Nigeria, Norway, Spain, and the United Kingdom. The members of the group meet to improve intelligence sharing, disrupt mass marketing schemes, and increase the effectiveness of criminal and civil enforcement actions.

Project JOLT reflects these successful partnerships. United States and Jamaican law enforcement have worked together to combat fraudulent lottery schemes preying on elderly citizens in this country. In 2015, the Department successfully extradited the first Jamaican citizen to be prosecuted in this country in connection with such a lottery scheme. He was convicted and sentenced to 46 months in prison. Since 2009, DOJ has prosecuted nearly 100 defendants linked to these schemes. The defendants who have been sentenced have been sentenced collectively to more than 125 years in prison.

In addition to the Jamaican lottery fraud, another common telemarketing scheme involves the reported resale of time share interests. In one such case, the Department charged Peter Massimino in connection with a multiple-victim time share resale scam operating from Florida that led to the victimization of over 25,000 people and a total loss of \$35 million. He was sentenced to 87 months in prison.

Just recently, the Department concluded its prosecution of Gilbert Freeman, also for a time share resale scheme, in which the majority of victims were elderly. Freeman defrauded more than 1,400 owners out of about \$5 million. He was sentenced last week to 20 years in prison.

The United States Attorney's Office are also working to combat mail-based financial exploitation. In May 2015, prosecutors in Florida brought charges in a widespread sweepstakes mail fraud scheme. In September, prosecutors in Long Island also brought charges in an alleged mail sweepstakes fraud scheme. These are but two examples of the type of cases pursued by the Department.

Investment schemes also continue to be a problem. For example, in January 2015, two defendants in Florida were sentenced to 10 years in prison for their role in a scheme to defraud elderly investors out of \$18 million. The defendants took money from the victims, purporting to invest them in CDs, but instead used the money to make payments to earlier investors and pocketing it for themselves to buy themselves things. The court ordered restitution of almost \$10 million in that case.

The Department also provides training to prosecutors on elder abuse and exploitation. For example, since 2013, the Department has trained State and local prosecutors through its National Institute on Prosecuting Elder Abuse, an intensive 4-day training that

covers the elements of bringing an elder abuse and exploitation case. The Department will enroll prosecutors from all 50 states by 2017, but prosecuting cases is only one component of a comprehensive strategy to combat elder abuse and exploitation. Preventing these crimes from happening at all is similarly a priority. Every year, the Department participates in the Rocky Mountain Fraud Summit in Denver. The summit consists of interactive presentations about investment frauds that target our communities, including seniors. The Department hosts similar outreach events across the country.

Additionally, research is a critical component of a successful strategy to combat elder abuse and exploitation. Over the last 10 years, DOJ awarded over 20 grants amounting to over nine million that examined diverse elder mistreatment issues, including projects on financial exploitation of the elderly.

In September 2014, the Department launched its Elder Justice website, which has been accessed more than a half-a-million times since its launch. The website is a one-stop shop for resources on all aspects of elder abuse and exploitation.

The Department in Fiscal Year 2015 provided \$1.5 million that will support approximately 60 AmeriCorps lawyers and paralegals who will provide legal assistance and support to victims of elder abuse and exploitation, and OVC's funding is also used by states to support services for elder victims of crime.

The Department continues to work hard to combat the exploitation of our Nation's seniors. Thank you for the opportunity to discuss the Department's efforts and I look forward to answering any questions you may have.

The CHAIRMAN. Thank you.

Mr. Martin, I am truly saddened to learn that your father, at age 77, fears that he may spend the rest of his life in a jail overseas, far from his family, when he had no intention of breaking the law. That, to me, is very troubling, and while there are many attorneys on this panel, it came as a surprise to me that you did not have to prove intent, criminal intent, in many of these countries in order to be convicted. Is there any hope of his release? Are you pursuing other avenues to see if you might be able to get your father returned to the United States?

Mr. MARTIN. Thank you, Chairman Collins. We are discussing with his attorney in Madrid about what can be done. Basically, the sentence is mandatory based on the quantity of cocaine that he had. There are no extenuating circumstances matter. He admitted to it at the time he was caught. There was no point in taking it to trial, so he actually pleaded out to get the lowest. It could have been anywhere from six to nine, and then he could get potentially 2 years forgiven on good behavior, but they can make a pardon to the king. They can try to get him expelled due to his age and health, and I guess the attorney is going to try to make some efforts to do that.

The CHAIRMAN. Mr. Brown, can you give us a sense of the magnitude of this scheme, the numbers, for example, of people, American seniors, who are imprisoned overseas. Are there cases that you are aware of where the couriers made it to the destination without being intercepted?

Mr. BROWN. This is a huge problem. Since October 2013, over 144 individuals that we are aware of have been intercepted transporting narcotics, identified through the targeting efforts of Customs and Border Protection and our HSI agents at the National Targeting Center. Eighty-three of those were United States citizens. Thirty of those United States citizens remain in prison, but it is—the magnifold is worse than that—the magnitude is worse than that. The officers, the Customs and Border Protection officers and the HSI agents working on this project are some of the best you could ever meet, are as shocked and appalled at the heinousness of this crime as everyone else, but the targeting parameters take effort to build.

We were not aware of Mr. Martin's case until we received that information via the tip line maintained by this Committee, and I thank you for that, so you know, of the 144, those are the 144 that we were able to identify. There is certainly a very good pool out there, like, unfortunately, Mr. Martin, that we were not able to identify and have not been able to link to Cocoon.

As I said, 30 persons, 30 United States citizens, to the best of our ability to track that, remain in jail overseas. Sometimes it is a very difficult number to track. Some countries have very strict disclosure laws on their criminal proceedings, so largely we are just tracking that by return travel to the U.S. If we cannot see return travel to the U.S., there is an assumption that they are still in custody, but we could have some that have returned to the U.S. that still have charges pending overseas. They have just been allowed to come home while those charges are pending.

The CHAIRMAN. Thank you. I can see why international criminals would want to use an elderly person. When Mr. Martin described his father being picked up in a wheelchair, that is not your average—that is not your image of a drug courier.

Ms. Steinberg, I have very little time left, but I have to say that you described a whole host of schemes, but you did not touch on the one that this hearing is focused on, so what specifically is the Department of Justice doing to combat this heinous new scam?

Ms. STEINBERG. Thank you, Chairman Collins, for that question. We actually became aware of the operation fairly recently, in the context of this hearing, actually, and this is an HSI operation. Our understanding from speaking to them is that DOJ has been supportive, when asked to support their efforts, for example, in terms of process and search warrants and things like that.

We do not believe that a case has actually been presented yet for prosecution, but as you know, the abuse of vulnerable populations, including the elderly, is a strategic priority of the Department, and if and when these cases are prosecuted, we will look at—presented for prosecution, more accurately, we will take them very seriously and look at the facts and the evidence and move on from there.

The CHAIRMAN. Senator McCaskill.

Senator MCCASKILL. You think we still have 30 victims in prison in other countries?

Mr. BROWN. Yes. I would give a very important caveat on that. I cannot affirmatively 100 percent attest that all 30 of those people did not have some knowledge and are 100 percent true victims.

Senator McCASKILL. Well, do we have an obligation to find that out? I mean, we have a whole host of victims' organizations in the Department of Justice that are funded extensively. Are the victims' organizations reaching out to these 30 people to try to determine—are we investigating whether or not these 30 people are, in fact—because if we can confirm that they are victims, then we have a moral obligation as a country to get them out of there.

Is the Justice Department intervening with the countries, asking for pardons, asking for—you know, is the State Department involved? What we do need to do to get Mr. Martin's father out of prison, for Christ's sake? This is ridiculous. He is a victim. He is not a criminal.

Mr. BROWN. One of the things that we are doing in HSI is where there is exculpatory information, we are making sure that is shared.

Senator McCASKILL. With who?

Mr. BROWN. With the government that is prosecuting, with our law enforcement counterparts through our attache offices.

Senator McCASKILL. Is the State Department involved?

Mr. BROWN. The State Department is involved, but State Department—and I cannot speak for them—generally does not interject themselves into foreign legal processes in terms of guilt or innocence.

Senator McCASKILL. If we know they are a victim, this is a little different. I know we do not get involved—I mean, I get it, believe me. We cannot get involved when an American citizen is accused of a crime in a foreign country, just as we would not want them to get involved in our processes, but if we know they are a victim—and I think we have an obligation to figure out if they are victims. I certainly do not think anybody is going to argue—I do not think you would argue, Ms. Steinberg, that Mr. Martin's father is a victim, correct?

Ms. STEINBERG. I—this one, I have no basis to conclude that he is anything but a victim. Obviously, I am operating on the information that I have been given, but I will say that, again, at this point, we have not been presented any cases in terms of evaluating them for prosecution, so we are operating on fairly limited—

Senator McCASKILL. Yes, but we are not asking you to get involved in prosecution. We are asking you to advocate for a victim. They have been prosecuted by another prosecutor, but they are still American citizens. I would really like to see some answer from your bosses, from Secretary Johnson and Attorney General Lynch, about what obligation do we have when we know someone has been victimized. Just because they are located in a different country does not remove the status of a victim, and it seems to me we need to do more.

Ms. Steinberg, can you tell me how many prosecutions we have had of criminals in the last 5 years that have been engaged in the various scams that we have talked about today? What is the total number that has been prosecuted by the Federal Government?

Ms. STEINBERG. I actually cannot give you a number. I apologize for that. I do not come here with a number of every prosecution that involves these particular scams that involve the elderly.

Senator McCASKILL. Would you mind compiling that for us?

Ms. STEINBERG. I can take that back and see if that is possible.

Senator MCCASKILL. Yes, I know it is possible, because you told us there were 100 on Jamaica, so I think anecdotally does not help us, you know, two in New Jersey and two down in Florida. I think we need to get a sense of how many—and I would particularly be interested in how many people have been extradited in connection with those crimes, because we all know the reason we need you so badly here is that you are the only one that has the reach. You are the only one that can go there, and I need to know how many times you have gone.

If possible, if you would get back to us on the number of cases that have been presented, the number of cases that have been filed, the number of cases that have been extradited, and I am really interested in the ones that you have filed, how many were guilty pleas and how many were trials, because in my experience, the vast majority of cases that are indicted by the Federal Government are pleas, so I think it is, in some ways, to say you have done a hundred cases of a certain type since 2009, that is about 14 a year. You have literally hundreds of U.S. Attorneys Offices around the country, and the vast majority of those cases, I guarantee you, were a plea.

I want to get a sense of the amount of resources that is really being given to this issue, because I—we have so many witnesses that come here. This is the first time we have had a chance to talk to somebody from Justice. We have had a number of these hearings and the local law enforcement that are trying to help these people in their local communities, especially on the IRS impersonation scam, they say they call the Department of Justice and no one is home, so I want to figure out what the truth is here.

Do we really have the resources necessary at Justice to handle this problem? And if it is not getting handled, why not, and what can we do to help you get it handled.

Ms. STEINBERG. All right.

Senator MCCASKILL. Thank you very much. Thank you, Madam Chairman.

The CHAIRMAN. Thank you.

Senator FLAKE.

Senator FLAKE. Thank you, Madam Chair. Thanks for the testimony.

Mr. Brown, just given Mr. Seibert's testimony about how he had been contacted, and is still being contacted, I guess, some 400 e-mails a day now because he responded and has put over quite a bit of money, let me just read a little bit of one of the e-mails that he received that was ostensibly from my office, from an individual who is actually on my staff. Obviously, it was not from him, but they have names, and they encouraged him to send a check to Post Office—also telling him to stop listening or colluding with, and they name another U.S. Senator, because they bilked him out of \$900 before, supposedly, but to keep with us and we will get you money.

It is a very troubling thing when some of these people are getting letters ostensibly from our offices to somehow lend legitimacy to some of these scams. How often is that the case, and what other

methods are being used to try to lend legitimacy to what they are doing?

Mr. BROWN. One of the most tragic things we see is that once a person is victimized once, once the organizations recognize they can get their hooks into them, it is next to impossible to get yourself off of that hook. Now, there are proactive steps persons can take. They can change their e-mail address. They can change their phone number, but frankly, they maintain lists of victims and sell those lists, and the more that has been scammed out of a victim, the more that victim is worth to the next scammer, knowing they can likely replicate that success.

You know, as you heard, we actually intercepted Mr. Seibert in Atlanta after he had phoned from Tucson to Atlanta starting his journey. When he got back to Arizona, our agents in Tucson met with him and were shocked to hear that he was actually going to go from their office, where he met with them, to send money to one of these scammers, so again, we cautioned him at that time.

Again, the challenge is, for us, is, you know, we can educate. I cannot stop—I do not have a legal mechanism to stop a United States citizen from traveling if they choose to. I do not have a lawful mechanism to stop a United States citizen from sending money if they choose to.

One of the things that we have done in terms of outreach is we have worked with the banks, with the money service businesses. We have provided them with what we would call red flag indicators, and a lot of the money service businesses, in particular, who were frequently used in these scams, take it upon themselves—because, again, they have an authority as a private business that I do not have as a law enforcement officer—to block those transactions to try to stop people from losing money.

Senator FLAKE. In this individual case—I do not want you to give away any methods or whatever in terms of targeting the scammers—but what tipped you off in Mr. Seibert's case and led you to go to the airport?

Mr. BROWN. I am going to be very careful about how I talk about our targeting. Thank you recognizing that.

Senator FLAKE. Please do.

Mr. BROWN. Again, this project, again, to give U.S. Customs and Border Protection their due credit, started with them. Secretary Johnson has been committed that we will put full Department resources to significant problems, and this certainly is a significant problem, so that is what we have married our HSI agents up with CBP.

They build the targeting off a number of factors—travel patterns, methods of purchase of airfare, and a whole bunch of other things that I would be happy to provide to you in a closed setting.

One of the things that is very important is in bringing that investigative piece into this, is as we meet with a Mr. Seibert, as we, you know, either as victims or potential victims give us the e-mails they receive or as they recount their phone calls, where we work with the Department of Justice and get search warrants, we take that evidence, which also has some intelligence value. We work back with CBP to help them further expand that targeting platform so that, hopefully, in the future, we will not have Mr. Martin

getting through where the possibility exists we could potentially stop him from traveling.

Senator FLAKE. All right. Thank you.

Thank you, Madam Chair.

The CHAIRMAN. Thank you.

Senator Kaine.

Senator Kaine. Thank you, Madam Chair, and thanks to all of the witnesses.

Mr. Martin, I want to ask you a question. In your testimony, you indicated, I think, that your Dad had been in prison a while before you found out. How did that—did they—I am just curious about that. Did they not let him reach out? Was he so kind of traumatized by the experience that he was not sure what to do? I found that kind of grabbed me as you were talking.

Mr. MARTIN. Yes, Senator. Basically, the way it happened was when he got apprehended, obviously, the State Department was notified and they notified his wife, who lives in Maine. I am out in Nevada—

Senator Kaine. I see.

Mr. MARTIN [continuing]. and he had just recently married her. I did not even know here.

Senator Kaine. Mm-hmm.

Mr. MARTIN. I mean, I knew of her, but did not really know her.

Senator Kaine. Yes.

Mr. MARTIN. I am trying to remember if she told us or—I think she might have told us—

Senator Kaine. Mm-hmm.

Mr. MARTIN [continuing]. or my sister, and then the person at the embassy, the State Department actually e-mailed me because his wife did not want anything more to do with it.

Senator Kaine. Yes.

Mr. MARTIN. She e-mailed me and said, I understand that maybe you can be the one to, like, work with.

Senator Kaine. That must have been the most stunning call you ever got in your life—

Mr. MARTIN. Yes.

Senator Kaine [continuing]. that your father is in prison in Spain for this.

Mr. MARTIN. He had been involved in other minor, you know—

Senator Kaine. Yes.

Mr. MARTIN [continuing]. situations where he had been ripped off in the past—

Senator Kaine. Mm-hmm.

Mr. MARTIN [continuing]. I was not totally shocked, but obviously, it still a pretty incredible story.

Senator Kaine. His wife was getting at least some kind of threatening calls because of some of this—

Mr. MARTIN. Absolutely.

Senator Kaine [continuing]. that was making her very nervous.

Mr. MARTIN. Absolutely, and a couple people went to visit my sister while he was living there—he was not home at the time—looking for him, various things, so—

Senator Kaine. Very troubling.

Well, I want to ask, now, to Mr. Brown and Ms. Steinberg on this question. I would think—I was never a prosecutor, but I tried a lot of cases—if you had the person, you know, and you put this case on before a jury, I mean, the jury is going to want to throw the book at these crooks, but the problem is getting the person, and especially the challenges of any of this that originates overseas.

Just talk a little bit about from the kind of investigation and prosecutorial standpoint the challenges of tracking down some of these folks when they are in other countries and the level of cooperation you need from the other countries to be able to do an investigation, get an extradition, get a successful prosecution.

Mr. BROWN. You are right. There are very significant challenges. We have had tremendous cooperations. We maintain 62 international offices in 46 countries. We have robust international partnerships across law enforcement, but again, it is not like this organization—you know, you may not just have a Spain-based organization.

Senator Kaine. Yes.

Mr. BROWN. It could be Spain. It could be Dubai. It could be Japan. It could be a network that runs across all three, so it is not just the U.S. coordinating with one entity. It is trying to get all those entities coordinating, and around various differences in their own laws, and sometimes the strongest venue for the prosecution is in one of those foreign venues.

Senator Kaine. Right. Right.

Mr. BROWN. We have had some success. As I mentioned, we have arrested 15 persons truly aligned with the criminal organizations, all overseas. Some of that has been through coordinated undercover activity between the U.S. Government and overseas law enforcement.

Senator Kaine. When you do those arrests, is the intention always to try to bring somebody back here for prosecution, or as you point out, in some other countries, the laws may even be better. Do you try to work with local authorities so the criminal cases are initiated in the jurisdictions where you arrest people?

Mr. BROWN. Wherever the best case is.

Senator Kaine. Yes.

Mr. BROWN. Certainly, if we are generating a large part of the evidence overseas or if the evidence exists overseas, oftentimes, it is best to prosecute the case overseas.

Senator Kaine. Mm-hmm, and can I just kind of hear the Justice Department's perspective on this same issue, about going after these crooks who are overseas and how challenging it is and what success you are having.

Ms. Steinberg. Certainly, and the members of the Committee are right. I think several members have indicated that when there is an international component to these cases, it just adds just an extra layer of complexity, and what we have found is that the positive engagement of these foreign governments is very important. We do that, and, obviously, other agencies do that.

I think the Project JOLT is a reflection of the positive sort of results of those kind of partnerships, whether it be a working group or it be through other means, that we work with these governments to—through MLATs to be getting evidence or through extra-

dition requests, and you know, for example, Project JOLT, we have had our first extradition from Jamaica, and once you kind of get over that first hurdle, it gets easier, and so, that is just what we do. We just work the cases, and we will keep doing that.

Senator Kaine. Thank you. I may want to ask a question just for the record about if there are countries with whom you would like to have stronger cooperation. I know colleagues on the Foreign Relations Committee would be interested in that. We have a lot of opportunities to interact with a lot of these countries and bring up issues of significance, and if there are countries in this kind of scam area where better cooperation would be helpful to either of your agencies, I think we would like to know them and maybe we could pursue that.

The Chairman. Thank you.

Senator Tillis.

Senator Tillis. Thank you, Madam Chair.

I tell you, the only positive thing I heard out of many of the testimony of the witnesses was the 20-year sentence that one of these thugs received. I hope that he or she serves every single day of it.

Mr. Martin, can you tell me a little bit about the cost that has been incurred by your family in the process of trying to untangle this mess that your father is involved in, the actual economic cost and what you are going through right now.

Mr. Martin. Yes, Senator. It is about 5,000 Euros is what his lawyer is charging, which is a very good price, because when I received the referrals from State Department, most of them wanted 10,000 retainer, and we found one that would do it for 5,000 spread over time, so we are just basically paying him what we can each month, so—

Senator Tillis. Mr. Brown or Ms. Steinberg, are you all familiar—do you have any insights into the reverse, people being scammed in other countries coming to the United States, if there is any evidence of that and how well we are doing in dealing with the victims on this side of the ocean?

Mr. Brown. We have not really seen evidence of that, and part of that is drug values. Unfortunately, drugs are not very expensive here as they are in many European and Asian countries. For example, you know, the street value of a kilogram of meth from the United States is about \$66,000. That same street value figure for a kilogram of meth in Japan is well north of \$400,000, so if you are going to go to this effort, they are trying to maximize their profit.

Senator Tillis. Ms. Steinberg, are you aware of any instances like this or prosecution cases?

Ms. Steinberg. No, sir.

Senator Tillis. I guess that is a good thing.

I have a—Mr. Brown, if you take a look at what law enforcement is trying to do now, say, with sexual predators, going out there and really baiting them into a condition where the first time they are interacting with somebody, they are interacting with law enforcement, are there any resources now being applied to those sorts of efforts, either for this scam or any number of scams where you can probably identify the kind of profile that they are looking at and

have them have the unpleasant situation of it being a U.S. law enforcement agency?

Mr. BROWN. Yes, there are. There is a lot of logistical hurdles to that, you know, not knowing where the scammers exist kind of until you kind of get into the scam and have some time to crack the Internet spoofing that they are doing to figure out where they may actually be, and then having to figure out what are the laws in that country that apply makes that challenging, but yes, it has been done. Certainly, where we can identify people that are being scammed, we have had people give us access to their e-mails, where we have stepped in and assumed the role of the victim in an undercover capacity, but one of the challenges remains, it is a very under-reported crime. You know, people do not recognize they are getting scammed. Hence, it is a scam, so that opportunity is not always there as often as we would like it to be.

Senator TILLIS. A lot of this—we have dealt with several hearings where we are talking about people preying on seniors, and, really, a lot of this does come back down to education and trying to do our best to make sure, as you said, if it seems too good to be true, it probably is.

What coordination have we had with other agencies that are, say, more likely to touch the seniors population, to use them as channels for education? I am thinking anytime we interact with anyone who is on Social Security, anyone who is on Medicare, or maybe Veterans Administration for seniors. Are there any coordinated efforts there to make sure that they are using those touchpoints to educate on this and any number of other potential risks that seniors are being exploited for?

Mr. BROWN. Absolutely. We try to do outreach through any and every available avenue. We have not specifically gone to Social Security, but I will actually take that as a good idea to followup on, but we do outreach through many of the things that Ms. Steinberg touched on, through some of those same interagency working groups, through some of those same conferences.

Senator TILLIS. It just seems like——

Mr. BROWN. What we also—I am sorry.

Senator TILLIS. I am sorry. Go ahead.

Mr. BROWN. We have also done proactively through our field offices, gone out and talked in nursing homes, to not just the people living there, but their family members, just to do anything we can to raise awareness.

Senator TILLIS. Well, you know, I hope that we can just figure out a way to at least let this be an instance where seniors can find some safe haven and calling a number, or forwarding an e-mail. When in doubt, send it here and let us see if we can identify patterns. It just seems like there are some natural connections, particularly, as I said, with Social Security and Medicare, where we may be able to, on a very cost effective basis, have a pretty broad reach out there beyond what you would do in the communities and on a recurring basis, because they continue to get more sophisticated. They continue to produce more dreadful outcomes, and everything we can do to increase education is going to be the single greatest way to improve the situation.

Finally, I want to associate myself with everything Senator McCaskill said in terms of getting information and trying to get behind these 30. I think you said 145 have been affected by it. Forty-four were still in custody. Of those 44, 30 are U.S. citizens. Anything that we can do, and I think I probably speak for all the members, to move heaven and earth to try to get them back, if we are absolutely certain that they are innocent, then we certainly want to do that. It is horrible to think Mr. Martin and others are being held as victims. Thank you.

Thank you, Madam Chair.

Thank you. Senator Casey.

Senator CASEY. Thanks very much.

I want to thank the panel for your testimony and for your work on this. Mr. Martin, we appreciate you bringing a personal story that is hard to hear because of what happened to your father, and I know it is not easy to tell that story, so we appreciate it, but it does have the benefit of giving us a better understanding. It is not just conceptual or theoretical when you hear your story.

I was going to direct, I think, maybe two questions to Mr. Brown in the time that I have. I have been in government a while. I have been here in Washington 9 years, and prior to that 10 years in the State government, and so, if you are around government a lot or somewhat connected to government service of one kind or another, we tend to think in terms of, you know, specific parts of budgets and different agencies, so it is very easy for us to kind of keep track of where things fit.

Most folks out there, because they are not dealing with government on a regular basis, do not know where to turn sometimes to get information. It is probably true of every Senate office that back home, we get as many calls about some other level of government, and that is just the nature of the complexity of different levels of government, but maybe especially when someone is under siege or they have got—they are under attack, in a sense, because a scammer has put pressure on them and caused a lot of anxiety and pain, that is probably the worst time for them to try to determine where to start.

I guess one thing I would ask, and this is based upon constituents that have asked us, or presented to us cases where a family member or someone they know has been affected, what is the best way for either, I guess, a family member or even an aging organization to report incidents like this? And I know you may have addressed this, but I just wanted to, by way of reiteration, if you have not.

Mr. BROWN. Thank you for giving me that opportunity, because I had not gotten a chance to say that yet. Again, the Committee itself maintains a tip line and the Committee coordinates very closely, referring cases, as appropriate, to ICE, but we also maintain our own tip line. The phone number is 1-866-DHS-2ICE, or 1-866-347-2423. You can also go to www.ice.gov and report tips there. Our tip line is manned 24/7, you know, 365 days of the year. We have agents. We have intelligence analysts, and if it falls outside of our purview, we will get it to the right people that can do something with it.

Senator CASEY. Um-hmm. Can you repeat the number again, just——

Mr. BROWN. Yes. It is——

Senator CASEY [continuing]. just one more time.

Mr. BROWN. It is 1-866-347-2423, or 1-866-DHS-2ICE.

Senator CASEY. Great. We appreciate that, because that helps to give folks a place to go.

I guess the other question I had with regard to ICE—maybe two more, and I will make the second one quick—has ICE been able to determine a root cause for the increase in these kinds of crimes, international crimes? Is there any predicate to it that would help us better combat it, or——

Mr. BROWN. I could speculate. I do not know that I have got a formal finding on that.

Senator CASEY. Okay.

Mr. BROWN. They are low overhead. If you have got a computer, if you have got a phone, you can commit these scams.

Senator CASEY. Right.

Mr. BROWN. Just, the abundance of information out there on people in the age of the Internet, be it social media, be it just pulling information out of obituaries, has made it much easier to sell a believable story.

Senator CASEY. The last question I will ask, and you can amplify it in a written response, if you want, is just one of the reasons we have hearings is to have you tell us what you need, or what you hope we would, by way of new legislation, new policy, new funding, whatever it is, I hope you either today or in written form tell us what you hope this Committee could do to better equip you to do your job.

Mr. BROWN. I will take that back to get you as complete an answer as I possibly can.

Senator CASEY. Great. Thanks very much.

The CHAIRMAN. Thank you, Senator.

Senator Cotton.

Senator COTTON. Thank you, and Mr. Martin, I also reviews your testimony. I want to associate myself with the remarks of the other Senators here, saying that it is both poignant and appalling. I cannot believe that U.S. citizens would face this kind of treatment abroad, particularly with countries that are allies.

You certainly are blessed with a very capable and effective advocate in Senator Collins. What has been your experience with some of the agencies and departments of our Federal Government, say, the State Department, for instance, in this case?

Mr. MARTIN. The individual I was dealing with with the State Department was excellent. I mean, we have an ongoing relationship with her because we wire money to him once a month. He needs money for—in prison to buy things. I cannot say enough about the job they have done for him, and you know, the government of Spain themselves, I really do not hold to blame. I mean, they have had an influx of drugs through their country and they have actually lowered the sentencing, from what I have been told, from what it used to be, but again, in his case, he did not go to trial. You know, he could not afford the trial, so he just pled out and got the least sentence that was available to him, and then the

strategy is to just try to work with, you know, his attorney working with the government to see if they can get him expelled and sent back. He is not a threat to anybody, you know.

Senator COTTON. Do you believe that the government of Spain is aware of all of the facts of the case and accepts those facts as true?

Mr. MARTIN. I honestly do not know, Senator. I kind of doubt it, you know, that it is that big of a priority to them. He is one of many in their jails from all over the world.

Senator COTTON. Ms. Steinberg, you have been a prosecutor. Do you think it is difficult to assemble the facts in a case like this to present that to a foreign government and say, yes, he seems—this gentleman seems to have been caught red handed, but here are the facts behind our conclusion that he was an innocent victim of a scam of a genuine drug trafficker?

Ms. STEINBERG. I think, in this situation, what you would go about doing is—it would not necessarily be a prosecutive type of endeavor, but it would be through sort of the relationships that we have, for example, the ICE attache that might be in country to communicate with their counterparts the information that we might have that would help influence the process.

Again, I do not have a lot of information about these particular facts, but that is generally how we would go about exchanging that information, and that is how we make the most progress, as I indicated, when we have these sort of international cases, is sort of forging these positive relationships with our foreign counterparts and encouraging them to cooperate with us, and that goes both ways.

Senator COTTON. Mr. Brown, what is your perspective on that?

Mr. BROWN. One of the things that we have done in our overall efforts under Operation Cocoon is not just shared investigative referrals. We have shared our targeting methodology with these countries, because I want to be very clear, this is not just a U.S. citizen issue. You know, this happens to people all over the world that are getting duped into this same thing. We just happened to stumble upon it first.

A lot of these other countries, because of the level of information that we are sharing with them, have a very good understanding and are coming to a very good understanding that this scheme does exist. As I said, where we can get our hands on potentially exculpatory information, we are doing everything we can to get that into the right hands with the foreign government.

Senator COTTON. Okay. I just find it astonishing that, given what I believe is the relatively straightforward investigative matters, that you would assemble the facts necessary to prove Mr. Martin's innocence and present it to, especially an allied country, that this matter would not have been resolved before now. I mean, our military and our intelligence services often stand as a proxy for other countries. Our nuclear umbrella extends deterrence to most countries in the world. We have an \$18 trillion economy, the largest consumer economy in the world. We have a lot of leverage that, at least at a minister to minister level, we should be willing to exert.

You have heard some of the Senators in this hearing give Mr. Brown the opportunity to State the phone number or website or what have you. I would like to State for the record that I hope any

Arkansans, at least, and I would subject any Americans, feel that they can contact their Congressman and their Senator about this.

In some cases when Americans have been held unjustly as hostages, people like Congressman Dale Kildee from Michigan or Congressman Ted Deutch from Florida have been dogged advocates for their release. As I know Senator Collins is a tireless advocate here, I certainly would do the same thing, and I venture that any member of this panel or the Senate would, as well, to help assemble the facts necessary and to assure it receives attention at the highest levels of the State Department, so unjustly detained, often victimized senior citizens can be released promptly and returned home, given all the massive leverage that the U.S. Government has with other governments around the world.

Mr. Martin, I am very sorry about this, but I hope that all Americans who have family members who fall victim to scam know that they can contact their Senator or their Congressman to help expedite matters, as well.

The CHAIRMAN. Thank you very much. Your point is so well taken, and we are going to work closely with ICE. We have a list of the countries where this appears to have occurred that I am going to be following up with Mr. Brown on.

Senator COTTON. If I could just say, as well, for the record, to reference something that Senator Tillis said, I would hope the reverse would be true, as well—

The CHAIRMAN. Right.

Senator COTTON [continuing]. if a foreign citizen was in this case on American soil, that our allies' foreign ministers or prime ministers would feel they can contact the ministers at the highest level of our government and have this resolved expeditiously, because we certainly would not want to have in detention foreign citizens here who are innocent victims of a scam and that we would want to move matters along as promptly as possible outside the ordinary course of the criminal justice system, since this is as much a matter of diplomatic relations between friends and partners as it is traditional criminal justice.

The CHAIRMAN. Exactly. Thank you.

Senator Gillibrand.

Senator GILLIBRAND. Thank you, Madam Chairwoman and Madam Ranking Member. I am very grateful that you are holding this hearing. Obviously, these stories are very alarming and extremely upsetting.

I would like to ask Mr. Brown, how do these scammers make the initial contact with potential victims, and what red flags can our seniors look out for, and what are some of the factors that make older adults more vulnerable for these schemes, and how are we trying to prevent this crime?

Mr. BROWN. I will kind of start at the reverse order. Older Americans tend to be more susceptible, oftentimes because they do not have the Internet savvy. They may not have—there may be a level of cognitive or memory impairment. Oftentimes, there is a challenge of just being lonely and it is an outlet. It is somebody to talk to. It is a friend when maybe you are not that mobile and you cannot get out and associate with friends.

I forgot the other parts of your question.

Senator GILLIBRAND. What can we do to prevent this?

Mr. BROWN. Again, I think, again, vigorous prosecutions where we can, be they in the U.S. or overseas, but education and making sure that where you think there is a scam, that law enforcement is getting that information so that we can build those successful cases that we can take to the prosecutors, get successful prosecutions that we can use to identify additional people before they potentially travel and get themselves in hot water.

Senator GILLIBRAND. Ms. Steinberg.

Ms. STEINBERG. I agree that the early intervention and prevention efforts are essential, and that is a cornerstone of our Elder Justice Initiative. We across the country are doing outreach events through our U.S. Attorneys community, through our victim witness coordinators, and also through main Justice, as well, to talk about these different schemes and, you know, targeting it toward the communities that are most vulnerable, including our seniors.

Speaking to the first part of your question, about what makes individuals more vulnerable or at risk, there is actually research in the field about it, and some of that is actually funded by the Department. It talks about issues of cognitive impairment, isolation, and then, ultimately, embarrassment that drives the desire to keep it secret and not disclose it, which then causes sort of this domino effect of additional victimization.

Senator GILLIBRAND. How do you do that outreach? I have done roundtables and various educational events for seniors around my State. How does the DOJ actually interface with seniors? How do you meet with them? Where do you have these meetings? How often do they take place? How many have you had in New York?

Ms. STEINBERG. Well, I can give you a few examples from around the country. One of the examples is the Rocky Mountain Fraud Summit, which happens in Denver. It is something that is driven by the U.S. Attorney's Office there. They go into community, particularly senior living facilities, and they do interactive presentations and run scenarios, and that is also something that was done in Minnesota, as well, also driven out of the U.S. Attorney's Office.

We also have an example in Tulsa, where they did outreach regarding an IRS impersonation scam. The U.S. Attorney released a press release and did some engagement on that particular scam to educate people, so that is sort of field-based outreach that happens day to day, just, you know, within the U.S. Attorneys' community, victim witness coordinators, and NAUSAs.

We also—obviously, programming at main Justice, as well. A lot of that is run through our Elder Justice Initiative. We have a website that has been accessed over half-a-million times, and there are actually really incredible resources there. You can actually look at it by theme, the type of victimization, the type of scheme, and you also can get granularly into individual states, not just law enforcement, but also adult protective services and the other services that might be available that are not just law enforcement services, so we take both approaches, both in the field level and through main Justice.

Senator GILLIBRAND. Well, I would certainly welcome that activity in my State if you have the opportunity to advocate for that,

but it is needed and we have had a lot of—so many financial and fraud scams in our State, because we have a lot of retirees and they have a lot of resources and they are huge targets.

Mr. Martin, have you been able to successfully engage the State Department?

Mr. MARTIN. To do what?

Senator GILLIBRAND. To help your Dad.

Mr. MARTIN. They basically are saying that there is nothing they can do at this point. You know, he is in their criminal justice system. He has been sentenced and I do not think they are doing anything.

Senator GILLIBRAND. I think that is outrageous, and I know many people on this panel will feel the same way. We will look forward to engaging the State Department on your behalf.

Mr. MARTIN. Thank you, Senator.

Senator GILLIBRAND. Thank you for testifying.

Mr. MARTIN. Thank you.

The CHAIRMAN. Thank you, Senator.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Madam Chairwoman, and thank you for having this hearing.

As a former U.S. Attorney and also a State Attorney General, I join my colleagues in the outrage they have expressed and being appalled and astonished by evidently a fairly common scam that involves victims from this country, seniors, being lured into drug transport schemes through various means that result in their being imprisoned abroad, so there are really two aspects to the relief that we want to provide. Number one, catch the scammers. Number two, seek the release of innocent victims who are not only financially potentially victims, but also in terms of their personal imprisonment.

I join Senator Cotton in feeling that there ought to be remedies at the government to government level that would seek release of people who, under our own laws, would be acquitted because of lack of criminal intent. They may have been in possession of certain banned, illicit substances, but under our own laws, they would be clearly acquitted because there is no strict liability in this country under our criminal laws.

If you can tell us, what are the countries where our citizens are in prison? If you have answered that question already, I apologize for asking you again, but maybe you can tell us.

Mr. BROWN. I do not have that list with me. Spain, obviously, where Mr. Martin is. New Zealand, although they have been very—

Senator BLUMENTHAL. I have read that. Mr. Soles, I think, is in—

Mr. BROWN. Mr. Soles is now out.

Senator BLUMENTHAL. He is out—

Mr. BROWN. Yes.

Senator BLUMENTHAL [continuing]. but he was in New Zealand.

Mr. BROWN. He was in—yes.

Senator BLUMENTHAL. Are there other Americans in New Zealand now in prison?

Mr. BROWN. Not to the best of my knowledge, but I would have to follow back on that. As I explained earlier, one of our challenges is, with privacy laws in some of these countries, we do not necessarily know where that person stands in the prosecution phase, so oftentimes, we are tracking whether a person is still in custody simply by have they—

Senator BLUMENTHAL. You mean, in those countries, trials are not open.

Mr. BROWN. In some of those countries, that is correct.

Senator BLUMENTHAL. Well, here is—I know you are—I do not want to put you on the spot today in this hearing, but I think one of the basic questions is, what countries, how many U.S. citizens, and whether we can do anything about it, right?

Mr. BROWN. Yes.

Senator BLUMENTHAL. The solution is not a habeas corpus petition in those countries filed by their attorneys. For them, habeas corpus is a non-remedy, presumably, so we might as well be filing a ham sandwich in those countries, and at the government to government level, we need to know what the governments are, what the countries are, so that, as Senator Cotton has suggested, whether it is ministerial or Presidential or whatever level, we need to free those Americans, so I am making a request that you provide this Committee on whatever basis you can, confidentially or otherwise, a list of those countries.

Mr. BROWN. We will work on that. State Department also could probably provide you some pretty good answers on that because they have some more visibility on that once it gets to that phase.

Senator BLUMENTHAL. Let me then pursue what I think has been another line of questioning here. In terms of the scammers themselves, how many cases have been made against them?

Mr. BROWN. We have—specific to Cocoon, there have been 15 persons tied to the transnational criminal organizations arrested and prosecuted, all of which were done overseas but in concert with my agency, and there are numerous ongoing investigations which I am not at liberty to talk about.

Senator BLUMENTHAL. There are ongoing investigations. Fifteen—

Mr. BROWN. Fifteen—

Senator BLUMENTHAL [continuing]. individual defendants charged?

Mr. BROWN. Correct.

Senator BLUMENTHAL. Have they—what is the status of those prosecutions?

Mr. BROWN. Some of those are still going through the legal process in the countries where they have been charged.

Senator BLUMENTHAL. They have not been charged in this country?

Mr. BROWN. No, they have not.

Senator BLUMENTHAL. Why not?

Mr. BROWN. Again, it is simply an issue of where the best evidence lies.

Senator BLUMENTHAL. Why have they not been extradited? Why have they not been charged in this country? Their victims are American citizens. Why are we—and I apologize for maybe stating

this in non-legal terms—why are we counting on their justice system that is already imprisoning our citizens unjustly to exact justice for making those citizens victims? Why do we not extradite them? Why do we not charge them here? Why do we not prosecute them here? What is the point of investigating them if we are not going to prosecute them here?

Mr. BROWN. In certain instances, there probably would not be sufficient venue in the U.S. If a person flies—and, again, I am not an attorney. I am a law enforcement officer, and there is a different. Umm—

Senator BLUMENTHAL. Okay. Again, I do not want to put you on the spot, and I do not want you to speculate. Ms. Steinberg, you are a lawyer, so you may have another answer, so chime in if you wish, but also, I would like that information, simply as to where the trials are taking place and some explanation for why it is not here.

Mr. BROWN. We will get you that information.

Senator BLUMENTHAL. Thank you.

My time has long since expired, so thank you, Madam Chairwoman.

The CHAIRMAN. Thank you.

I just have a couple more questions that I want to quickly touch on.

Mr. Brown, from what I understand, some seniors look inside the package or the suitcase that they are given and they would look at them and not be able to tell that they were carrying drugs. Is that accurate, and can you show us the photos you have brought with you?

Mr. BROWN. Absolutely. All the pictures that you will see are from Cocoon victims, so in this instance, this is a person who was given a bag of candy to take along as a gift from stop B to stop C on their trip. When you open the wrappers, and there is a picture that shows that, methamphetamine, not candy, so unless the person went to that level of scrutinizing what they had, they would not know.

This is one of the common tactics, and it has been a common tactic for smuggling in the commercial air environment for forever, is a false walled suitcase. This is where—about the thickness of a sheet of cardboard. The drugs are put into the lining of the suitcase. Again, there is a weight difference. I believe this suitcase contained seven kilograms of cocaine, so about an extra 15 pounds in that suitcase, but you know, just looking at the suitcase, absent that X-ray, you are not going to see it, and this is how they probe it in the airport environment. When that drill bit comes out with a white powdery substance, then they will proceed further into destroying the suitcase, but until they have that probe, they are not even sure. You know, they have got an X-ray that is suspicious. Then they will take it to this step to confirm that the drugs are inside.

The CHAIRMAN. That is a really good example, because in this case, from what I can see, the drugs are hidden in the lining of the suitcase, is that accurate?

Mr. BROWN. Absolutely. If you, you know, were not familiar with the weight of the empty suitcase, or what the wall feeling of that

suitcase is, it is not visible to the naked eye in any way, shape, or form.

The CHAIRMAN. I think that is a really important point, because even if the senior is curious about what it is, they would open the suitcase and still think nothing was amiss, is that accurate?

Mr. BROWN. That is accurate. Really, the only indicator would be potentially the extra weight.

The CHAIRMAN. The weight.

Mr. BROWN. That is one of the reasons why seniors potentially could be more vulnerable, is, you know, luggage has gotten lighter over the years. If you have not traveled a lot or you have traveled with your old suitcase, that extra 15 pounds or whatever the extra weight may be may not be noticeable.

The CHAIRMAN. Finally, I would like you to give us a little more detail on the example of the 97-year-old gentleman that, I believe, you were able to intercept, if you could tell us a little bit about that case, not how you identified him but where was he headed for, where did you head him off, and also, if you have a case where one of your agents tried to intervene and the senior was so caught up in a romance scam and believed—the people had been warned to not believe law enforcement, if you could give us those two examples.

Mr. BROWN. With the 97-year-old, he was traveling with his adult daughter. I believe she was in her 60's. I do not remember the exact routing of his trip, but I do remember, is I believe he was supposed to fly out of Atlanta. At the last minute, they rerouted his flight to Detroit, so we had agents standing by to intercept him at the airport. They quickly had to get hold of another office and get agents scrambling to get to his new route of travel.

His case was a little more complicated. He was being targeted by what is called a black money scheme, and I do not know if the Committee is familiar with that—

The CHAIRMAN. I am not.

Mr. BROWN. One of the prevalent frauds is what is called a black money scheme, and in a nutshell, it is the person claims that, hey, I have got a bunch of generally U.S. dollars. They have got tainted. They are all dyed black, but I have discovered a secret powder that will get the black off and then we will have these millions of dollars.

In the instance of the 97-year-old, he thought he was going to pick up this magical powder, take it to the third country where the money would be cleaned and he would get a chunk of the money for delivering this magical powder. One of the documents he had in his possession when our agents talked to him was a letter from—in this case, it was a West African organization that was scamming him—saying, you know, hey, if you are stopped, this is addressed to whatever customs officials this man was going to meet along the way—and just to make him feel better, it would not have meant anything to the customs officials he met—saying, hey, this powder is our responsibility, it is not his responsibility. You know, that would not have gotten him out of jail.

The CHAIRMAN. Exactly.

Mr. BROWN. In that case, he did admit—which is one of the challenges—that he suspected he might have been doing something

wrong, but the potential of the financial reward was enough to make him think it might be worth doing.

We had another instance, to go to the second part of your question, where we had a gentleman in Alabama that the targeting efforts picked up. We had enough lead time where we were able to send agents out to his residence to talk to him. While our agents were there standing on his front porch talking to him, the scammers called. His wife answered the phone, kind of told them, hey, we have got agents here talking to us right now. They said, well, that is not real law enforcement. We are working with real law enforcement. Our agents got escorted off the property at the end of a barrel of a shotgun, but again, that comes down to the challenge of I cannot stop a U.S. citizen from traveling if they choose to.

The nice happy ending to that story is that gentleman ultimately did come to his senses and decide the people standing on his porch were the ones telling him the truth. He did not travel.

The CHAIRMAN. I was going to ask you whether, ultimately, he traveled or not and what happened, so I am glad that it had a happy ending, and again, I commend you for bringing this scam to our attention.

Mr. Martin, as you heard today, there is a lot of sympathy among the members of this panel and also feeling that what happened to your father appears to be so unfair, and we will followup.

Mr. Brown, if you could help us—I know we have had conversations with you identifying countries in which you believe victimized elderly and senior Americans are being held, and if we could work further with you to try to take a look at that list and see if there is a way that diplomatically we could intervene to get these people returned home, whose only crime really was being extraordinarily gullible, so I thank you very much.

Senator McCaskill.

Senator MCCASKILL. I just have a couple of things. We are going to release the annual report on what comes in across our fraud hotline, and it is tiny compared to what is out there, because very few people really know that there is a fraud hotline that exists at the U.S. Senate, and I am not sure at this point in time in our country's history very many people trust that we are as serious about this as we are.

By the way, the Chairman and I have been discussing between us during this hearing how proud we are of you, Mr. Brown, and your colleagues. We spend a lot of time—it seems it is very fashionable these days to beat up government every chance we get in every way we can, and this is a great example. You came to the Committee with this issue and we are honored that you did. You all have—are obviously trying to intercept people at airports to keep them from going down this path, which is really admirable. You have a lot on your plate, so while I am stern and want you to do more, I do respect deeply that you all have big jobs and lots of responsibilities.

When we release this fraud report, it will basically surf over the highlights of what is really going on in terms of seniors being victimized in this country through scams, a lot of which have an international component. If you would organize your response to the

Committee so that we can look at it based on the scams that we have had hearings about that we know are so prevalent, particularly the IRS impersonation, the Jamaican lottery sweepstakes, certainly the government grant scams, and to the extent that we could look at this drug mule, because, obviously, this is so international. It is steeped with an international component. Then, I think we would better understand the resources that are being spent right now at Justice and what we need to do to augment those, if necessary.

In that regard, it would really be helpful, Ms. Steinberg, if we would know whose portfolio this really is. I think your job probably is much bigger than this job. I think you got the short straw. We respect the fact that you are here. We have had difficulty with the previous Attorney General, getting witnesses to appear in front of our committee, so we are—I do not want to be so mean to you that you never come back, because we are glad you are here.

It would be helpful—because I understand this weird tension between the mother ship and the USAs. You know, you do not need to say anything, because that would be inappropriate of you, but I completely get it. The mother ship has certain things it does in terms of sending signals to all the USAs around the country as to what their priorities should be. Sometimes there is an askance look at, what are you doing? This is not really our priority, and sometimes there is, that is it. That is what we want you to really be looking at.

In order for me to get a handle on whether or not it is true, what the local law enforcement is telling us, that they cannot get you guys interested in this, I need to know who is responsible for this portfolio at the mother ship. Who is it that is most directly responsible for sending a signal out that this is a worthy use of the Justice Department's resources. If you could help me with that, then we can be more specific in our followup questions to make sure that we are addressing that to the right person, and that would be really helpful.

Ms. STEINBERG. Sure. As you have accurately pointed out, we have—our system of prosecution is somewhat decentralized. Each U.S. Attorney's Office, you know, they are making individual decisions about individual cases as they come in based on facts and evidence, and at main, you know, we signal out to the field about what our priorities are.

We have things that are going on also in main Justice. We have cases that are driven out of main Justice. We have the Elder Justice Initiative, which is out of the Civil Section. Our Consumer Protection Branch has concurrent civil and criminal jurisdiction, so they can drive both of those types of cases. We also have cases that are driven out of our Criminal Division, the Medicare fraud cases.

We do have responsibility dispersed throughout the Department on criminal matters, which is what I perceive your primary interest is—

Senator MCCASKILL. Yes, and this probably is one of the issues here, because you could—is this consumer? You know, is this—and, I guess what I am really trying to get at is who is going to either show lots of love as these cases are being filed at USAs' offices, or who is going to go, what are you doing? How many times have we

told you, you are supposed to be doing child porn stings, or you are supposed to be doing gun stuff, or you are supposed to be doing more stuff on the terrorism. I mean, that is what I want to try to get a handle on, is whose portfolio it is.

Finally and most importantly, I think the one thing that you should leave this hearing with is that we will be calling on the heads of your agencies and the State Department. We ought to be able—I know how good law enforcement is in this country, Mr. Brown. I mean, law enforcement is amazing. The reason we do not have these cases in our country is because these criminals know they will get caught here and they will be put in prison here, so they are hanging out in other countries because they think they can get away with it.

I am fully aware of how good law enforcement is. I know that we can figure out if all of these 30 people, these elderly people in prisons around the country, are victims, and once we figure out they are victims through our use of our law enforcement resources, then we have got to use all the resources we have to get them home. I think this is really a stain, and I think we all need to put a lot more attention to it.

I know that Senator Collins feels strongly about it, Mr. Martin, but I really want to get your Dad home, and we are going to do everything we can——

Mr. MARTIN. Thank you.

Senator McCASKILL [continuing]. to get him home.

Mr. MARTIN. I really appreciate that.

Senator McCASKILL. Okay. Thank you all very much.

The CHAIRMAN. Thank you, Senator McCaskill.

Committee members have until Friday, February 26, to submit any questions for the record.

I want to again thank all of our witnesses today, my Ranking Member, Senator McCaskill, who always brings her keen legal skills to every hearing that we have, and all of the Committee members who participated in today's hearing. We had extraordinary participation today, which shows you how important the Committee members view this issue, and I also want to thank the Committee staff for its preparation.

This hearing is now adjourned.

[Whereupon, at 4:09 p.m., the Committee was adjourned.]

APPENDIX

Prepared Witness Statements

Testimony before the United States Senate Special Committee on Aging

Testimony of Andy Martin

February 10, 2016, 2:30 p.m.

562 Dirksen Senate Office Building, Washington, D.C.

TESTIMONY RE: J. BRYON MARTIN

Chairman Collins, Ranking Member McCaskill, and Distinguished Members of the Committee; thank you for the opportunity to appear before you today to testify about my father's involvement with an international drug smuggling scam targeting seniors. I thank you for your interest and am delighted that the Senate is investigating this growing problem.

My father was the apparent victim of a "Romance Scam." The incident involving my dad has had a significant negative impact on his reputation, his finances, and his closest personal relationships. My father was arrested in Europe in July 2015 with nearly 2 KG of cocaine worth approximately \$450,000 in his possession. He thought he was merely bringing real estate documents to a woman he met, and fell in love with, online some 5-6 years ago. Today, my father continues to sit in a European prison having recently been sentenced to six years and one day for drug smuggling. At the age of 77 and in poor health, this is likely a life sentence.

The idea that my dad is now a convicted international drug smuggler is surreal as he had no prior criminal history. Before this conviction, my dad had never been charged with even a misdemeanor. I don't recall him ever getting so much as a speeding ticket or parking ticket in his entire life.

My dad is a retired pastor; he never drank, never smoked, didn't chase women and never swore. However, being human, he did have his shortcomings. He was too trusting of people to the point of being gullible. The story I am about to tell has been pieced together from talking to my dad, from his letters, and from other members of the family.

About six years ago, at age 70, my dad found himself single, broke and alone. So, he moved in with one of my sisters in Maine. Bored and lonely, Dad would go on internet chat sites. One day Dad met a young, attractive woman in her thirties who claimed to be living in the UK, named "Joy". Joy was a struggling artist. For several months they would chat online or even over the phone for hours at a time. They exchanged life stories and photos of each other.

Dad quickly became infatuated with Joy. She gave him lots of attention and told him that she loved him and wanted to come to America and marry him. He even purchased a plane ticket and sent it to her to come and visit, however, for some reason or another, this didn't happen.

Joy claimed to be from a large, wealthy family from Northern Africa. Her father was supposedly an oil baron with holdings all over the world. Joy alleges that her parents were killed by her dad's business partner who was after his share of the money. Before his death, Joy's father had hidden a vast sum of money and only Joy knew where it was but she couldn't get it because her jealous brothers were after it and were always watching her. Her life was in constant danger.

Joy claimed to be poor and unable to buy food. If my dad would be so kind to send her a few hundred bucks a month, dad would be her "hero." Dad would often forego paying my sister rent so that he could instead support Joy, which caused my sister great hardship.

Joy would often discuss with my dad that she had also inherited a large estate in South America but couldn't sell it because she didn't have custody of the title. She was unable to get a visa to go herself but if someone would go for her and bring these "real estate documents" to her, she would be able to sell the property. She could then come to America with her millions and marry my father. Dad promised he would go for her but couldn't afford to pay for the trip himself so the plan was put on hold.

Dad's online romantic relationship with Joy continued for five years as did the payments. Then early last year dad met a local woman in Maine. After a short engagement, they got married in May 2015. Dad informed Joy that he can no longer support her and that he needed to end their relationship. Apparently Joy took the news hard. Joy reminded Dad of his promise to help her with her real estate papers. Joy offered to pay dad a significant amount of money if he would go to South America and bring the papers to her in London. Broke and wanting to recover the money he had sent Joy over the years, dad decided to keep his promise.

Dad invited his new wife to come along but she refused and begged him to stay - but to Dad, a promise was a promise. Even though Dad was in significant pain, and scheduled to have surgery on his back in a few weeks, he decided he could make the trip and be back in time for the operation.

Joy managed to scrape up enough money to send Dad a plane ticket to South America telling him that her family's attorney would meet him with the papers at the airport. Dad was to rest for a night or two at a hotel that Joy arranged, then fly to two other countries before reaching his final intended destination in London, deliver the documents to Joy then return to Maine, however, my Dad never made it to London.

When Dad arrived in South America nobody was there to meet him. So, he got in contact with Joy, or her roommate, and learned that the attorney was delayed and was instructed to wait at the hotel for him. After a few days, Dad had no money for the hotel and had not heard from the attorney. Joy told him that she would send him some money via Western Union and that the lawyer would be there and to please wait.

After 8-10 days a man finally showed up with two sealed packages that felt like books. He gave the “books” to Dad and a plane ticket to London. The man informed dad that the books were sealed for protection but if security wanted to inspect them, it’s okay to allow them. This apparently satisfied my dad.

The following day, Dad placed the packages in a carry-on bag and boarded the plane to London but first had to make two connections in Europe. Upon arriving in Europe at the first airport, airline staff met my dad with a wheel chair to take him to his connecting gate. He was stopped by security who saw the books sticking out of the bag which was sitting on his lap. To my dad’s horror, they open the books and found cocaine packed inside.

When my dad did not arrive in London as scheduled, my dad’s wife started to immediately receive phone calls and emails from individuals inquiring about Dad’s whereabouts and why he wasn’t in London. These calls came at all hours of the day and night from men with thick African sounding accents looking for my father. They appeared angry and threatening. My dad’s wife ended up having to change her phone number. A few weeks later dad’s wife told me that she was washing her hands of him. As none of my siblings want anything to do with Dad, due to his long history of being entangled in scams, that leaves only my wife, Liza, and I to help him. Liza and I were already planning a trip to Europe this past fall so we stopped by dad’s prison to check in on him. Dad was overwhelmed when he saw us and broke down in tears. He kept telling us how ashamed he was and how stupid he felt having fallen for this scam. He honestly thought Joy was his friend and trusted her.

Joy was never pushy about the trip to South America and London until dad announced he was getting married. I guess at this point the scammers felt this was their last chance to use my father so they turned him into an unwitting drug mule.

Now my dad may very well spend the rest of his life in a European prison, ashamed and alone. Dad is in very poor health. He passes out frequently from his back pain, and still needs surgery. He has previously had prostate cancer, a quadruple bypass surgery, and has a pace maker. Fortunately he has been kept in the infirmary since his arrest.

When Liza and I saw him he looked so frail and his mental capacity was in obvious decline. He spoke of his innocence. He seemed confused about different aspects of his trip. He would take events out of order then later repeat them in a different order. He kept wanting to discuss his plans when he returned home like it was going to happen any day. Then he would return to his shame and break down into tears again.

I will close with the last paragraph from the first letter dad wrote me in prison:

“I want to thank you both for not abandoning me here. What to do once released (if I don’t die here). I have no idea as I am now homeless once again. How I miss (my wife)... I feel so terrible (for) all the pain I caused the woman I love and only wanted to

provide more than Social Security allowed – but never anything illegal. I trust you believe me!!!! Love Dad.”

I would like to thank the Committee for letting me share my family’s story, and I look forward to answering any questions you may have.



U.S. Immigration and Customs Enforcement

STATEMENT

OF

ALAN SCOTT BROWN
ACTING ASSISTANT DIRECTOR
FOR INVESTIGATIVE PROGRAMS
HOMELAND SECURITY INVESTIGATIONS

U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT

REGARDING A HEARING ON

*“INTERNATIONAL DRUG SMUGGLING SCAMS
TARGETING SENIORS”*

BEFORE THE

UNITED STATES SENATE
SPECIAL COMMITTEE ON AGING

WEDNESDAY, FEBRUARY 10, 2016 – 2:30 P.M.
562 DIRKSEN SENATE OFFICE BUILDING

INTRODUCTION

Chairman Collins, Ranking Member McCaskill, and distinguished members of the Committee:

On behalf of Department of Homeland Security (DHS) Secretary Jeh Johnson and U.S. Immigration and Customs Enforcement (ICE) Director Sarah Saldaña, thank you for the opportunity to appear before you today to discuss ICE's robust and ongoing efforts to combat cross-border financial crimes and particularly, consumer fraud scams that target the elderly. My testimony today will focus on specific cases that address these scams and will also help the Committee to raise awareness of these crimes, which affect so many.

ICE Homeland Security Investigations (HSI) has the most expansive investigative authority and the largest force of criminal investigators in DHS. HSI has 6,200 special agents assigned to more than 200 cities throughout the United States and 62 offices in 46 countries worldwide. Working with federal and international partners, HSI disrupts and dismantles transnational criminal networks by targeting the illicit pathways and organizations that engage in cross-border crime.

Homeland Security Investigations

HSI is the investigative arm of ICE; it conducts criminal investigations to protect the United States against terrorism and other criminal activity that threatens public safety, national security and brings to justice those seeking to exploit our customs and immigration laws worldwide. Notably, in fiscal year (FY) 2015, HSI made a record 30,833 criminal arrests, identified and/or rescued over 1,000 sexually exploited children, seized nearly 1.3 million pounds of drugs, screened more than 2 million visa applications, seized \$442 million in illicit

currency and assets, and saw over 2,000 human smuggling convictions returned as a result of HSI investigations.

HSI focuses its broad investigative authority on three operational priorities: (1) border security, (2) public safety, and (3) counterterrorism/homeland security. HSI investigates customs and immigration crimes, including transnational criminal organizations (TCOs) engaged in illicit activity related to human rights violations; drugs, weapons and contraband smuggling; financial crimes; cybercrimes; child exploitation; human smuggling and human trafficking, intellectual property theft and trade fraud, transnational gangs, and immigration document and benefit fraud.

BACKGROUND

Fraud Schemes

HSI investigates numerous international and cross-border fraud schemes, such as phony investment pitches and business opportunities. Such scams are growing increasingly sophisticated and international in scope and are able to victimize U.S. citizens throughout the country. According to the U.S. Federal Trade Commission (FTC), consumers lose hundreds of millions of dollars annually to cross-border financial crimes such as telemarketing fraud. Sadly, in many cases the loss represents the victim's entire life savings.

Perpetrators victimize consumers of all ages, backgrounds, and income levels, but the elderly are disproportionately targeted. Perpetrators take advantage of the fact that elderly Americans may have cash reserves or other assets to spend on these deceptive offers. A survey conducted in 2013 by the American Association of Retired Persons found that 90 percent of respondents reported awareness of consumer fraud, yet two-thirds said it was hard to spot fraud while it is happening. The survey also shows that elderly victims find it difficult to terminate

telephone conversations, even when they convey that they are not interested in continuing a conversation. Also, the elderly may be reluctant to report the incident for fear of losing financial independence should their families discover the fraud. Scammers may try to use a variety of schemes, especially when they find a potentially vulnerable victim, such as one who may suffer from a cognitive impairment.

One common type of fraud is the telemarketing lottery or sweepstakes scam. These schemes typically involve callers fraudulently identifying themselves as a lawyer, customs official, or lottery company representative. In a typical fraud scenario, potential victims are led to believe that they have won an international multimillion-dollar sweepstakes. The scammers tell the victims that in order to receive their winnings, the victim will need to pay an advance fee. This fee is usually described as a tax, insurance payment, or customs duty that must be paid to release the winnings. The victims are instructed to send the funds via mail, courier, or wire transfer. The scammers then steal the victims' money.

Scammers will also try to impersonate a relative, as perpetrators can often find names of a recent widow or widower's loved ones listed in an obituary. For example, an impersonator might claim to be a loved one, state that they were arrested in Canada for driving under the influence and need money to pay a fine to avoid being sent to jail. A similar scenario is a perpetrator impersonating a senior's relative claiming while on travel, they were injured and had to be hospitalized so they need money immediately for medical treatment until their insurance can be processed to cover their medical care.

Most of these scammers are articulate and can often involve a variety of partners to defraud the victim over the course of a period of time; a strategy that serves to increase the complexity of the matter and leads to greater credibility to the scheme. Scammers have also

been known to repeatedly bombard their victims with non-stop calls, even employing verbal abuse to coerce victims to comply. Intimidated, confused, and exhausted, victims will often yield to the scammer's demands.

HSI INVESTIGATIONS

Operation Cocoon

HSI and U.S. Customs and Border Protection (CBP) are working with our international and U.S. federal law enforcement partners to combat the emerging trend involving the movement of illicit contraband by unsuspecting elderly citizens. To date, HSI and CBP have worked with our foreign counterparts to interdict a total of 272 kilograms of methamphetamine, 209 kilograms of cocaine, 4 kilograms of ecstasy, and 11 kilograms of heroin. They have arrested 15 facilitators affiliated with TCOs — one in Hong Kong, two in China, three in Argentina and nine in Spain.

TCOs recruit drug couriers who appear to be unsuspicious and present the best opportunity to smuggle contraband through our international borders. TCOs use inheritance, romance or business opportunity scams to recruit elderly U.S. citizens through various Internet avenues such as social media, cyber begging, and phishing e-mails to smuggle drugs through commercial air travel without the knowledge of the courier. These unwitting couriers travel to numerous countries with airline tickets purchased upon completion of each leg of the journey to evade detection. These elaborate international schemes involve these couriers meeting with alleged "business partners" in numerous countries during a single trip.

The average age of the couriers was approximately 59, and the oldest of these couriers was 87. The oldest unwitting individual HSI encountered during one of our investigations was

97; however, HSI special agents identified him before he left the United States to participate in the endeavor and convinced him to abandon his travel plans because he was going to be another unwitting victim.

Where appropriate, HSI will continue to work to address concerns in this way – before potential couriers leave the United States – where there is reason to believe they may be unwittingly utilized to smuggle drugs. But there are often challenges that make this difficult. For example, the recruited individuals may be so engaged with the criminal organization that they do not believe the truth when confronted, in part because these organizations warn their victims to not believe anyone who approaches them as law enforcement. HSI has also warned elderly unwitting couriers concerning their potential role in this scheme, only to have them book travel and get intercepted in other countries with drugs.

The collaborative efforts between CBP and HSI, through the National Targeting Center, HSI's domestic field offices, and HSI's International Operations, have resulted in a significant disruption to these TCOs' operational methodologies. Specifically, the TCOs have decreased the use of both elderly persons and U.S. citizens, and must resort to utilizing younger, non-U.S. citizens to transport drugs on their behalf.

Impersonating Government Officials

As you may know, HSI, along with other law enforcement agencies, have also been investigating a growing and pervasive scam where scammers, frequently operating overseas, will contact American victims, pretending to work for government agencies like the Internal Revenue Service (IRS) or DHS. The scammers will fraudulently tell victims that they have a tax lien, or have committed a crime and must pay a fine. HSI's primary focus is the underlying fraud and related money laundering. In all instances, HSI seeks to ensure full investigative collaboration

with the appropriate investigative entities from the agency that is being impersonated. In cases where an IRS agent is being impersonated, HSI collaborates with the appropriate component within the IRS.

The scammers will tell the victims to make a payment to the government agency using a third-party money transfer system. The scammers will work with partners in the United States to obtain and launder the fraudulent proceeds, before attempting to transfer them out of the country.

For example, we have seen scammers call individuals and claim to work with an alleged local “Attorney General’s” office. The scammer tells the victim that they will be charged with fraud but they have the opportunity to pay a fee through a third-party money transfer system to avoid criminal prosecution. The criminal perpetrators even oblige requests for tracking or confirmation numbers and provide addresses for actual government offices to further their crime.

The money is then frequently transferred onto a pre-paid debit card, which can be used to purchase money orders at a variety of reputable establishments. U.S.-based co-conspirators to scammers purchase these pre-paid debit cards, load them with fraudulent funds and then purchase money orders at supermarkets and other locations. The money orders can then be deposited into bank accounts that the scammers control. In one case, scammers stated they purchased approximately \$5,000 in money orders each day, six days a week. Over the course of nine months, investigators estimated these scammers facilitated the transfer of more than \$1 million from victims to scammers operating overseas.

Jamaican Criminal Organizations and their Methods

Over the past decade, U.S. complaints about telemarketing fraud originating from Jamaica have increased significantly. According to Jamaican law enforcement, local gangs

employ telemarketing fraud tactics to raise capital which is used to facilitate the smuggling of weapons into Jamaica and drugs into the United States.

Fraudulent telemarketing has become a lucrative source of income for criminal organizations in Jamaica. According to Jamaican law enforcement, violence related to telemarketing scams has grown significantly, with gangs and criminal organizations exchanging gunfire over lists of potential victims.

Project JOLT

In March 2009, ICE entered into an agreement with the Jamaica Constabulary Force to form Project JOLT (Jamaican Operations Linked to Telemarketing) Task Force which focuses on identifying, disrupting and dismantling organizations perpetrating Jamaican-based telemarketing fraud. Project JOLT works to recover the money fraudulently obtained by the telemarketers and repatriates the funds back to the victims. Since this 2009 agreement, the State Department and ICE have provided the Jamaica Constabulary Force and Project JOLT with over a million dollars in training and equipment to combat telemarketing fraud and protect Americans.

In the United States, Project JOLT collaborates with private companies like Western Union, as well as with federal agencies such as the U.S. Department of State, Department of Justice, the FTC, the U.S. Postal Inspection Service and the Federal Bureau of Investigation (FBI) to combat telemarketing fraud.

Building on the success of previous investigations, the HSI-led JOLT Task Force continues to meet with our Jamaican partners to discuss ongoing trends and share information. HSI is also assisting Jamaican law enforcement by providing training and guidance with financial crimes investigations.

It should also be noted that there has and continues to be excellent cooperation with the Government of Jamaica on these issues. Their government has enacted new laws to facilitate the investigation, prosecution and conviction of scammers. As a result of these cooperative efforts, in February 2015, a Jamaican man was extradited to the United States for his role in a Jamaican based telemarketing scam. The investigation was conducted jointly by HSI, the U.S. Postal Service, the U.S. Marshals Service, and the Jamaica Constabulary Force.

Jamaican Lottery Scam Case Example

On July 2, 2015, as a result of an HSI-led investigation in the city of Philadelphia, six people were charged for running a “Jamaican lottery” scam that targeted senior citizens in the United States.

According to the indictment, the victims were informed that they had won the “Jamaican lottery” but that in order to claim their winnings they first needed to pay tens of thousands of dollars for “fees.” The victims were repeatedly coerced to provide the conspirators with cash, checks and property but never received any winnings from the purported lottery.

The six defendants were all charged with conspiring to commit mail, bank and wire fraud in a scheme that obtained more than \$200,000 from mostly elderly victims with a diminished mental capacity. The organizer/leader of the conspirators and some of the other members were also charged with wire fraud and travel fraud, as the result of specifically defrauding an elderly individual. This was a case that was investigated by HSI, the Delaware County District Attorney's Criminal Investigation Division Senior Exploitation Unit, and the Delaware County Office of Services for the Aging.

Project COLT

HSI is a member of the COLT (Center of Operations Linked to Telemarketing) initiative. HSI and its Canadian law enforcement counterparts are working together to confront common challenges raised by transnational organized crime, including groups responsible for perpetrating telemarketing fraud. COLT is the oldest of the interagency partnerships established in Canada to combat telemarketing fraud, established on April 1, 1998.

The COLT is comprised of representatives from HSI, the FBI, the U.S. Postal Inspection Service, the FTC, the Royal Canadian Mounted Police (RCMP), the Sûreté du Québec (Quebec Provincial Police), the Montreal City Police Department and the Canadian Competition Bureau.

Since its inception, Project COLT has initiated 997 investigations resulting in 119 criminal arrests, 133 indictments, and 95 convictions. Seizures were reported at more than \$6.3 million.

To combat the rampant rise in cross border telemarketing and credit card fraud, the HSI Rouses Point office in New York created the Cross Border Antifraud Operations Working Group. The scope and purpose of the initiative is to identify, deter and dismantle organizations engaged in telemarketing, mail and credit card fraud, operating through the HSI Rouses Point area of responsibility. The initiative combines specific areas of HSI expertise to enhance current investigations while bringing together federal, state and local investigators, as well as intelligence officers and state and federal prosecutors, to exploit information obtained through the individual agencies operating processes.

HSI currently works with the CBP Office of Field Operations and Border Patrol, the FBI, the U.S. Postal Inspection Service, the FTC, the Canadian Border Services Agency, and the RCMP in support of Project COLT.

Bail Scam Case Example

On April 8, 2015, in Plattsburgh, New York, as a result of an HSI-led investigation, two individuals were indicted for their role in a grandparent fraud scheme that preyed upon the love of relatives and manufactured an emergency situation to get money.

The indictment states the elderly victims were contacted by individuals who told them their grandchildren needed money for bail and other purposes. Once the money arrived at various addresses in Plattsburgh, the individuals retrieved the illegally obtained funds and delivered it to others.

The two defendants were charged with conspiring to commit mail fraud and four counts of mail fraud. They face a maximum sentence of 20 years imprisonment and a \$250,000 fine. The Plattsburgh Police Department initiated the investigation and partnered with HSI. The U.S. Postal Inspection Service, the Clinton County Sheriff's Office, the Canada Border Services Agency and Project COLT also participated.

West African Transnational Criminal Organizations—Romance Scams

Over the past several years HSI investigators have also seen an increase in fraud scams against the elderly via West African fraud syndicates, mainly through a scheme known as the Romance Scam. West African fraud syndicates strategically target recently widowed seniors due to their vulnerabilities and access to cash. The TCOs use fictitious profiles on dating websites to establish virtual relationships with unsuspecting elderly victims. The organizations exploit the relationship by portraying an emergency and requests the victim "loan" them \$5,000 to \$10,000. If the victim attempts to discontinue the fraudulent relationship, the scammer exploits the victim's embarrassment and attempts to induce them to conduct other fraudulent schemes, such as cashing fraudulent checks. If the victim contacts the scammer to tell them they were

approached by law enforcement, the scammer tells the victim that they are the police and they should continue working together.

Partnerships

In order to combat criminal organizations involved in romance scams, telemarketing and government impersonation fraud schemes, HSI works closely with other DHS components, such as the U.S. Secret Service, CBP, the DHS Office of the Inspector General and the DHS Office for Civil Rights and Civil Liberties, as well as the FBI, the U.S. Postal Inspection Service, FinCEN, and the IRS. By operating in the United States, TCOs pose significant multi-jurisdictional challenges to U.S. law enforcement. To combat this, HSI and its partner agencies have worked with the Department of Justice to produce a more coordinated enforcement and prosecution effort. This effort involves law enforcement working jointly with prosecutors, our foreign law enforcement partners and the financial industry. This collaboration has led to a more cooperative law enforcement effort that will eventually lead to the disruption and dismantlement of these TCOs that victimize our senior citizens.

Cornerstone – Forging Partnerships with the Private Sector

The HSI Cornerstone Outreach Initiative was launched in July 2003 and has grown into a robust, unparalleled financial outreach program. The success of the program is due in large part to the personalized collaboration with financial industry partners.

HSI recognizes that our financial industry partners have critical and actionable information related to illicit financial activity and are the first line of defense against money laundering. HSI special agents also serve as subject matter experts in money laundering methods involving fraudulent schemes. The Cornerstone Program brings together the expertise from

government and non-government environments to address financial vulnerabilities exploited by TCOs.

HSI is actively engaging the financial industry's anti-money laundering executives to forge one-on-one partnerships, developing and sharing red-flag indicators based on review of the financial flows relating to consumer fraud activity. These partnerships enable HSI to leverage the banking industry, money service businesses and prepaid card issuers for intelligence and cooperation in investigating and prosecuting TCOs.

HSI participates in a working group sponsored by the International Association of Financial Crime Investigators. This non-profit organization working group is comprised of industry representatives from banks, money service businesses, retailers and law enforcement agencies at the federal, state and local level. The working group focuses on developing strategies that can mitigate the exploitation of elderly victims in financial crimes. HSI serves in an advisory role and provides technical expertise to address this prevailing financial fraud threat.

Payment Mechanisms

As this testimony demonstrates, the TCOs involved in these fraudulent schemes want to receive illicit proceeds, quickly and anonymously. One emerging method employed by scammers is to use money mules from the United States. Money mules serve as money consolidation points in the United States and eventually launder illicit proceeds out of this country to the source countries where the TCOs are based. The choice payment methods for the TCOs are money service businesses and prepaid cards. Money service businesses allow TCOs to receive funds through structured payments made below reportable currency thresholds. Prepaid cards allow for the instantaneous transfer of funds, which can be loaded by a victim virtually or at a retail location.

CONCLUSION

Thank you again, for the opportunity to appear before you today to discuss ICE's efforts to combat consumer fraud scams targeting the nation's senior citizens. We look forward to continued collaboration with this Committee to reduce the potential for these criminals to identify susceptible targets and move their illicit funds. We will also examine the viability of raising the penalties for these crimes, to meet the seriousness of the harm they inflict on our elderly population. I would be pleased to address any questions you have at this time.



Department of Justice

**STATEMENT OF
JILL STEINBERG
SENIOR COUNSEL TO THE DEPUTY ATTORNEY GENERAL
UNITED STATES DEPARTMENT OF JUSTICE**

**BEFORE THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE**

**FOR A HEARING ON
SCAMS TARGETING SENIOR CITIZENS**

**PRESENTED ON
FEBRUARY 10, 2016**

Introduction

Chairman Collins, Ranking Member McCaskill, and distinguished members of the Committee, thank you for the opportunity to discuss the Department of Justice's efforts aimed at combatting fraud against our nation's seniors. This Committee has a storied history of researching, informing, and, most importantly, leading on issues relevant to our nation's aging population and those that love and care for them. On behalf of the Department, thank you for your continued efforts.

At the beginning of 2011, the first Baby Boomers reached the age of 65. Thousands more reach that milestone each day. They have many reasons to celebrate; senior citizens are some of the most likely members of society to have nest eggs, own homes, and have excellent credit. Unfortunately, these are also some of the same qualities that make seniors attractive targets for scammers and con artists. Research has shown that seniors who have been financially exploited experience a loss of independence, decreased health, and psychological distress, all of which culminate in a diminished quality of life.

As this Committee knows all too well, there are many schemes and scams used to exploit the elderly for financial gain. With clever perpetrators and the advent of new technologies, many of these efforts continue to evolve and challenge law enforcement. This said, across the Department, we are engaged on this issue, and are working diligently to seek justice on behalf of some of society's most vulnerable victims. I would like to take a few moments to describe some of the great work the men and women of the Department are doing in this area.

Department-Wide Efforts

To underscore our commitment to the successful pursuit of elder justice and financial exploitation cases, we convened an internal working group last year to talk about lessons learned from our elder justice work to date, and determine what more we can do to get ahead of emerging schemes and their perpetrators.

Another purpose of this working group has been to establish points of contact within each of the Department's components on issues relating to the elderly. In its capacity as the Department's clearinghouse for information on matters affecting the elderly, the working group produced a component inventory of the efforts by the Department to combat financial abuse against the elderly. This inventory now

serves both as a reference that demonstrates the Department's efforts and accomplishments, and as a guide for improving these efforts in the future.

As an example of how broadly the Department is approaching the problem of elder financial exploitation, the working group includes representatives from across the Department, including:

- the Department's senior leadership offices;
- the Elder Justice Initiative, Fraud Section, and Consumer Protection Branch (which has both civil and criminal jurisdiction), within the Civil Division;
- the Asset Forfeiture and Money Laundering, Computer Crime and Intellectual Property, Fraud, Human Rights and Special Prosecutions Sections, within the Criminal Division;
- the Executive Office for United States Attorneys;
- the Office of Justice Programs, including the Office for Victims of Crime;
- the Office on Violence Against Women; and
- the Office for Access to Justice.

Further, we have a long history of engaging with our interagency colleagues at the Federal Trade Commission (FTC); Federal Bureau of Investigation (FBI); U.S. Immigration and Customs Enforcement's Homeland Security Investigations (ICE-HSI); Treasury Inspector General for Tax Administration (TIGTA) and Financial Crimes Enforcement Network (FinCEN); U.S. Postal Inspection Service (USPIS); U.S. Securities and Exchange Commission (SEC), and the Administration on Aging, within the Department of Health and Human Services, to investigate and prosecute mass marketing schemes, as well as engage on a range of other elder justice legal and policy issues. The Department participates in the Elder Justice Coordinating Council (EJCC) and has been actively working with other federal agency participants on efforts concerning financial exploitation of the elderly, which the EJCC has identified as a priority area. Where appropriate, we also enlist the assistance of our state and local law enforcement colleagues to address these issues.

International Coordination

Many frauds targeting the elderly in the United States originate overseas. Combating such schemes often requires close collaboration with our international partners. To this end, we are committed to expanding our engagement with law enforcement agencies in the countries in which many of these frauds originate.

As a key component of these efforts, the Department co-chairs the International Mass-Marketing Fraud Working Group. This group includes other U.S. investigative and regulatory agencies, such as the FBI, FTC, USPIS, the Secret Service, and ICE-HSI, as well as law enforcement and regulatory agency representatives from Australia, Belgium, Canada, the Netherlands, Nigeria, Norway, Spain, and the United Kingdom.

The members of the group meet to confer on cooperative measures to improve the sharing of criminal intelligence, disrupt mass-marketing schemes, enhance public education and prevention measures, and increase the effectiveness of criminal and civil enforcement actions directed against mass-marketing fraud.

Project Jamaican Operations Linked to Telemarketing, or Project JOLT, reflects these successful partnerships. United States and Jamaican law enforcement have worked together to combat fraudulent lottery schemes from Jamaica preying on elderly citizens in this country. In 2015, the Department, working with ICE-HSI and USPIS in Miami, and with the government of Jamaica, successfully extradited the first Jamaican citizen to be prosecuted in this country for conspiracy to commit wire fraud in connection with a lottery scheme. He was ultimately convicted in U.S. federal court, and was sentenced to 46 months in prison. Moreover, since 2009, Department attorneys have prosecuted or are prosecuting nearly 100 individual defendants linked to Jamaican related lottery schemes. The approximately 40 defendants who have been convicted and sentenced have been sentenced, collectively, to more than 145 years in prison.

The United States also maintains treaties with the Nigerian government to facilitate collaboration on these matters and is working towards a cooperative relationship. For example, representatives from the Nigerian Economic and Financial Crimes Commission (EFCC) who participate in the International Mass-Marketing Fraud Working Group have coordinated with prosecutors in the U.S. Attorney's Office for the Southern District of Mississippi to accomplish extraditions last year, and the EFCC has worked closely with the FBI in the past on other investigations as well.

Mail-Based Fraud Schemes

In addition to schemes perpetrated over the phone and computer, we've seen schemes using the mails, sometimes employing international printing and shipping resources to facilitate the scams. In 2014, the Consumer Protection Branch, within the Department's Civil Division, brought a case alleging that over 1 million consumers had been defrauded by an international mass-mailing enterprise involving purported psychics.

U.S. Attorneys' Offices across the country also have worked to stop this trend through criminal prosecutions. In May 2015, prosecutors in south Florida brought charges alleging that four individuals had committed a widespread sweepstakes mail fraud scheme. In September 2015, prosecutors in Long Island also brought their own charges against an alleged mail sweepstakes fraud. These represent but two examples of prosecutions of these types of schemes.

We are committed to investigating and prosecuting both foreign and domestic perpetrators of these schemes until the message gets out to potential criminals that, regardless of the means used – advanced technology or the mail – we will not permit our senior victims to be defrauded out of their hard-earned dollars.

Telephone-Based Fraud Schemes

In addition to the Jamaican lottery fraud mentioned earlier, another common telemarketing scheme involves the purported resale of timeshare interests. The fraudsters, who target elderly victims who own timeshare interests, falsely claim to have buyers for victims' timeshare interests and express the need to move quickly on the deals. They solicit fees from the victims of up to several thousand dollars, claiming they are for pre-paid closing costs and related expenses, and such fees will be refunded at the time of closing. The sales never occur and the fraudsters pocket the money for their own personal gain.

For example, in July 2014, the U.S. Attorney's Office for the Southern District of Illinois, working with investigators from the FTC and the U.S. Postal Inspection Service, charged Peter Massimino with conspiracy to commit mail fraud and wire fraud in connection with a scheme to defraud elderly individuals who owned time shares. That office used the Scams Act – which requires courts to sentence defendants to an additional five years' imprisonment for telemarketing-related crimes against victims over the age of 55.

Specifically, Massimino solicited fees (purported to be pre-paid closing costs and related expenses, some of which would be returned at closing) from the victims of up to several thousand dollars, and claimed that he would use marketing firms to advertise the timeshares. The sales did not take place, closings were not scheduled as claimed, and Massimino did not sell any of the victims' timeshare interests as promised.

While this case involved one defendant and 68 victims, the matter was part of a multiple-victim timeshare resale scam operating from Florida that led to the victimization of 25,500 people and total losses of \$35 million. Massimino was ultimately sentenced in July 2014 to 87 months' imprisonment.

More recently, on February 2, 2016, the U.S. Attorney's Office for the Northern District of Illinois, worked closely with investigators from the FTC and USPIS to successfully conclude its prosecution of Gilbert Freeman for a timeshare scheme in which the majority of victims were elderly. Freeman defrauded more than 1,400 owners out of \$4.8 million by falsely promising that he would sell their Mexican timeshares to corporate buyers. Freeman and others collected payments from the owners for fictitious fees and taxes that he claimed were required to complete Mexican real estate deals, and that he promised would be refunded upon closing. In reality, Freeman had no intention of selling the timeshares or reimbursing the owners. Freeman was sentenced last week to 20 years in prison for his role in this scheme.

Embezzlement

The elderly are also abused by professionals who manage their money. For example, in February 2015, in the District of Maryland, Travis Wetzel, a branch operations manager for an investment advisory firm, was sentenced to 42 months in prison for embezzling over \$1 million from an elderly client's annuity account. Over a two-year period, an FBI investigation revealed that Wetzel took money from his client's account without the client's knowledge, and used the money for his own personal benefit. He also laundered a portion of the money by transferring it to other bank accounts he controlled. Wetzel knew his client was elderly, and was able to repeatedly embezzle the funds due to his client's age and physical condition. In particular, the victim was isolated and potentially suffering from cognitive impairments. In addition to incarceration, the court also ordered Wetzel to forfeit and pay restitution of \$1,282,224.

Ponzi Schemes

Investment fraud schemes also continue to be a problem. For example, in January 2015, in the Middle District of Florida, Donald Ray Babb and Ralph Victor Ruth were sentenced to 121 months' imprisonment for their role in a scheme to defraud elderly investors from 2006 to 2013 out of \$18 million.

Specifically, an FBI investigation revealed that Babb and Ruth falsely represented that their businesses were licensed financial institutions whose deposits were insured by the FDIC. They advertised risk-free certificates of deposit (CD) investment opportunities which yielded high rates of return. However, neither Babb nor Ruth ever purchased a CD for an investor. Instead, they used the money to make payments to earlier investors in the scheme, and to purchase real estate and other luxury items for themselves. As a part of their sentences, the court also ordered the forfeiture of their interests in various pieces of real property, which were traceable to proceeds of the offense, and restitution in the amount of \$9.7 million.

Two other examples of successful prosecutions of Ponzi schemes are described in the section above on "Telephone-Based Fraud Schemes."

Training and Outreach

Education and outreach remain important parts of the Department's efforts to combat frauds against seniors, and we have an ambitious training program for federal, state, and local prosecutors and law enforcement. Since 2013, the Department's Office on Violence Against Women has partnered with AEquitas and the National Clearinghouse on Abuse in Later Life to train state and local prosecutors from 26 states and the District of Columbia through its National Institute on Prosecuting Elder Abuse, an intensive four-day training program that covers the essential elements of bringing an elder abuse or financial exploitation case. The Department is committed to enrolling and training prosecutors from all 50 states, and will enroll prosecutors from the remaining 24 states by 2017.

Further, the Department provides significant training resources for its prosecutors, investigators, and victim-coordinators on effectively addressing elder abuse issues. In addition to toolkits that give prosecutors an overview of key elder abuse topics, the Department presents webinars designed to highlight best practices for prosecuting elder abuse cases. Just last month, the Department's Elder Justice

Initiative, which was established to coordinate the Department's enforcement, outreach, and policy efforts on behalf of the elderly, hosted a webinar on working with elderly victims and how victim-witness coordinators can play an important role in successfully addressing elder fraud. The Department also provides in-person training at both the National Advocacy Center in Columbia, South Carolina and at regional trainings across the country. Last June, the Elder Justice Initiative hosted training in Indianapolis for federal prosecutors and other federal agency personnel who work on cases involving elderly victims.

In addition, the Department's Office for Victims of Crime (OVC), in collaboration with the Department's Office for Access to Justice and the Elder Justice Initiative, developed a free, online elder abuse training for legal services providers. The elder abuse training consists of four modules, including:

- What Every Lawyer Needs to Know About Elder Abuse;
- Practical and Ethical Strategies;
- Domestic Violence and Sexual Assault in Later Life; and
- Financial Fraud and Exploitation.

In 2015, there were more than 3,400 completions of these four online trainings, including 711 completions of the Financial Fraud and Exploitation online training module.

Community outreach is also an important part of the Department's strategy to combat elder abuse. Educating seniors about how they can protect themselves helps prevent further victimization. Every year, the Department participates in the Rocky Mountain Fraud Summit in Denver. This summit is a collaborative effort amongst the U.S. Attorney's Office, AARP, the SEC, the Colorado Attorney General's Office, and other federal, state, and local regulators across the Rocky Mountain region. The summit, which is often held at an assisted living facility, consists of interactive presentations about investment frauds that target our communities, including our senior communities.

While prosecuting cases is one component of an effective strategy to combat elder fraud, preventing these crimes from happening at all is similarly a priority. To this end, the Department hosts community outreach events across the country. For example, in April 2015, during National Crime Victims' Rights Week, the U.S. Attorney's Office for the District of Minnesota partnered with assisted living facilities in St. Paul, St. Cloud, and Duluth to educate seniors on ways to protect themselves against investment fraud. The presentations informed seniors about identifying red flags, how to report suspicious conduct, and other tips for dealing

with investment fraud. We will continue to reach out to elders in all communities to help ensure that they are well informed.

Research to Advance Practice

The National Institute of Justice (NIJ), the Department's research and evaluation component, operates an active research portfolio related to elder mistreatment. The goals of the research are to improve knowledge and understanding of elder abuse, neglect, and exploitation through science. From 2005-2015, NIJ awarded more than 20 grants totaling over \$9 million that examine diverse elder mistreatment issues. While much of NIJ's elder mistreatment research focuses on violence and victimization, NIJ also has funded projects that explore the factors that contribute to or are associated with the financial abuse of the elderly as well as the factors that promote reporting and facilitate investigation of scams and abuse. This includes research projects in the following areas:

- Financial exploitation of the elderly in a consumer context;
- Developing and testing a culturally relevant research to practice model to understand financial maltreatment of Chinese American elders;
- Elder financial exploitation victimization: identifying unique risk factors to enhance detection, prevention, and intervention;
- Identifying risk and preventative factors for elder financial exploitation; and
- Integrating improved assessments of financial judgment: conceptual and measurement advances.

Other Efforts

The Department engages in additional efforts as well. The Elder Justice Initiative supports enhanced prosecution and coordination at federal, state, and local levels to fight abuse, neglect, and financial exploitation of the nation's senior and infirm population. Through this initiative, the government enforces the False Claims Act against nursing facilities and other long-term care providers that knowingly bill Medicaid or Medicare for care that was not provided or that was so deficient as to render it worthless. The initiative also offers grants to promote prevention, detection, intervention, investigation, and prosecution of elder abuse and neglect, and to improve scarce forensic knowledge in the field.

In September 2014 the Department's Elder Justice Initiative launched its elder justice website, <http://www.justice.gov/elderjustice>, which has been accessed more than half a million times since its launch. The website is a "one-stop shop" for prosecutors, researchers, practitioners, victims and families looking for resources to identify, report, and prosecute elder abuse and financial exploitation, including common fraud schemes perpetrated against seniors.

In addition, the Department's Elder Justice Initiative and OVC in FY 2015 provided \$1.5 million to the Corporation for National and Community Service – a U.S. federal agency that administers AmeriCorps and other national service programs – to launch Elder Justice AmeriCorps, which will support approximately 60 AmeriCorps lawyer and paralegal members to provide legal assistance and support services to victims of elder abuse, neglect, and exploitation, and promote pro bono capacity building in the field. OVC funds ten legal networks throughout the country to provide pro bono and holistic legal services to crime victims. The OVC-funded legal networks will have the opportunity to host attorneys and/or paralegals specializing in elder justice work through the Elder Justice AmeriCorps Program.

Through grant funding from OVC, in 2016 the National Center for State Courts (NCSC), in partnership with the American Bar Association Commission on Law and Aging and the Virginia Tech Center for Gerontology, will assess the scope of financial exploitation by conservators and will convene a national forum with the goal of improving victim services and enhancing public policies.

Numerous State Victims of Crime Act (VOCA) Victim Assistance Administrators also use monies from the OVC Crime Victims Fund VOCA Victim Assistance funding to support services for elder victims of crime, including legal assistance for aging crime victims and specialized services for aging domestic violence survivors. OVC has conducted workshops at the VOCA Victim Assistance Administrators annual conference to encourage State Administrators to use VOCA Victim Assistance funding to support services for elder victims of crime.

Health Care Fraud

Finally, the Health Care Fraud and Abuse Control Program and Medicare Fraud Strike Forces within the Department's Criminal Division have also successfully prosecuted fraudulent providers who endlessly billed Medicare for unwanted or medically unnecessary durable medical equipment such as therapeutic oxygen and

power wheelchairs, or other fraudsters who hijacked individual Medicare accounts through medical identity theft in order to facilitate fraudulent Medicare billing for services never provided.

Two recent cases demonstrate the Department's focus in this area. For example, in February 2014, a Houston, Texas defendant was sentenced to 87 months in federal prison for his role in a multi-state health care fraud scheme involving unnecessary motorized wheelchairs. The defendant was ordered to pay restitution in the amount of \$1.6 million to the Medicare and Medicaid programs and a fine of \$12,500. According to the indictment, from May 2002 to June 2003, the defendant conspired with others to defraud Medicare and Medicaid through the mass marketing of motorized wheelchairs. As part of the scheme, the defendant and his co-conspirators recruited Medicare and Medicaid beneficiaries and would secure the beneficiaries protected health information. The defendant and his co-conspirators created false medical necessity certificates, drafted prescriptions from doctors who had never examined those beneficiaries, and then billed Medicare for motorized wheelchairs. He then delivered less expensive scooters to the beneficiaries instead, and in other instances, did not deliver anything.

Similarly, in May 2014, the director of the outpatient facility at Hollywood Pavilion, LLC, which purportedly provided mental health services to Medicare beneficiaries, was sentenced to six years in prison and was ordered to pay \$39 million in joint and several restitution. According to court documents, the director and her co-conspirators arranged for illegal bribes and kickbacks to be paid to "patient brokers" in return for referring Medicare beneficiaries to Hollywood Pavilion. The director and her co-conspirators then caused the submission of fraudulent claims through Hollywood Pavilion and billed the Medicare program millions of dollars for services that were medically unnecessary and for services provided to patients who were not eligible for treatment. In an attempt to conceal the fraud, the director and her co-conspirators caused false, inaccurate, and misleading information to be included in patient files and related documents for Medicare beneficiaries who were purportedly receiving mental health treatment at Hollywood Pavilion. The director was convicted on charges of conspiracy to commit health care and wire fraud, wire fraud, and conspiracy to pay and receive kickbacks in connection with a federal health care benefit program.

Conclusion

The Department assures this Committee that we are working very hard to combat the growing problem of fraud targeting the nation's seniors. As I have outlined above, many hard working dedicated prosecutors, investigators, victim advocates, and others work tirelessly every day to provide creative solutions to this complex issue. Thank you again for the opportunity to discuss the Department's efforts, and I now look forward to answering any questions you may have.