

# U.S. DEPARTMENT OF THE TREASURY

## Remarks by Under Secretary Brian E. Nelson at the Financial Crimes Enforcement Network Exchange in San Antonio, Texas

July 12, 2023

*As Prepared for Delivery*

Good morning and thank you all for being here today.

On behalf of myself and my colleagues at Treasury, both those with me here today as well as those back in DC, I would like to express our appreciation to each of you for your commitment to combating illicit finance, particularly related to fentanyl, human smuggling, and human trafficking.

I'd like to thank all of our speakers that have committed to making this a productive Exchange.

I'd also like to acknowledge US Attorneys Esparza and Hamdani for their partnership, as well as John Gibson for his efforts to make this Exchange possible.

You all know firsthand that Texas is essential to our efforts to combat these crises.

Both Acting Director Das and I were in Laredo yesterday, to meet with our DHS partners and see firsthand their daily efforts to disrupt this illicit activity.

It's also why Treasury is hosting this Exchange—the first ever focused specifically on these issues—here in San Antonio, and why I look forward to our productive exchange of perspectives, observations, and lessons learned on these issues.

### **TREASURY EFFORTS TO COMBAT FENTANYL**

As we all know well, the illicit drug trade in fentanyl and other synthetic opioids is a significant threat to our national security, economy, communities, and families.

It continues to cause record numbers of overdose deaths in the United States and is devastating communities both here and around the world.

Combatting this scourge is a top priority for the Biden-Harris Administration, and Treasury plays a key role in our whole-of government response. We have a variety of tools to bring to bear against this crisis.

Since the expansion of its counter narcotics sanctions authorities to combat the illicit drug trade in December 2021, Treasury has used these tools to target every stage of the supply chain.

Since January, including today's action this morning, Treasury has designated 49 individuals and 47 entities pursuant to these authorities, for involvement in the international proliferation of equipment, precursor chemicals, and financing to produce illicit drugs.

Treasury continues to leverage Bank Secrecy Act information to support disruption of the commercial supply chain and financial networks that enable this illicit activity.

This iterative collaboration has helped identify valuable leads for law enforcement investigations and, in turn, has led to successful prosecutions.

Internationally, Treasury has continued to engage our foreign counterparts both bilaterally and multilaterally, including through the Financial Action Task Force, to increase risk understanding of the financial aspects of the global illicit drug trade and expand international cooperation to disrupt all aspects of the supply chain.

While our government has many ways in which to begin to address this crisis, we recognize the important role of our partners in the private sector.

Information must flow both ways, to ensure we all are able to counter this illicit activity most effectively.

We continuously review the extensive body of information at our disposal, to identify typologies, develop red flags, and highlight case studies, to help refine our collective understanding of these threats.

## **TREASURY EFFORTS TO COMBAT HUMAN TRAFFICKING AND HUMAN SMUGGLING**

Human trafficking and smuggling are also devastating, both on a human and financial level, and represent one of the most significant sources of funding for criminal groups.

We are committed to advancing U.S. government efforts against these criminal activities, which affect tens of millions of individuals globally and provides hundreds of billions annually to criminal organizations.

Working together has never been more critical.

As part of the Administration's plan to address this threat, we are working in close collaboration with our colleagues—both within our own government as well as with our foreign partners—to

leverage our combined expertise, information, and authorities to disrupt these organizations' ability to operate and address the legal and regulatory gaps which they seek to exploit.

Over the past decade, Treasury has identified and routinely updated typologies and red flag indicators of illicit actors, to highlight the latest trends for stakeholders in law enforcement and the private sector.

Treasury has issued three advisories on these issues—most recently in January of this year.

Since 2020, we have received over 5,800 SARs from U.S. and overseas financial institutions, referencing suspected human trafficking and related activities.

## **FINCEN EXCHANGE**

I believe today's Exchange will continue the 'all hands on deck' approach which we've experienced to this point.

Our hope is that this will be the first in a series of regular, region- specific engagements between Treasury, law enforcement, and U.S. financial institutions.

FinCEN and our law enforcement partners here today will be providing feedback on BSA reporting that has been particularly useful to their investigations.

This offers a unique opportunity for frank discussion of how we might continue to increase our collaboration against these threats.

With that, I know our time today is limited, so I would like to turn it over to Acting Director Das.

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