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Chairman Roemer, Vice Chair Lorenz, Ranking Member Troy, and distinguished members of this committee. Thank you for the opportunity to present testimony, on behalf NumbersUSA and myself, regarding HB 451, Enact Withholding Illegal Revenue Entering Drug Markets Act, or WIRED Act.

My expertise in immigration law and policy dates back to 2008. I spent the first 6 and half years of my federal career as an attorney for U.S. Immigration and Customs Enforcement handling all manners of deportation cases before the Immigration Court in Baltimore. In 2015, I left the Department of Homeland Security to serve as counsel to Congressman Raul Labrador of Idaho. In that role, I worked on the entire Judiciary Committee portfolio but focused primarily on immigration. In 2017, I was hired by the House Judiciary Committee itself and then-Chairman Bob Goodlatte, to serve as counsel in the Immigration and Border Security Subcommittee. During that time, I focused on immigration enforcement policy and criminal immigration matters.

I joined the Trump Administration in 2018 when I accepted an appointment in the Department of Justice to serve as a Deputy Assistant Attorney General in the Office of Legal Policy where I was tasked with moving the Administration's immigration regulatory agenda. During that time, I was detailed to the White House for a special immigration project. In July of 2019, I was hired by then U.S. Citizenship and Immigration Services Acting Director Ken Cuccinelli to serve as USCIS's Chief Counsel. In that role I oversaw the agency's legal department of approximately 320 attorney and staff handling all facets of immigration and administrative law. The following February, as Mr. Cuccinelli was elevated to Deputy Secretary of Homeland Security, I was appointed USCIS Deputy Director for Policy.<sup>1</sup> In that role, I oversaw all day-to-day operational and policy matters of an agency of over 20,000 employees and contractors worldwide.

When an individual sends remittance money from an Ohio community to foreign nationals outside of the United States, that money disappears from the state and local economy. Rather than being used to purchase goods and services that continue to stimulate the economy, the money typically ends up in the pockets of foreign business owners. The loss of income in the local markets means that it no longer generates any tax revenue that can be used by the state and localities to invest in better public education, public health, and public safety.

From the immigration perspective, jobs continue to be one of the central magnets leading individuals to enter the country. The opportunity for wage growth is the central motivation and the unprecedented number of border encounters and so-called "got-aways" during the last three years underscores that point. Yet, as these individuals disappear into the United States and find

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<sup>1</sup> I am often referred to as Acting Director of USCIS (and served in that role) but could not officially use that title due to complexities affecting other appointments pursuant to the Federal Vacancies Reform Act.

employment, whether lawful or not, many are sending vast amount of money back to families in Mexico and Central America, as well as throughout the world. Furthermore, remittances themselves are a key factor in Central America's unwillingness to assist in controlling illegal immigration. A 2019 Center for Immigration Studies piece noted that "...remittances significantly subsidize the economies in those countries, and each would be hard pressed to replace the lost GDP if its national were stop migrating, or even worse, return to those countries."<sup>2</sup>

As the federal government has clearly eschewed its responsibility to control the border and regulate immigration, it is, unfortunately, incumbent on the states to act. One such action, already employed in Oklahoma, is to tax that money leaving the country. This serves the dual benefit of ensuring that, at bare minimum, a percentage of the wages earned in Ohio remain in the Ohio economy, while disincentivizing illegal populations from settling in the Buckeye State.

I rise today in strong support of 451 for these reasons and for a third that cannot be overstated.

While remittance money is seemingly going to assist family members abroad, there is a far more nefarious purpose that must be addressed. In August 2023, Reuters published a piece entitled, "How Mexican narcos use remittances to wire U.S. drug profits home."<sup>3</sup> This article outlines the ways in which profits from illicit activity in the United States are laundered and remitted back to large-scale criminal operations such as the Sinaloa and Jalisco New Generation Cartel. The article notes that a March 2023 report found that approximately \$4.4 billion dollars of remittance monies sent to Mexico were proceeds from illegal activity in the United States.<sup>4</sup> Mexican residents are routinely used as conduits to clean money when it's returned before turning the bulk over to cartel operatives.

More recently, The San Francisco Standard reported that an Oakland, California store was routinely engaged in laundering cash for drug cartels.<sup>5</sup> According to reports, large bags of money were taking to the store and smaller sums (small enough to not be flagged) were wired out of the country. The tellers would utilize legitimate accounts of other customers to mask the sender and also found ways to mask the recipient accounts. Over the course of several years, this approach permitted large amounts of money to be seamlessly transferred from the United States directly into the hands of cartels. The ensuing investigation, led by the Drug Enforcement Administration and the Internal Revenue Service, was just one sliver of a far larger pie that must be targeted.

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<sup>2</sup> Andrew R. Arthur, "Remittances Key to Central American Economies, Incentivizing the departure of their national?" Center for Immigration Studies (Jun. 4, 2019), <https://cis.org/Arthur/Remittances-Key-Central-American-Economies>.

<sup>3</sup> Diego Ore, "How Mexican Narcos Use Remittances to Wire U.S. Drug Profits Home" Reuters (Aug. 12, 2023), <https://www.reuters.com/investigates/special-report/mexico-drugs-remittances/#:~:text=Remittances%20sent%20by%20migrant%20workers,earnings%20from%20U.S.%20narcotics%20sales>.

<sup>4</sup> *Id.*

<sup>5</sup> Jonah Owen Lamb, "Tiny Oakland Storefront Laundering Big Cash for Drug Cartels, Feds Say," The San Francisco Standard (Apr. 2, 2024), <https://sfstandard.com/2024/04/02/san-francisco-bay-drug-money-laundered-wire-service>.

As cartels maintain an ever-increasing foothold in American communities, often through the use of illegal immigration, HB 451 will play a critical role in thwarting their activities. HB 451 recognizes the true cost of remittances, and the tax will be deposited into an account used to award grants to law enforcement to address issues of human trafficking, drug trafficking, and illegal immigration.

HB451 recognizes the connection between remittances and illicit activities, both domestically and abroad, and provides the right balance of enforcement. While the bill does nothing to prevent the lawful transfer of monies abroad, by creating a tax and an ensuing tax credit, it makes previously lost revenue available to further a state interest while not harming legitimate transferors. This is a terrific model and I believe more states will follow suit with the example being set in Ohio.

NumbersUSA and I are excited to support HB451. This is a strong bill and I look forward to your questions.

