

House Committee on Oversight and Reform

“McKinsey & Company’s Conduct and Conflicts at the Heart of the Opioid Epidemic”

Wednesday, April 27, 2022

Statement of Uttam Dhillon

Chairwoman Maloney, Ranking Member Comer and distinguished members of the Committee on Oversight and Reform, thank you for inviting me to testify today. In 1997, I joined the House Government Reform and Oversight Committee as a senior investigative counsel – the first of several positions I’ve been fortunate to hold on the Hill – so I am very pleased to return to this hearing room to serve as a witness at today’s hearing.

I began learning about drug enforcement in the 1990s when I served as an Assistant United States Attorney in the Central District of California prosecuting drug traffickers and gang members — often one in the same.

During the second Bush Administration, I was nominated by the President and unanimously confirmed by the Senate as the first director of the Office of Counternarcotics Enforcement at the Department of Homeland Security, a drug policy office responsible for working with DHS’s counter-narcotics agencies.

And more recently, I had the honor and privilege to lead the brave professionals of the Drug Enforcement Administration and to serve as the director of INTERPOL Washington.

Today, the United States is experiencing the third wave of the opioid crisis. The first wave began with a flood of prescription opioids. Increased pricing and better regulation led to a cheaper, more powerful alternative to prescription opioids – heroin – starting the second wave. The source for the second wave was predominantly Mexican drug cartels who poured cheap heroin into the U.S. resulting in increased heroin seizures along the southwest border and a dramatic rise in overdose deaths.

Today, we are in the third wave of the opioid crisis distinguished by the introduction of synthetic opioids such as fentanyl into the illicit U.S. drug market. This third wave is driven largely by the Mexican drug cartels and China’s willingness to sell fentanyl and fentanyl precursors to those cartels.

Synthetic opioids such as fentanyl are easy to produce, easy to conceal, and more lucrative than other drugs. Unlike illicit drugs such as cocaine and heroin, drug traffickers do not need to control large areas of land to grow coca or opium, the plants from which cocaine and heroin are derived. Nor are they subject to natural forces like droughts or blight. The barriers for entry into the synthetic drug market are relatively low – all you need is a basic understanding of chemistry, access to the right chemicals, and a distribution network.

Mexican drug cartels possess these three operating requirements, and their pivot into synthetic opioids was as deadly as it was swift. Last year, largely as a result of illicit drugs smuggled into the U.S. across our southwest border, over 100,000 Americans died from a drug overdose – with more than 70% percent dying from synthetic opioids such as fentanyl. That’s an increase of 30% from the previous year. Add to that the countless number of Americans suffering from substance addiction and this crisis touches virtually every American.

DEA’s most recent National Drug Threat Assessment issued in March of last year describes Mexican drug cartels – also known as transnational criminal organizations due to the global nature of their criminal activity – as “the greatest drug trafficking threat to the United States.” These organizations, most notably the Sinaloa Cartel and the Cártel de Jalisco Nueva Generación, more commonly known as CJNG, are large, well-funded, and exceedingly violent. They operate with relative impunity in Mexico and are responsible for tens of thousands of murders and disappearances in that country. And the cartels are taking advantage of our unsecured southwest border by flooding our communities with fentanyl, methamphetamine, cocaine, and heroin, and they show no signs of abating.

To make matters even worse, since late 2020, the relationship between U.S. and Mexican law enforcement has deteriorated significantly. Last year, Mexico’s government enacted strict regulations curtailing foreign law enforcement in Mexico by essentially requiring DEA to tell Mexican authorities about its operations and activities in Mexico. Given the massive corruption in Mexico, this was the equivalent of requiring DEA to communicate its intelligence and law enforcement strategies directly to the drug traffickers.

And just last week, it was reported that one year ago, Mexico disbanded a select anti-narcotics unit, known as a Sensitive Investigative Unit, that DEA had been working with for more than two decades. These actions by the Mexican government are devastating blows to DEA’s ability to fight transnational organized crime in Mexico. Mexican President Andrés Manuel López Obrador’s anti-law enforcement tactics are making it very difficult for U.S. law enforcement to effectively fight and defeat the drug traffickers largely responsible for the illicit drugs driving America’s overdose crisis.

The unfortunate result of all of this is that without immediate action to secure the southwest border and reestablish an effective working relationship between U.S. and Mexican law enforcement, Mexican drug trafficking organizations will continue to grow stronger into the foreseeable future, and we can expect to see increasing amounts of illicit drugs entering our country, poisoning our communities, and killing even more of our fellow citizens.

Thank you for the opportunity to testify today and I look forward to answering the Committee’s questions.