

Transcript: “A Message from IG Horowitz: The Drug Enforcement Administration’s Management and Oversight of its Confidential Source Program,” September 2016

Hello. I'm Michael Horowitz, Inspector General for the U.S. Department of Justice.

Today our office issued a report examining the DEA's oversight and management of its confidential source program. The DEA uses confidential sources throughout the world to assist in investigating drug trafficking, and DEA told us that it could not effectively perform its work without the use of confidential sources. However, confidential sources can be motivated by many factors, including financial gain, avoidance of punishment, competition, and revenge; therefore, special care must be taken to evaluate and closely supervise their use.

In July 2015, we issued a report on the DEA's confidential source policies and its oversight of higher-risk sources. We found that the DEA's policies were not in full compliance with the Attorney General's Guidelines Regarding the Use of Confidential Informants and that DEA was using some high-risk informants without sufficient oversight.

Today's report identifies other important ways in which the DEA's management and oversight of the policies governing its Confidential Source Program require significant improvement.

Our findings are described in detail in our report, but here is a summary of some of the most important issues we identified.

First, we found that the DEA did not adequately oversee payments to its sources, which exposes the DEA to an unacceptably increased potential for waste, fraud, and abuse, particularly given the frequency with which DEA offices utilize and pay confidential sources. For example, our review revealed that the DEA often used and paid previously deactivated sources, raising concerns about DEA's managerial oversight and DEA policy. Indeed, we found that the DEA may have paid a total of about \$9.4 million to more than 800 previously deactivated sources between fiscal years 2011 and 2015. In one case, the DEA reactivated a confidential source who previously provided false testimony in trials and depositions. Over the next approximately 5 years, this source was used by 13 DEA field offices and paid over \$400,000, until the source was once again deactivated for making false statements to a prosecutor.

Second, we identified significant issues regarding the DEA's direction and guidance for what it calls “Limited Use” sources. “Limited Use” sources are often referred to as “tipsters.” DEA policy specifies that sources categorized as Limited Use are those who make information available to the DEA independently, and without direction by the DEA. DEA regards the Limited Use sources as low-risk, and therefore DEA policy requires less supervision of matters involving these sources as compared to other kinds of sources. Yet we found that Limited Use confidential sources were some of the DEA's highest paid sources, with 477 Limited Use sources having received an estimated \$26.8 million during the period of our review.

We also found that some DEA units relied heavily on Limited Use confidential sources who were employees in the travel and parcel industries and had access to passenger information or private facilities. These units were typically involved in intercepting drug trafficking at transportation hubs. We found that DEA Special Agents from these units gave instructions and guidance to these sources about what information to provide and what actions to take to assist the DEA with interdiction activities, thus testing the boundaries of what it means for a source to provide information “without direction.” For example, some Agents requested that sources provide them with suspicious travel itineraries that met criteria defined by the Agents, and in certain cases requested entire passenger manifests almost daily. Some of these sources received significant payments for their assistance, including an airline employee who received more than \$600,000 in less than 4 years, and a parcel company employee who received over \$1 million in 5 years.

Also among the Limited Use sources we identified were Amtrak and Transportation Security Administration employees. In November 2015, the OIG completed two separate investigations into DEA’s use of two Amtrak employees and one TSA employee as sources. These investigations determined the DEA’s use of these individuals as sources was improper. In the report released today, we find that, between fiscal years 2011 and 2015, the DEA actually used at least 33 Amtrak employees and 8 TSA employees as sources, paying the Amtrak employees a total of over \$1.5 million and the TSA employees over \$94,000.

A third area of concern we identify in today’s report is the DEA Intelligence Division’s limited management, oversight, and accountability of intelligence-related confidential source information, activities, and payments. We found that the DEA’s Intelligence Division paid a total of approximately \$30 million to confidential sources between fiscal years 2011 and 2015 to provide narcotics-related intelligence and assist in law enforcement operations. However, the DEA’s Intelligence Division generally relied on DEA field offices’ determinations that these sources were reliable, and did not independently review and validate the sources’ credibility.

A fourth area of concern is the use of so-called “sub-sources.” Sub-sources are individuals that confidential sources recruit and pay to perform activities or provide information related to the source’s work for the DEA. We were extremely concerned to discover that this practice was condoned by the DEA, yet the DEA has no controls, policies, or procedures for interactions with these sub-sources. In our view, condoning the use of “sub sources” to assist in investigations without the DEA’s full knowledge, awareness, and approval raises serious questions – it increases the chance that individuals may be conducting unauthorized illegal activity on the DEA’s behalf, potentially puts these and other individuals in harm’s way, exposes the DEA and the Department of Justice to significant liability, and could impact prosecutions.

Finally, we found that the DEA did not appropriately track all confidential source activity; did not document proper justifications for all source payments; and, at times, did not adequately safeguard traveler information. We also found that some Agents receive tips

by email or text on non-government private accounts established by the agents, thereby possibly compromising personally identifiable information, affecting government record maintenance requirements, and complicating the DEA's efforts to manage and access important case-related information.

Taken together, the deficiencies we identified in this audit raise significant concerns about the adequacy of the current policies, procedures, and oversight associated with the DEA's management of its Confidential Source Program. Our report therefore makes seven recommendations to help the DEA improve its Confidential Source Program. The DEA agreed with all of them, and DEA officials have expressed their commitment to improving the program.

To learn more, please visit our website, oig.justice.gov, where you can read the full report.

Thank you for joining us.

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