



STATEMENT

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U.S. DEPARTMENT OF HOMELAND SECURITY

REGARDING A HEARING ON

**“BORDER INSECURITY, TAKE TWO:
FAKE IDS FOIL THE FIRST LINE OF DEFENSE”**

BEFORE THE

SENATE FINANCE COMMITTEE

ON

WEDNESDAY, AUGUST 2 AT 10 AM

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TESTIMONY OF MICHAEL P. EVERITT
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OFFICE OF INVESTIGATIONS
U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT
DEPARTMENT OF HOMELAND SECURITY
BEFORE
THE SENATE COMMITTEE ON FINANCE
REGARDING
FRAUDULENT DOCUMENTS

AUGUST 2, 2006
WASHINGTON, D.C.

Good morning Chairman Grassley, Ranking Member Baucus, distinguished Members of the Committee; I am pleased to be here today to discuss the technical aspects of fraudulent documents. The U.S. Immigration and Customs Enforcement (ICE) Forensic Document Laboratory (FDL) is the premier forensic document laboratory in the world and is a forensic crime laboratory dedicated exclusively to fraudulent document detection and deterrence. The FDL is accredited by the American Society of Crime Laboratory Directors - Laboratory Accreditation Board (ASCLD/LAB) in questioned documents and latent prints. The FDL's mission is to detect and deter domestic and international travel and identity document fraud by providing a wide variety of forensic and support services to all Department of Homeland Security (DHS) components, including ICE, U.S. Customs and Border Protection (CBP), U.S. Citizenship and Immigration Services (USCIS), the United States Secret Service (USSS), and the United States Coast Guard (USCG). The FDL also supports other federal, state, and local agencies, as well as foreign government law enforcement and border control entities. The FDL is one part of a comprehensive

solution that is necessary because fraudulent documents are used by illegal immigrants who are living and working throughout the nation, in every state and in many different industries. With this in mind, the Administration supports comprehensive immigration reform that increases border security, establishes a robust interior enforcement program, creates a temporary worker program, and addresses the problem of the estimated 11 to 12 million illegal immigrants already in the country.

The FDL consists of two sections: Forensics and Operations. The Forensics Section is responsible for conducting all forensic work on documents and related material submitted to the FDL for forensic examination. The Operations Section provides training and real-time support, produces the publications distributed by the FDL, and provides analysis of the information gathered from documents submitted to the laboratory for forensic examination. The Operations Section takes information developed by the Forensics Section and ensures that it is distributed to the field via training, real-time support, and publications.

The Forensics Section is staffed with Forensic Document Examiners, Fingerprint Specialists, and Forensic Photographers. We are currently in the process of recruiting personnel to staff a new ink chemistry unit, which will add an additional dimension to our forensic services. Prior to conducting examinations, forensic document examiners must successfully complete an in-

house 30-month training program (24 months of training followed by a six month apprenticeship) that includes instruction on all facets of document examination, printing processes, security features, wet and dry seals, typewriter examinations, and handwriting analysis. This comprehensive training is necessary to acquire and maintain laboratory accreditation and personnel certification. The FDL-provided training is in addition to the requirement for a Bachelor's degree (many of the FDL Forensic Document Examiners have Master's Degrees in Forensic Science and are working on independent board certifications). The primary responsibility of the Examiners is to conduct examinations of fraudulent documents submitted to the FDL. These documents are typically seized from individuals attempting to enter or remain in the United States illegally, or from fraudulent document production operations.

FDL Fingerprint Examiners are experts in their field and routinely testify as expert witnesses in criminal and administrative proceedings arising from ICE and other agency investigations. The fingerprint unit uses the latest techniques and technologies to lift latent fingerprints from documents, document production equipment, wrappings, weapons, and other recovered material submitted to the laboratory. Using various Automated Fingerprint Identification Systems (AFIS), examiners attempt to identify individuals relevant to the investigation and then link these individuals to evidence in the case. The fingerprint unit also has a team of forensic photographers who assist all FDL staff with expert photographic services. These include capturing images of documents and other evidence

under various forms of light, providing photographs and graphics for reports, and preparing court exhibits.

The FDL Operations Section is staffed by intelligence officers, many of whom have worked in large ports of entry and have extensive experience with travelers and the documents they use. The Operations Section provides real-time support to the field, produces a variety of publications, and provides fraudulent document recognition training around the world.

Real-time support is provided 24 hours a day, 365 days a year to assist all federal, state, and local law enforcement officers with questioned documents. This is accomplished by the FDL being manned from 6:00 am until 8:30 pm on weekdays, and manned after-hours and on weekends by on-call personnel who have secure access to FDL systems and databases and can provide this support remotely. Real-time support is also provided to non-law enforcement personnel that may have questions concerning travel and identity documents. These non-law enforcement entities include Department of State Consular Offices that adjudicate visa requests, and USCIS personnel who adjudicate benefit requests.

Document Alerts, Intelligence Briefs, and Reference Guides are produced, printed, and distributed to more than 800 law enforcement and border control agencies worldwide to assist officers in identifying fraudulent documents in circulation. Many of these publications are also posted on various DHS Internet

portals to make them available to as many agencies as possible. All of these publications are high quality products with descriptive text and detailed graphics. The publications are designed to convey the information in a clear and concise manner, which allows the front line officer to absorb the information quickly and retain that information for use in the field.

The Operations Section also designs and provides training programs on fraudulent document recognition. FDL Operations Section personnel routinely conduct fraud detection training for DHS personnel and other federal, state, local and foreign law enforcement officers. This year alone, the FDL has trained more than 2,200 people in locations all over the world, including the United States, Pakistan, Botswana, Qatar, UAE, Bangladesh, Bahrain, Senegal, Belize, El Salvador, and the Bahamas. Of the individuals trained this year, nearly 450 were from CBP. We also receive requests for training from state and local law enforcement agencies and from private concerns. The FDL has responded to these requests, though the amount of training that can be completed is limited by our available resources. To meet the increasing demand for these services, the FDL created "Train-the-Trainer" classes. These classes allow us to train persons in other agencies who then conduct fraudulent document recognition training with FDL support. The program allows us to expand the number of fraudulent document recognition training classes conducted each year.

The Operations Section also includes an analysis group. This group gathers intelligence from documents sent to the laboratory, whether they were submitted for forensic examination or for analysis and safekeeping. The intelligence from these documents is collected, analyzed, and then distributed to the field as investigative leads, or is used to produce Document Alerts and Intelligence Briefs.

Because the Forensics Section and the Operations Section are co-located at the FDL, we can attack the problem of fraudulent documents in a coordinated manner and provide the necessary services to the field from a central and highly specialized facility.

Occasionally there are misconceptions about what constitutes a fraudulent document. Many people think that fraudulent documents are counterfeit documents. While counterfeit documents are in fact fraudulent documents, the latter also include altered and fraudulently obtained documents. Altered documents include those with erasures, substituted photos, and thin-layer laminate overlays. In most cases, altered documents are actually genuine documents that have been altered for fraudulent use. Fraudulently obtained documents are genuine documents that have been obtained by fraudulent means. These means could include the use of counterfeit “breeder documents” to obtain a genuine document, or the theft or purchase of a genuine document, which is later altered, from the true owner. Stolen blank documents also pose a problem. Over the years, the FDL has seen many stolen blank passports, which

are personalized to create a fraudulent document. These documents are particularly hard to detect because they are genuine blanks.

Some criminals use a genuinely issued identity document in a fraudulent manner. There are many ways to do this. The most common method is impersonation, in which one person uses the genuine identity document of another person with similar physical features. Impostors are frequently intercepted at ports of entry along our border with Mexico, after attempting to use stolen or purchased Resident Alien or border crossing cards to enter the United States.

Fraudulent documents are also meant to mislead. “Fantasy documents” mimic genuine forms of identification in appearance without actually purporting to be legitimate government-issued forms of identification. Examples of fantasy documents include “Klingon” passports and “International” drivers’ licenses (not to be confused with the International Driver’s Permit, which is a translation of a driver’s license for international use issued by automobile associations). While these examples are extreme, official fantasy documents that purport to be from a newly established country would deceive many people. They take advantage of the thousands of authorities that issue genuine identification documents domestically and abroad. Individuals obtain these items via the Internet as novelties and then present them as valid forms of identification. At present, there

are no laws that make the importation of fantasy documents into the United States illegal and therefore subject to seizure.

Document producers and those who issue legitimate documents are in a constant battle to develop new production methods and security features to make the identification documents they issue more secure. DHS has revised and updated many of the documents associated with the immigration process. The U.S. Department of State has recently introduced a new version of the U.S. passport that includes an integrated electronic chip as well as other security features intended to thwart those who would counterfeit or alter the document.

Technological advances, which have made commercial quality scanning and printing widely available, have significantly increased the quality of fraudulent documents. The purveyors of fraudulent documents make full use of commercially available scanning and printing technology to manufacture better fraudulent documents, including not only hardware, but also high quality graphic software that includes advanced techniques such as layering. Digital printing technology has been used in the majority of the fraudulent documents examined by the FDL. Sophisticated computers, software, digital scanners, and color inkjet or laser printing equipment are now routinely recovered when fraudulent document operations are discovered in the United States and overseas. For example, many of the altered passports and identity documents encountered by U.S. forces in Iraq incorporated digitally printed components. As high quality scanning and printing equipment becomes less expensive and more readily available, digitally produced fraudulent documents become more difficult to

detect. This problem is further complicated by the increased use of digital printing technologies to create genuine identification documents. Genuine document-issuing authorities often select digital printing technologies to create or personalize genuine documents because they are less expensive than traditional methods such as offset or intaglio printing and because the lower costs allow the process to be deployed to the field, rather than necessitating reliance on production centers. The result is that digitally printed fraudulent documents can be more difficult to detect by officials responsible for examining documents, such as ICE special agents, Border Patrol agents in the field, CBP officers at ports of entry, or airline security personnel overseas.

Detection of high quality fraudulent documents requires an increased level of training for front-line staff to significantly enhance their expertise. Ten years ago, border inspectors could look for some simple points of detection to identify fraudulent identity documents; however, training sessions today are often crash courses in forensic document analysis. The marriage of digital technology and traditional printing methods can create fraudulent documents that are very difficult to detect. Security features are specially designed to thwart reproduction by scanners or other digital equipment. Optically Variable Devices (OVD) such as holograms and kinograms, specialized inks, and various forms of security printing techniques cannot be duplicated easily by commercially available computer equipment, so these features are often used to make documents more

secure. However, the producers of fraudulent documents are becoming better at mimicking these features or circumventing them altogether.

There are many reasons for the proliferation of fraudulent documents. ICE typically sees false documents being used by illegal aliens who live and work in the United States. However, foreign nationals who seek to enter the United States and cause harm to our Nation represent another market for fraudulent documents. The quality of fraudulent documents used for international travel must be better than domestic fraudulent documents because they will be shown to people who routinely examine travel and identity documents. CBP officers inspect the documents of passengers arriving by air or sea, as well as those attempting to enter over land. Last fiscal year, CBP inspected more than 430 million people coming to the United States. In many cases, illegal migrants, criminals and even terrorists have tried to blend in with returning citizens, legal residents and lawful visitors by using fraudulent documents.

Fraudulent documents are used in different ways for different reasons. Domestically, there is an enormous market among illegal immigrants to demonstrate work eligibility. Current laws require employers in the United States to verify that their employees are eligible to work legally in this country. To do that, employers complete the I-9 Employment Eligibility Verification form, which has a list of acceptable documents to demonstrate identity and employment eligibility. Unfortunately, the vast majority of the people responsible for reviewing documents presented for employment have never received any type of training in

fraudulent document recognition. Also, under current law, employers do not have an obligation to verify the validity of the document, but are only required to certify that the document appears to be genuine and relates to the individual in question.

The FDL has produced the *“Guide to Selected U.S. Travel and Identity Documents”*, Form M-396, which is publicly available. The latest version, published in late 2005, is a high quality color booklet with information and photographs (front and back) of the most common U.S. travel and identity documents. These documents include the U.S. Passport, U.S. Naturalization Certificate, Resident Alien Card, the Permanent Resident Card, the Employment Authorization Card, Reentry Permit, Travel Document, U.S. Visas, Border Crossing Card, and Social Security Card. This reference guide, which is one of many published by the FDL, is helpful to employers who are responsible for completing I-9 forms. The FDL uses every opportunity to distribute this publication to employers, law enforcement, and others who may come in contact with these types of identity and travel documents and we continue to explore additional methods to increase distribution.

Genuine travel documents, like passports, visas and residence cards, contain many security features meant to deter the creation of fraudulent documents. As identity documents have become more secure, the number of “look-alike” impostors trying to get through the U.S. border has increased dramatically.

This does not mean, however, that the number of fraudulent documents has diminished. Individuals with fraudulent documents continue to be intercepted at the border and in the interior. A common alteration to travel and identity documents with holograms and other visual security devices involves simply covering the original photograph and personal data with the photo and information of the person who wants to use the fraudulent document. This is accomplished by using a computer to print the bearer's information onto a clear piece of plastic, known as a thin layer laminate, laying it over the original document, and holding it in place with adhesive. This technique preserves the appearance of the documents and most of the holograms. The original photograph and information are eradicated to prevent a double-image from appearing and the laminate conceals the eradications making it more difficult for examining officers to detect.

At the FDL, we have seen some very sophisticated uses of thin layer laminates to alter documents. In one case in particular, we saw the use of a thin layer laminate by an imposter. A male imposter from Asia attempted to use a U.S. passport issued to a U.S. citizen of Asian descent. The imposter's facial image had been printed in color on the reverse of a thin layer laminate. Using adhesive, this laminate had been placed over the biographical page of the U.S. passport to change the appearance of the passport's original photograph, which was still in place, to that of the imposter. This sophisticated attempt was

detected by an alert CBP officer who noticed the imperfect edge of the thin layer laminate.

Some counterfeiters are highly sophisticated and have been able to produce highly deceptive versions of U.S. visas, or even entire passports, by effectively simulating the security features found in genuine documents. Forgers in Brazil and Colombia have steadily improved counterfeit versions of the U.S. visa. Analyses of documents submitted to the FDL over the last several years have shown that many documents intercepted at various ports of entry have common identifying features, and in each successive generation the forgers continue to show improvements, making their documents more difficult to identify and the people traveling with them more difficult to detect.

Counterfeiters in Southeast Asia have created high-quality passports or passport pages for passports from Visa Waiver Program countries, which permit entry to the United States without first obtaining a visa. Again, FDL analysis has revealed a continuing improvement in these counterfeits over time as the manufacturers learn how to improve their products and make them more deceptive.

Just as with any other illegal activity, the government must continue to deter, detect and act against those who use and facilitate the use of fraudulent documents. Within the Department of Homeland Security, ICE has the most expansive investigative authority and the largest force of criminal investigators.

Our broad mission is to protect the American public by combating the terrorists and criminals who seek to enter our country illegally and pose a risk to our national security. Among our investigative priorities, ICE is leading the effort to identify, disrupt and deter those organizations that engage in the fraudulent document trade, as well as organizations that facilitate the fraudulent filing of immigration benefits with USCIS. Within ICE, the Identity and Benefit Fraud Unit has programmatic oversight over investigations of immigration fraud in all its forms.

Immigration fraud generally falls into two categories: benefit fraud and identity fraud. Benefit fraud, or the willful misrepresentation/omission of a material fact on a petition or application to gain an immigration benefit, is a particularly serious and a highly lucrative form of organized white-collar crime. Immigration benefits confer lawful status upon an individual and as such, their value to illegal aliens, terrorists, and criminals is immense. Identity fraud involves the manufacturing, counterfeiting, alteration, sale, and/or use of identity documents and other fraudulent documents for criminal activity, including the circumvention of immigration laws. More often than not, the use of fraudulent documents and the counterfeiting of government forms is an integral part of filing these fraudulent applications. I would like to take a few minutes to highlight some of the initiatives of the Identity and Benefit Fraud Unit, as well as some of our recent successful investigations.

In September 2003, ICE and USCIS initiated a joint anti-fraud initiative by establishing Benefit Fraud Units and Fraud Detection Units, respectively. By working together, our agencies have identified thousands of fraud leads and developed new and more efficient ways to address those aliens who receive immigration benefits through fraud. This is an evolving relationship and we are very excited about the progress our agencies have made to address immigration benefit fraud.

Additionally, as part of the Department's Secure Border Initiative, ICE established the Document and Benefit Fraud Task Forces to eliminate vulnerabilities within the immigration process. These task forces focus efforts to combat immigration fraud through aggressive and comprehensive investigations and prosecutions by leveraging the resources of other DHS components, the Offices of the U.S. Attorneys, and other federal, state and local law enforcement agencies. The task forces use a variety of law enforcement tools and authorities to achieve criminal prosecutions and financial seizures.

In April 2006, ICE formally announced Document and Benefit Fraud Task Forces in 11 locations, including Atlanta, Boston, Dallas, Denver, Detroit, Los Angeles, New York, Newark, Philadelphia, Saint Paul, and Washington, D.C. These task forces formalize and strengthen pre-existing working relationships ICE had with our partner agencies. These task forces have already achieved

significant success. Based upon the support we have received, ICE is evaluating the expansion of these task forces to additional locations.

By working with the Identity and Benefit Fraud Unit and these task forces, the FDL is one of the critical investigative tools utilized by ICE in the fight against immigration fraud and counterfeiting. The FDL and the Identity and Benefit Fraud Unit are ensuring that as our task forces expand in scope, the agents and officers assigned to these investigations have access to every resource that ICE and the Department have to offer.

Recently, ICE announced several significant immigration fraud investigations that are due in large part to the work of the Identity and Benefit Fraud Unit, the FDL and our task force partner agencies.

One of our greatest and most recent successes was the dismantling of the Castorena Family Organization (CFO). This group was a large-scale criminal organization with more than 100 key members who oversaw cells of 10 to 20 individuals in cities across the United States. The organization was involved in the manufacture and distribution of high-quality counterfeit identity documents, including social security cards, birth certificates, marriage certificates, U.S. and Mexican driver's licenses, resident alien cards, work authorization documents, proof of vehicle insurance cards, temporary vehicle registration documents, utility bills, and a host of other documents.

Our investigation, conducted in conjunction with the IRS, Social Security Administration Office of the Inspector General, and the U.S. Postal Inspection Service, revealed that the CFO began in Los Angeles in the late 1980s, manufacturing and selling counterfeit alien registration and Social Security Cards. The organization expanded its counterfeit document operations to cities across the United States, including New York, Chicago, Las Vegas, Denver, Atlanta, Albuquerque, and others. ICE investigations targeted cells of this organization in Los Angeles, New York, Chicago, Atlanta, Miami, Dallas, San Antonio, Las Vegas, Albuquerque, Denver, Lincoln, NE, and Des Moines, IA.

In Denver, the Castorena investigations resulted in the criminal prosecution of more than 50 individuals. Dozens of additional members of the CFO in Denver have been arrested and deported to Mexico, Colombia, and El Salvador. ICE and task force agents in Denver seized more than 20 computerized laboratories affiliated with the CFO that were used to manufacture high-quality counterfeit identity documents. As part of this investigation, ICE also seized computers and silkscreen printing templates used to produce counterfeit documents, as well as handguns.

Our investigation revealed that CFO cells in various U.S. cities were exceptionally well organized. Cell leaders typically kept schedules with the names of each counterfeit document vendor and the times they reported to a

designated area to sell fake documents. The local cell leaders also recorded the number and type of false documents sold by vendors during their “shifts,” as well as the funds collected for each transaction.

These vendors were allowed to keep a portion of the proceeds, with the remainder passed to the local cell leader. Cell leaders, in turn, passed on a portion of the proceeds to the senior leaders of the CFO, who in turn charged a “rent” or “franchise” fee of as much as \$15,000 per month for cell leaders to operate in a particular U.S. city. These funds and other proceeds of counterfeit document sales were funneled to Mexico and other locations for those overseeing the CFO. This enterprise was a big business and the American Express Corporation attributed more than \$2 million in losses to counterfeit identification documents that were traced to the CFO in Los Angeles alone.

On June 17, 2006, Mexican law enforcement officers and ICE Attaché Mexico City agents arrested Pedro Castorena-Ibarra, a citizen of Mexico, and head of the CFO, pursuant to a provisional arrest warrant in Guadalajara, Jalisco, Mexico. Castorena was the top priority on ICE’s Most Wanted fugitive list. ICE is assisting the U.S. Attorney’s Office, which is currently pursuing extradition.

The FDL performed forensic document examinations on numerous questionable, high-quality documents manufactured by the CFO. The FDL identified numerous latent fingerprints on individual items of evidence and

counterfeit identity documents as belonging to members of the CFO, which then were used during their prosecution. Additionally, the FDL identified several fingerprints that were imbedded in the computer templates utilized by members of the CFO to manufacture individual counterfeit identity documents throughout the United States. Through our analysis of evidence from this investigation, the FDL was able to definitively match seized counterfeit identity documents manufactured by members of the CFO to more than 400 investigations and seizures in more than 50 different cities across 33 states.

Our Boston Document and Benefit Fraud Task Force, consisting of agents from ICE, the Social Security Administration, the USSS, the Department of State, and the Middlesex County Sheriff's Office, is engaged in multiple document fraud investigations. Between June 5 and June 8, 2006, ICE agents assigned to the Document and Benefit Fraud Task Force executed nine federal arrest warrants, four search warrants, and one consent search in furtherance of these ICE-led investigations. The search warrants resulted in the seizure of six computers and document-making implements at five residences.

The FDL is supporting these task force cases by conducting analysis of latent fingerprints found on counterfeit green cards seized during the investigation. The FDL is also examining counterfeit documents purchased from

different vendors to determine if the documents were produced by the same manufacturer.

In Operation Mandalapa, is a product of the joint anti-fraud initiative undertaken by ICE and USCIS ,our Newark, New Jersey Document and Benefit Fraud Task Force initiated a large benefit fraud investigation based upon referral from the Benefit Fraud Unit in Vermont and USCIS. Agents identified more than 1,000 labor-based petitions for skilled computer workers filed on behalf of Indian and Pakistani nationals. Numerous companies were identified in the petitions and were determined to be shell companies created for the sole purpose of filing fraudulent petitions on behalf of foreign workers. On January 10, 2006, ICE and Department of Labor agents executed seizure warrants relating to four bank accounts totaling more than \$2.4 million and two brokerage accounts amounting to nearly \$3.3 million. Agents also seized two luxury vehicles with a combined value of approximately \$100,000. On June 19, 2006, based on the strength of the evidence against him, the defendant who set up these companies pled guilty and stipulated to the forfeiture of the \$5.7 million and the two vehicles.

In the Mandalapa case, the FDL conclusively determined that the approval stamps used on labor certifications were, in fact, color copies and not original stamps. The FDL provided latent fingerprint examination and handwriting analysis on key documents that would have potentially been used as evidence had the case gone to trial.

Fraudulent travel and identity documents are a worldwide problem, which will continue to challenge law enforcement officials in the United States and abroad. As long as identification is required to travel and obtain goods or services, criminals will attempt to produce fraudulent documents. Recently, there has been an emphasis on deploying systems to validate documents. While the FDL supports these programs, we believe these systems cannot take priority over the continued development of stronger travel and identification documents. Electronic validation systems will not always be available to the officers, employers, or others who may need to verify document authenticity. To that end, the FDL provides Counterfeit Deterrence Study teams, consisting of a Forensic Document Examiner and an Intelligence Officer, to work with entities designing new travel and identity documents to ensure that they incorporate security features that truly make them resistant to fraud. The development and distribution of quality documents will be expensive as it will require replacing old document production systems and infrastructure; however, the investment will pay healthy dividends in security.

On behalf of the men and women of ICE and specifically the men and women of the Forensic Document Laboratory, I thank the Finance Committee and its distinguished members for your continued support of our work.

I would be pleased to answer your questions.

