

**STATEMENT OF
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DEPARTMENT OF STATE, AND THE
UNITED STATES INFORMATION AGENCY, INCLUDING
INTERNATIONAL BROADCASTING**

**FOR THE
COMMITTEE ON GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES**

July 29, 1999

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to testify before your Committee regarding the Department of State's handling of allegations of visa fraud and other irregularities at the U.S. Embassy in Beijing. Specifically, you have asked that I share with the Committee the role played by my office in an investigation of Mr. Charles Parish, who was Chief of the Non Immigrant Visa Section while at Embassy Beijing, and the cooperation of my office with your Committee in its review of the investigation of Mr. Parish.

Mr. Chairman, for reasons that I will explain in a moment, I am unable to testify on the specifics of our investigation concerning Mr. Parish. I would, however, like to provide in my statement for the record, specific information which the Committee has requested regarding the number of cases of alleged visa fraud involving U.S. consular officials investigated by the Office of Inspector General (OIG) since 1990, and the number of cases we have referred to the Department of Justice for prosecution during that time period. I would also like to provide for the record information concerning our general oversight of the Department of State's (the Department) consular antifraud efforts as well as general information on OIG visa fraud investigations.

Mr. Chairman, in my telephone conversation with your staff early yesterday afternoon I advised the Committee that I am unable to testify regarding OIG's investigation of Mr. Parish because of concerns expressed by the Department of Justice (DOJ) that my testimony would or could disclose information in violation of Rule 6(e) of the Federal Rules of Criminal Procedure.

DOJ's concern stems from a recent decision by the Chief Judge of the United States District Court in the District of Columbia, In Re Grand Jury Proceedings, Misc.

No. 98-228, 199 8 U.S. Dist. LEXIS 17290 (September 25, 1998). Originally issued under seal, this opinion was not unsealed until October 30, 1998, and has not been published in any official legal reporter. My office was unaware of this decision and its full ramifications for my testimony and our document productions until yesterday morning when DOJ attorneys, who had been provided a draft of my testimony, provided their final comments.

My office's investigation of Mr. Parish was conducted jointly with the FBI, which served as the lead agency. The investigation was conducted as part of DOJ's larger Campaign Contribution Task Force probe for which a grand jury was impaneled. Based on the recent court decision, DOJ has cautioned that any discussion of our investigation could implicate Rule 6(e) concerns. Thus, DOJ has advised that even interviews of witnesses who were not called before the grand jury and which were conducted by the OIG agent alone conceivably could be considered to be "a matter occurring before the grand jury" and thus subject to the restrictions of Rule 6(e).

Under the circumstances, I feel the only responsible approach is for me to err on the side of caution so there cannot be any suggestion that I or this office have acted in a manner other than in full compliance with the Court's decision.

Nonetheless, I am pleased to appear before the Committee to explain the reasons for my inability to testify about our Parish investigation, as discussed above, and more generally on my office's oversight of consular fraud.

OIG Investigations of Passport and Visa Fraud

OIG is mandated to prevent and detect waste, fraud, and mismanagement. Specific allegations or other information indicating possible violations of law or regulation are investigated by OIG special agents supported by experts from other OIG offices as appropriate. For the most part, OIG's investigative caseload is reactive.

The Office of Investigations, for its part, historically has conducted passport and visa fraud investigations, including those targeted against employees of the Department who are part of these schemes. Often the investigations involve cooperative efforts with the Department's Bureau of Diplomatic Security (DS) and with other law enforcement agencies.

Visa and passport fraud currently comprises over 25 percent of the cases being investigated by OIG. Our cases include a broad range of malfeasance related to consular fraud. For example, in 1998, OIG investigated a case involving "marriages of convenience" for illegal aliens currently in the United States. OIG, working with the Immigration and Naturalization Service (INS) and the Federal Bureau of Investigation, identified the marriage broker who had arranged at least 30 sham marriages between aliens and U.S. citizens over a 5-year period.

In 1996, a joint investigation conducted by OIG and INS uncovered an operation run by an individual who was illegally obtaining nonimmigrant tourist visas, selling fraudulent documents and U.S. passports, and smuggling aliens into the United States. Also in 1996, OIG conducted a joint operation with INS, on a case involving visa swindling, forgery, and passing fraudulent identity documents to defraud the INS. Using an undercover operative, INS and OIG purchased numerous documents and a fraudulent political asylum package. It is believed that the subjects filed over 1,200 false political asylum applications, with unreported income from the scheme in excess of \$1 million. In a passport fraud case, OIG conducted an undercover operation in which an individual sold a fraudulent passport to a confidential informant. The individual had sold at least 20 such passports for \$3,000 each.

Some of OIG's investigations also include fraud allegations in the H-1 nonimmigrant visa program. These investigations are typically brought to our attention by informants and through contacts with other Federal, State and local law enforcement agencies. The H-1B program permits eligible foreigners to enter the U.S. temporarily to perform services in a specialty occupation that requires the theoretical and practical application of a body of highly specialized knowledge to fully perform the occupation. It may require a baccalaureate degree or equivalent experience in a specific occupational specialty.

Fraud involving the H-1 visa program often involves large scale and complex operations. Joint investigations and the creation of task forces are particularly useful and often necessary when dealing with H-1 visa fraud. Moreover, the magnitude of the smuggling operations usually associated with these fraud cases requires significant investigative resources.

In our latest semiannual report, I reported on a case involving selling fraudulent H-1B nonimmigrant visas to illegal aliens. A joint investigation was initiated with the U.S. Customs Service, INS, the U.S. Social Security Administration's Office of Inspector General and my office. The investigation developed evidence that an individual, posing as a financial and legal consultant in a storefront office, was manufacturing fraudulent H-1B visas, as well as INS entry stamps and INS employment authorization stamps, and was inserting them into passports supplied by the subject's customers. The passports containing the fraudulent documents would then be used as documentation in support of applications for social security cards and driver licenses. Judicial proceedings are pending in U.S. District Court on this matter.

In your letter to Secretary Albright, dated July 23, 1999, you requested information on cases of alleged visa fraud involving U.S. consular officers investigated by my office. Since 1990 our office has opened 283 consular fraud investigations. Of these, 206 were visa fraud investigations and 77 were passport fraud investigations. Some of the subjects in these investigations are Foreign Service national employees in our embassies abroad. However, the majority are not employees of the U.S. Government,

but individuals in the United States or overseas who act as “brokers” to extort money from individuals in exchange for visas.

Approximately 10% of the 283 investigations have involved allegations against U.S. diplomats. Since 1990 we have opened 29 cases on Foreign Service Officers alleged to have been involved in visa fraud. Four of these cases have resulted in a referral to the Department of Justice for prosecutive consideration. The Department of Justice declined prosecution on three and one resulted in an indictment. However, this individual was acquitted by a jury trial. Two of the 29 cases resulted in referrals to the Department’s Director General for administrative action.

The 283 cases do not fully disclose the extent of our efforts in the passport and visa fraud area. Any one case may involve many subjects. For example, one case in 1998 resulted in the indictment of 11 subjects, all non-government individuals. Since 1990, 105 individuals have been indicted following an OIG visa fraud investigation. Five were Foreign Service National employees and 99 were non-employee “brokers.”

On passport fraud cases since 1990, 15 individuals have been criminally charged. Two of these individuals were civil service employees of the Department of State.

Summary of OIG Consular Oversight

Each year, millions of individuals apply for passports and visas at more than 230 U.S. embassies and consulates throughout the world. During FY 1998, our overseas missions processed over 311,000 passport applications, 700,000 immigrant visa applications, and over 7 million nonimmigrant visa applications. Antifraud units at overseas posts conducted over 142,000 consular fraud investigations.

Attempts to falsify, alter, or counterfeit U.S. visas or passports, or obtain genuine documents by fraudulent means are a constant problem both within the United States and overseas. Fraud associated with these official documents focuses on either the document itself through counterfeiting or altering it, or on the issuance process through trickery or bribery. Defeating these efforts requires secure documents that are difficult to counterfeit and easy to detect when altered. Additionally, countering fraud requires competent and honest officials who are well trained and informed about common methods of fraud. People are willing to pay a tremendously high cost to obtain entry into the United States. Depending on the locale, quality, and type of a counterfeit visa, the cost can range anywhere from \$1,500 to \$5,000.

The Department has faced significant challenges in its visa processing operations over the years. Between 1987 and 1999, immigrant and nonimmigrant visa processing was listed as a material weakness in the Department’s annual Federal Manager’s Financial Integrity Act report. The Department has cited unfilled computer needs, insufficient consular staffing, and inadequate interagency exchanges of intelligence on

inadmissible aliens as problems that create a greater likelihood of fraud by weakening management controls over consular operations.

Since 1988, my office has also identified a number of weaknesses in the Department's consular operations, particularly in the areas of staffing, training, and program management. Currently, my office is reviewing the Department's consular antifraud programs. While we have not yet issued a final report, my statement includes observations based on our review.

In recent years, the Department has made significant progress in enhancing visa and passport processing operations. It has introduced a photodigitalized passport, enhanced data sharing via the Interagency Border Inspection System, installed modernized consular systems worldwide, improved effectiveness of the namecheck system, increased efforts to counter document fraud, and is introducing a more secure border crossing card in Mexico. The Department reports that its TIPOFF program, using all-source, U.S. intelligence information, has been used to deny U.S. visas to over 400 terrorists since 1997. In addition, the Office of Consular Fraud Prevention Programs has shifted focus from looking at individual fraud cases to identifying systemic fraud-related issues across a large number of cases. The Department has also developed a model for ranking high-fraud posts and now issues a monthly magazine devoted to global and regional fraud trends.

In my statement today I will discuss ongoing challenges the Department faces in preventing consular fraud. These include staffing shortages in key areas, inexperienced staff, and insufficient training for consular line officers. I will also address problems in the management of antifraud programs including a lack of support for overseas post operations, insufficient analysis of data to provide fraud trends, and inadequate supervision in antifraud units overseas. Finally, I will discuss our investigative work as it pertains to passport and visa fraud cases. My discussion of the Department's antifraud efforts is not limited to nonimmigrant visa (NIV) fraud, but rather applies more broadly to all types of consular fraud.

Consular Fraud

The Department's antifraud programs are designed to deter applicants, including terrorists, organized criminals, drug traffickers, foreign smuggling rings, and others wanting to illegally immigrate to the United States, from illegally obtaining visas or passports. In the Department, the Office of Consular Fraud Prevention Programs is responsible for developing policies and programs to ensure the integrity of U.S. passports and visas and to prevent consular fraud; coordinating passport, visa, and consular cases involving document fraud; acting as a liaison with other government agencies on fraudulent matters; and providing antifraud training for passport agents and consular officers.

At overseas posts, consular officers are the first line of defense against consular fraud. When consular officers become suspicious of an applicant or the documentation used to support an application, they may refer the case to the antifraud officer for investigation. The antifraud unit will attempt to verify the applicant's identity and the application documents by phone, mail, site visits, or a combination of these techniques.

Consular Staffing

In 1997, the Assistant Secretary of Consular Affairs testified before Congress and cited the importance of adequate staffing levels to effective fraud prevention. My office's 1995 report on the nonimmigrant visa process, and 1997 report on the machine readable visa program also stressed the importance of staffing and identified problems related to inadequate staffing levels for consular operations.

Overseas consular offices and antifraud units continue to face staffing shortages. High-fraud posts are not able to attract enough experienced consular officers, or enough full-time, experienced antifraud officers because these posts are generally in undesirable locations and have heavy workloads. In addition, no correlation exists between the fraud level of a post and whether that post has a full-time antifraud officer. In the course of our work we have found that many high-fraud posts lack full-time antifraud officers, while many moderate- to low-fraud posts employ such officers on a full-time basis. Of the 12 full-time antifraud officers in the Department, only 4 are assigned to high fraud posts.

Antifraud units also have difficulty retaining Foreign Service national investigators because investigator positions are classified at a lower grade than investigator positions for other agencies. High turnover of such staff, who leave for better paying positions, has a negative impact on the effectiveness of antifraud units.

The Department also needs to better match the expertise of its staff with antifraud program priorities and workload. The overwhelming numbers of antifraud investigations relate to visa applications at overseas posts, however the majority of staff has experience working primarily in domestic passport operations. In addition, a 1995 reorganization of the Office of Consular Fraud Prevention Programs changed staff responsibilities from reviewing individual cases to identifying trends and providing operational support. Many employees did not have the skills necessary for the new responsibilities.

At overseas posts, inexperienced consular officers often rely too heavily on antifraud unit staff for routine cases, limiting the time antifraud staff can devote to more serious antifraud efforts. At posts we visited, we found a number of routine visa fraud cases referred to the antifraud units that line officers should have been able to recognize and handle themselves. These types of fraud cases were forwarded to the antifraud unit partly because posts lacked clear guidelines for case referrals. Also, insufficient training and experience caused consular officers to question their own judgement.

Training

Inadequate training for consular officers has been a problem identified in several past OIG reports. Our review of the Department's consular fraud prevention programs focused on the antifraud training provided to junior officers and passport specialists, antifraud officers and passport fraud managers, and antifraud unit Foreign Service national investigators. While the Department has made improvements in its antifraud training efforts, deficiencies still exist.

Antifraud training for the junior officers is inadequate. The Department's basic consular course, which all consular officers are required to attend prior to departing for post, contains a 4-hour antifraud training segment. Because fraud varies from country to country, this training segment is general in nature. The Department relies on posts to provide country-specific antifraud training. We found that officers were receiving limited, or in some cases, no country-specific antifraud training prior to serving on the visa lines. Instead, officers were expected to learn on the job. As a result, we found that officers did not have confidence in their ability to decide whether to approve visas and were routinely sending applications to the antifraud unit, overwhelming the antifraud officers with routine cases that should have been dealt with on the line.

In response to OIG's review, the Department has already made some improvements to its antifraud officer training. The Department has initiated a 1-week course for antifraud officers, which it plans to offer annually. Prior to this there was no specific training related to this function. While this training is a good initiative, the Department needs to ensure that those antifraud officers assigned to high fraud posts attend this training. The Department has also initiated a series of regional training conferences for Foreign Service national antifraud unit investigators. This is the first formal training for many of the investigators.

The Department needs to expand the concept of regional training to the antifraud officers. Although the Department frequently offers regional training conferences to deliver and reinforce training for many jobs overseas, with the exception of one post-initiated effort, no regional training has been devoted specifically for consular antifraud officers. Regional training would help improve and coordinate posts' antifraud efforts by disseminating regional fraud trends and patterns that may otherwise go unnoticed, allowing officers to share best practices and unique antifraud tools or techniques, and improving communication among the officers.

Fraud Program Management

Support to Overseas Posts

The Bureau for Consular Affairs is responsible for providing antifraud guidance and support to passport agencies and overseas posts. Site visits by Washington staff to

posts and passport agencies are one method of support by identifying and correcting antifraud operational deficiencies, providing training, obtaining hands-on knowledge of fraud trends, and establishing working relationships between the Department and the post or passport agency visited. However, site visits are infrequent and rarely include visits to those posts with the highest fraud.

Instead of prioritizing site visits based on the fraud level, posts were being selected based on requests from a post and on invitations to consular or other conferences. For example, of the 37 overseas site visits made by Washington staff during FY 1997, only 2 were to posts ranked in the top 10 high-fraud category, and only 4 were ranked from 11 to 20 for high fraud. When site visits have been conducted, the quality of the visits has been inconsistent, since there are no standardized written procedures for reviewing the operations or reporting the results of the visits. As a result of the lack of visits to these locations, deficiencies in antifraud operations continue, unnoticed by the Department. By neglecting to make site visits, the Department missed opportunities to improve its understanding of field operations and to train entire consular sections and passport agencies. More recently, the Department has conducted site visits to more high-fraud posts such as Manila, Kingston, and Santo Domingo.

Antifraud officers at posts are also not provided with the basic guidance needed to run an antifraud operation. Officers assigned as antifraud officers are often inexperienced and untrained for the position and do not have the knowledge or background to do an adequate job. Few posts overseas maintain fully-staffed antifraud units, therefore officers must generally start from scratch in developing procedures. For example, at the sixth highest ranked fraud post, the antifraud unit consisted of a part-time junior officer in a rotational position and a newly hired, inexperienced Foreign Service national investigator. Antifraud officers at posts we have visited want to perform their jobs effectively but were frustrated by the lack of guidance. Lack of guidance resulted in serious management deficiencies, such as inadequate supervision of Foreign Service national investigators, insufficient or nonexistent case management tracking systems, poorly documented investigative files, and failure to set workload priorities and control workflow.

Data Analysis and Verification

We also found that posts were not adequately monitoring their nonimmigrant visa operations for fraud. There are several methods by which this can be done such as: analyzing INS data on applicants turned away at the border; sampling prior issuances to determine whether the applicants returned to the host country as required; or routinely verifying the return of applicants who obtained visas under the posts' referral programs.

When applicants are turned away from U.S. borders, documentation detailing the action is routinely sent to the applicable post. While posts generally review this documentation on an individual case basis, few posts we visited ever performed an overall analysis of this information. One post began doing this at our suggestion and

subsequently reported back that its analysis had helped develop information on a smuggler who was able to enter the United States five times on a photosubstituted Machine Readable Visa. The analysis also led to the arrest of two visa vendors, provided leads for future investigations of certain travel agencies, and resulted in post's restricting the use of the drop box for certain other suspect travel agencies. The review also identified operational weaknesses on the visa line and helped the antifraud officer to focus the training of the line officers. In fact, this particular post ended up recommending such analysis to the Department as a best practice.

Conducting samples of prior issuances to identify which applicants remained illegally in the United States is also a method to monitor fraud. These reviews, called validation studies, are recommended by Washington as a best practice, but in actuality are rarely conducted by posts. Those posts that have conducted studies have been able to use the information to identify which categories of applicants that are higher risk and therefore require interviews, and which categories of applicants can have interviews waived. In many cases, this not only helps to identify fraud patterns and trends, but also helps to streamline nonimmigrant visa operations by reducing the number of applicants who are required to appear in person. The Department has reported that it has completed a statistical sampling model for validation studies, and has piloted it successfully at six posts. However, unless the Department has an enforcement plan, effective implementation of this practice by posts is doubtful.

Consular sections often use referrals from travel agencies, businesses, universities, and U.S. personnel at post to facilitate visa processing. This allows low-risk applicants to bypass the interview process, thereby relieving consular officers of heavy workloads, facilitating the visa process for host country officials, and allowing officers to help important contacts. These programs, however useful, are extremely vulnerable to fraud and need to be closely monitored for noncompliance and abuse. We have found that posts rarely conduct spot-check verifications to determine whether the applicants remained in the U.S. illegally.

Antifraud Unit Supervision

Supervision of Foreign Service national investigators is lax at many posts, often resulting in internal malfeasance. Investigators are especially vulnerable because of the independent nature of their day-to-day work and their frequent direct contact with those people who are committing fraud. American officers rarely, if ever, accompany the investigators on their field investigations. Other supervisory controls are often lacking. Officers often do not control the investigative process by establishing priorities, assigning cases, and reviewing investigative reports, but instead delegate this function to the supervisory investigator.

These weaknesses can often be attributed to the overall lack of full-time antifraud officers at posts. Antifraud responsibilities are often ancillary and therefore officers have little time to focus on antifraud work. As a result, there have been several instances of

malfesance, which have been identified through outside sources, not through management controls. At one such post where my office identified serious supervisory deficiencies, two of the investigators were subsequently fired due to evidence of visa fixing.

Cooperation with Committee

Finally, Mr. Chairman, I would like to comment on the cooperation of my office with your Committee in its review of the investigation concerning Mr. Parish. On May 10 of this year, we received a copy of the Committee's subpoena of Department records pertaining to Mr. Parish. Shortly thereafter, OIG contacted Committee Counsel to state that my office would cooperate in whatever way we could to facilitate your review and that a subpoena of OIG records would not be necessary.

On May 17, members of my staff met with Committee staff to provide a narrative summary of our investigation. Shortly thereafter, Committee Counsel contacted OIG to request all documents pertaining to our investigation of Mr. Parish. During this discussion, it was agreed that we would provide an index of OIG documents to facilitate the identification of those documents that would be of most interest to the Committee. Subsequently, members of our staffs met again to review the index and identify those documents the Committee wanted to examine. Eighteen items listed on the OIG index were identified. The following day, the Committee staff wrote to the OIG with questions about the OIG investigative case file and we responded to these questions on June 29. On July 1, we provided the 18 documents in response to the Committee's request.

Subsequent telephone calls were exchanged concerning reference to documents that were not included in the OIG index which listed the documents contained in OIG's investigative case file. During the course of the investigation, OIG and FBI agents reviewed numerous records received from DS and determined that these records provided no new information for our investigation. As previously noted, these records had been culled by the Regional Security Officer at post. OIG also received from DS a box of personal items (letter openers, pens and neckties) that Mr. Parish left in his office. Copies of these documents and the box of personal items were delivered to the Committee.

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This concludes my statement Mr. Chairman. Thank you for the opportunity to testify before the Committee. I look forward to answering any questions you may have on our general oversight of consular affairs.