SENSE OF CONGRESS THAT UNITED STATES SHOULD SUPPORT FEDERAL LAW ENFORCEMENT AGENTS' EFFORTS REGARDING MEXICAN FINANCIAL INSTITUTIONS

Mr. MCCOLLUM. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 288) expressing the sense of the Congress that the United States should support the efforts of Federal law enforcement agents engaged in investigation and prosecution of money laundering associated with Mexican financial institutions.

The Clerk read as follows:

H. CON. RES. 288

Whereas, Mexico is an important ally of the United States and these countries' economies, cultures, and security interests are permanently intertwined;

Whereas illegal drugs continue to destroy our cities and kill our children, the illegal international narcotics trade poses a direct and pernicious threat to the vital national interests of the United States, and combating this threat is one of our Nation's highest priorities;

Whereas Mexico is one of the major source countries for narcotic drugs and other controlled substances entering the United States;

Whereas criminal organizations engage in money laundering to reap the financial benefits of the illegal narcotics trade and combating money laundering is a necessary and integral part of a national strategy to combat the narcotics trade;

Whereas Mexico is currently unable to limit meaningfully the laundering of drug proceeds in its financial institutions, as noted in the Department of State's 1997 International Narcotics Control Strategy Report, which indicates that Mexico ''continues to be the money laundering haven of choice for the transportation of US cash drug proceeds'';

Whereas, despite the commitment of President Zedillo to combat drug trafficking and money laundering, the Government of Mexico ''acknowledges that narcotics-related corruption is pervasive and entrenched within the criminal justice system and that it has spread beyond that sector'', as demonstrated by the February 1997 arrest of the chief of Mexico's National Counternarcotics Institute on charges of accepting bribes from, and complicity with, the drug cartels, shortly after receiving confidential briefings from United States law enforcement agencies;

Whereas progressively more violent, organized, and widespread illegal drug operations constitute a threat not only to the health and well-being of the Mexican people but also to the integrity of the Mexican Government and its law enforcement agencies;

Whereas the vast majority of people and public servants in Mexico support ridding their country of this dark and sinister threat;

Whereas the United States Customs Service, in conjunction with other United States law enforcement agencies, recently concluded ''Operation Casablanca'', the largest undercover money laundering investigation in the history of the United States, in which over 100 persons were arrested and 3 Mexican financial institutions were indicted;

Whereas Operation Casablanca is in the interest of the people of the United States, as it strikes a direct blow against the laundering of the proceeds of illegal drug sales in Mexican financial institutions and is necessary for an effective effort against money laundering in the United States;

Whereas United States law enforcement agents participating in Operation Casablanca placed themselves in peril of severe injury or death in order to combat the illegal narcotics trade;

Whereas recently the Government of Mexico has reportedly announced a desire to investigate and possibly prosecute United States law enforcement officials involved in Operation Casablanca on the ground that United States law enforcement agents allegedly operated on Mexican soil without prior notification of the Government of Mexico;

Whereas the Government of Mexico had been notified of the broad concept but not details of a money laundering investigation; whereas notification of details could have jeopardized the safety of United States law enforcement officials; and

Whereas notification to foreign governments of the specifics of undercover money laundering investigations conducted by the United States could, under certain circumstances, render ineffective such investigations, which would be contrary to the interests of the United States: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that—

(1) undercover law enforcement investigations, including under appropriate circumstances sting operations, are necessary to counter increasingly sophisticated money laundering schemes that involve financial institutions in this country and other countries, including Mexico; and

(2) the United States should not agree to extradite to Mexico United States law enforcement agents involved in Operation Casablanca for actions taken within the scope of Operation Casablanca.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Florida (Mr. MCCOLLUM) and the gentleman from Michigan (Mr. CONYERS) each will control 20 minutes.

The Chair recognizes the gentleman from Florida (Mr. MCCOLLUM).

GENERAL LEAVE

Mr. MCCOLLUM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the concurrent resolution under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. MCCOLLUM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this resolution expresses the sense of the Congress that the United States should support the efforts of Federal law enforcement agents engaged in the investigation and prosecution of money laundering associated with Mexican financial institutions.

I want to commend my good friend, the gentleman from Alabama (Mr. BACHUS), the chairman of the Committee on Banking and Financial Services' Subcommittee on General Oversight and Investigations, for introducing this important legislation and for his leadership on this issue.

The United States and all the western democracies are under attack from a global problem that only grows worse and more complex by the day, money laundering. Every day throughout the United States and around the world narcotraffickers and organized crime syndicates engage in thousands of financial transactions to conceal their ill-gotten gains. These international criminal organizations are driven by greed, and the laundering of their proceeds is their only pathway to profit.

The magnitude of the money laundering problem can only be grasped in relation to the global drug problem. The illegal drug business is now estimated to generate $800 billion to $1 trillion annually in sales, more than the entire global petrochemical industry.

Such a magnitude of drug-tainted money poses a constant threat of political corruption and destabilization around the world. More than 600 metric tons of cocaine are trafficked from South America each year, of which nearly 500 metric tons are destined for the United States. Columbian heroin, with unprecedented purity and low prices, is showing up around the country. Mexican drug gangs have grown so strong and sophisticated they now rival Columbian cartels, and pose what DEA administrator Tom Constantine has called the premier law enforcement threat facing the United States today.

Hand-in-hand with the growth of these sophisticated international drug trafficking organizations has come the growth of money laundering. Today money laundering has reached alarming and unprecedented levels on both the national and international level. It is now estimated by law enforcement and banking officials that as much as $500 billion, or 2 percent of the global domestic product, is laundered each year.

The law enforcement challenge throughout the world is daunting. Consider the challenge posed by the money transmitting business. The world's intricate wire transfer system moves over $2 trillion a day, involving more than 500,000 transactions.

As law enforcement has sought to uncover and prosecute money laundering over the years, the methods used by drug organizations to launder their money have grown increasingly complex and exotic. Criminals who commit crimes abroad are using the U.S. and its financial institutions as havens for laundered funds, at the same time as criminals are committing offenses in the U.S. and using foreign banks and banks' secrecy jurisdictions to conceal the proceeds of their crimes.

In short, today's sophisticated and well-financed criminals respect no international border. The problem is particularly acute in Mexico, which, according to the U.S. State Department, and I quote, ''Continues to be the money laundering haven of choice for the transportation of cash drug proceeds.''

As such, Mexico is a vital if not the vital link in the international crime chain which now spans the globe and

threatens economic and political stability around the world.

It is against this backdrop that the United States law enforcement agencies, led by the United States Customs Service, carried out an extensive 3-year undercover money laundering investigation of certain Mexican financial institutions and individuals. The investigation led to the arrest of 167 people, the indictment of three Mexican banks, the seizure of $110 million, and several tons of drugs.

In supporting this resolution, there are a few points that need to be made. First, at the same time that I support the resolution, I support the Mexican government's efforts to address the drug crisis. I believe the Mexican government is making gains in its counternarcotics effort. I have reached this conclusion after spending time in Mexico carefully examining the counter drug programs underway and being developed. More must be done, but I believe the Mexican government is moving in the right direction.

Second, in supporting this resolution, I am not somehow condemning Mexico. As the resolution makes clear, Mexico is an important ally of the United States, and these two countries' economies, cultures, and security interests are permanently intertwined.

Rather, in supporting the resolution, I am supporting U.S. law enforcement agents who place their lives in danger in an effort to confront the international drug epidemic engulfing our country and children. I am supporting the U.S. law enforcement agencies, whose careful planning and execution led to the largest and most important money laundering investigation in the United States history, and I am joining Americans and Mexicans and citizens from around the globe in condemning those who knowingly assist drug traffickers to launder their profits.

It does not matter what your nationality is, if you aid and abet those who traffic to launder their blood-stained drug money, you deserve the unequivocal condemnation of the international community, and should be vigorously investigated and prosecuted to the full extent of the law.

Mr. Speaker, nothing poses a greater threat to democratic institutions around the world than the drug epidemic and drug corruption. Simply put, money laundering is the enemy of the rule of law, and we must support its vigorous prosecution wherever and whenever it is uncovered.

Mr. Speaker, I reserve the balance of my time.

Mr. CONYERS. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. REYES).

Mr. REYES. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise this afternoon in support of this resolution, but I also rise to let Members know and understand that there are things that are very important that are included in this resolution, and there are issues that are confrontational that I think are counterproductive.

As a former law enforcement officer who conducted and supervised undercover operations and investigations along our Nation's border, I can certainly appreciate the intent of this resolution.

□ 1430

Let me state in the strongest possible terms that the extradition of our U.S. Customs agents should never even be an issue. They were doing their jobs. They effectively did their jobs to the extent that people that are guilty of money laundering are under arrest and will be tried soon. Undercover law enforcement investigations, including sting operations, are a necessary component of our national security and we must protect the agents that are involved always.

Operation Casablanca was a success, and we should congratulate the men and women of the United States Customs Service. Three prominent Mexican banks and 26 Mexican bankers have been indicted, and more than 8,000 pounds of marijuana and 4,000 pounds of cocaine have been seized during the course of this investigation.

Mr. Speaker, I rise this afternoon in support of this resolution. However, I do have some reservations with the language of the resolution in its current context. In my view, this is just an opportunity for some to attack Mexico once again, instead of fomenting an understanding and hopefully working with our counterparts to have them understand the seriousness and the importance of operations such as this that decommission organizations that are a threat to the national security of both the United States and Mexico.

I liken some of the language the same as we annually get into in the certification process. The language of this resolution does not constructively, in my opinion, engage Mexico. It engages in a lot more fingerpointing. I think that instead of blaming Mexico for feeding this Nation's $50 billion a year drug habit, I would encourage all of my colleagues to engage our neighbors to the south in constructive dialogue.

Mr. Speaker, I spent this weekend with 13 of my colleagues from Congress and 20 of our counterparts from the Mexican Parliament at the 37th Annual U.S./Mexico Interparliamentary Meeting in Morelia, Michoacan, Mexico. We discussed this very issue. I think we discussed it perhaps an hour longer than we should have.

Part of what we need to do as Members of Congress is engage in a constructive dialogue with our counterparts. We left Morelia, Michoacan, Mexico, with a better understanding of each other and we pledged to continue to work throughout this year to make sure that each of us understands the challenge, each of us understands the dynamics, and most importantly, each one of us has the ability to engage in constructive dialogue to the benefit of both the United States and Mexico.

Mr. Speaker, I think that this afternoon as we stand here and engage in dialogue about this resolution, which is vitally important to the men and women that serve this country in a law enforcement capacity, I think we should keep one thing in perspective. That is that we have two arenas to concern ourselves with. The first one is the arena where agents of both countries engage in an operational manner to protect our constituents. The second one is the political arena where much is said, but very little is accomplished because of fingerpointing.

Mr. Speaker, I hope we keep things in perspective. I hope we are able to engage in constructive dialogue.

Mr. MCCOLLUM. Mr. Speaker, I yield 6½ minutes to the gentleman from Alabama (Mr. BACHUS), the author of this resolution.

Mr. BACHUS. Mr. Speaker, I thank the gentleman from Florida (Mr. MCCOLLUM) for yielding me this time, and I thank the gentleman from Texas (Mr. REYES) for his comments. I will tell the gentleman that he and I share some of the same concerns.

In fact, I served as Assistant Attorney General and legal counsel for a State agency that seized more drugs 2 straight years than any other State agency in the United States. Unfortunately, most of those drugs made their way through Mexico.

Mr. Speaker, we do have to be in partnership with Mexico, and I hope that this resolution brings a greater understanding, particularly when the Mexican Government has indicated that they may ask for extradition of our agents. I am glad that the gentleman from Texas agrees that that is inappropriate.

Mr. Speaker, I rise in support of this resolution. The gentleman from Florida (Chairman MCCOLLUM) has already said that it expresses the support of the House for our enforcement agencies involved in the successful money laundering investigation, code named Operation Casablanca, and it expresses the view of the House that it would be inappropriate and indefensible to accept any request from the Mexican Government that these courageous American agents be extradited.

Operation Casablanca was announced last month by the Treasury and Justice Departments and it was the largest money laundering investigation in the history of the United States. Three things are clear. First, the drug trade is a scourge on both the United States and Mexico, and the people of both nations are committed to fighting this threat.

Second, Operation Casablanca struck a major blow to the Colombian and Mexican drug cartels and their dirty money men.

Finally, the U.S. Customs agents who placed their lives on the line to conduct this operation should be commended, not threatened with prosecution.

As chairman of the Subcommittee on General Oversight and Investigations of the House Committee on Banking and Financial Services, I have conducted several hearings to examine money laundering, including one September 1996 to examine the issue of money laundering in Mexican financial institutions.

That hearing painted a quite disturbing picture. The drug thugs who have caused harm in virtually every American community have essentially two choices after they receive cash for their poisonous product. They can smuggle the money out as cash or they can utilize financial institutions through ''smurfing,'' peso brokering, and other techniques.

Our United States banks and other financial institutions have done a fairly good job of closing the front door to money laundering by rigorous enforcement of the Bank Secrecy Act. However, it is a different story in Mexico.

The bottom line is that once drug proceeds cross the border, it is virtually impossible to trace them and money laundering is done with ease. This year, the State Department's International Narcotics Control Strategy Report states, ''Mexico continues to be the money laundering haven of choice for the transportation of U.S. cash drug proceeds.''

Mexico has recently enacted money laundering legislation, but it neither has the regulatory infrastructure nor the reliable personnel at this time to enforce those rules. Our best strategy in the short run is law enforcement infiltration of criminal organizations and corrupt financial institutions.

That is what Operation Casablanca did, and that is why Operation Casablanca is so significant. The Customs Service and other agents are to be commended for undertaking this risky but courageous investigation. In one operation, our Customs Service was able to penetrate high into the Mexican and Colombian criminal organizations and flush out many of the financial institutions and banks serving them.

Over a dozen Mexican and Venezuelan banks were implicated. It will be some time before the banking friends of the narco-traffickers feel laundering for the cartels is a relatively risk-free way to make a dirty fortune.

We do not know all the details about Operation Casablanca. We do know that Mexican authorities were notified of the Casablanca probe, but were not notified of all the details. That is because specific information would have endangered the lives of our law enforcement agents. The sad reality is that we cannot do this type of operation at this time and share specific information with Mexico. Neither can we halt the war against the drug cartels.

We would not tolerate missiles being stationed in Mexico and aimed at the United States. The drug threat is every bit as sinister.

In conclusion, Operation Casablanca will prove to be a watershed event in our joint fight against drugs. Mexico can no longer remain in a state of denial about complicity of their financial institutions with the drug trade. In the short run, it was an embarrassment for Mexico, as demonstrated by their angry reaction. While their shock is predictable, their threats against U.S. law enforcement agents was disappointing and should not be given credence.

It is truly outrageous for the Government of Mexico to threaten to seek extradition of our law enforcement agents, even reportedly going to the ludicrous extreme of offering to swap narco-traffickers for law enforcement agents. United States agents place their lives on the line. We in Washington should never lose sight of the fact that the drug cartel operation is not fought by paper-pushers here in Washington, but by men and women of our law enforcement agencies who are out on the front lines.

It is a mystery to me why the administration and the State Department have not put forth stronger statements in support of our law enforcement agencies. But if they will not take the lead in supporting our agents, Congress must.

Democrats, Republicans and Independents have joined together in cosponsoring this legislation. This morning every Member received a letter from the gentleman from New York (Mr. HINCHEY), a New York Democrat; the gentleman from Vermont (Mr. SANDERS), the House's only Independent; and myself urging all Members to support this resolution. Twelve other Democratic cosponsors have joined us.

Mr. Speaker, I hope the United States and Mexico will work together and not let drug fighting take a back seat to diplomatic and political concerns. The bottom line is that our law enforcement agents should not be prosecuted or even threatened for fighting the drug thugs.

Mr. CONYERS. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. DELAHUNT), himself a former prosecutor.

Mr. DELAHUNT. Mr. Speaker, I did not intend to speak to this particular resolution, I am here on another matter. But I think it is important for me to comment on the fact that I too attended, along with the gentleman from Texas (Mr. REYES), my friend, the Interparliamentary Conference that occurred this past weekend in Morelia, Mexico, where this issue received considerable discussion among Members of Congress and our counterparts in the Mexican Parliament.

I was very pleased to hear the statement by the gentleman from Florida (Mr. MCCOLLUM) chairman of the Subcommittee on Crime, regarding the, should I say ''improvement'' in terms of the activity of the Mexican officials regarding drug trafficking.

I sensed a sincere and genuine commitment to a cooperative joint effort to deal with the issues surrounding drug trafficking. So I think it was important that the gentleman from Florida included that in his remarks, and I wish to associate myself with them.

Mr. Speaker, I would state that last year I voted against certification. But after my experience this weekend, I intend to join the chair of the Subcommittee on Crime in supporting certification, because I think what I gleaned from our discussions was very, very positive.

At the same time, the issue of Operation Casablanca was raised. I wish to publicly state and commend the gentleman from New York (Mr. GILMAN), the chair of the Committee on International Relations, for a very forthright and clear and unequivocal statement regarding the position of Congress and the assembled Members of the United States delegation in our adamant opposition to any consideration of extradition of any U.S. agent involved in this particular undertaking.

I wish to make that a matter of record and commend the gentleman from New York for his insistence that that is simply untenable in terms of the United States Congress.

Again, I think it was clear to me as the gentleman from Alabama (Mr. BACHUS) just indicated, that there are many factual facts that are still unclear, that the question is still murky in terms of the notification. And it might be appropriate for us to communicate with the administration and with the appropriate counterparts in the Mexican Government to determine what constitutes adequate notification, because it is clear that notice was given at the very highest levels of the Mexican law enforcement apparatus.

□ 1445

However, it would appear that that information did not receive any further dissemination, which I suggest and submit might very well be entirely appropriate, given the covert and sensitive nature of, in fact, what was occurring, particularly in light of the fact that in these kinds of operations there is a high risk of personal safety and potential loss of life to any U.S. agent or any informant that might be cooperating with law enforcement.

I also think it is important to understand, too, that while we talk about Mexico, in fact 90 percent of the illegal activity that was discovered and investigated occurred within our own boundaries. So I just thought it was important for me to make those statements and to acknowledge the leadership of the gentleman from New York (Mr. GILMAN) over the course of this weekend.

Mr. BACHUS. Mr. Speaker, will the gentleman yield?

Mr. DELAHUNT. I yield to the gentleman from Alabama.

Mr. BACHUS. What this resolution says, and I hope it was a message that we carried to Mexico, is that this fight against narco-traffickers is a dangerous one, and we simply do not need to let our law enforcement agencies be made pawns in a diplomatic or political struggle. I appreciate what the gentleman has said, but I think we ought to make it clear that extradition is not an appropriate path.

Mr. DELAHUNT. Reclaiming my time, Mr. Speaker, I would suggest to the gentleman that that, in fact, was the message that was delivered forcefully and eloquently by the chairman of the Committee on International Relations, the gentleman from New York (Mr. GILMAN).

Mr. BACHUS. I thank the gentleman.

Mr. MCCOLLUM. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. GILMAN), distinguished chairman of the Committee on International Relations.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I rise in strong support of this resolution before us, H. Con. Res. 288, that supports our U.S. law enforcement efforts on the issue of drug traffickers' use of money laundering through Mexican banking institutions. I want to strongly commend the gentleman from Alabama (Mr. BACHUS) for introducing this important measure at a timely moment.

I want to take this opportunity to compliment our Customs Service for a highly successful and important money laundering undercover operation, code named Casablanca. All of us are proud of their outstanding efforts to take the profit and benefit out of the illicit drug trade which targets our communities, kills our youngsters. Operation Casablanca benefited the interests of the people of both Mexico and the United States.

This past weekend in Mexico I was pleased to join the gentleman from Massachusetts (Mr. DELAHUNT) and the gentleman from Texas (Mr. REYES) at our annual interparliamentary meetings with the members of the Mexican Congress. It was chaired by the gentleman from Arizona (Mr. KOLBE) and the Senator from Kansas, Senator PAT ROBERTS, and we were joined with a delegation of over 10 Members of both Congress and the Senate where we had the opportunity to extensively discuss this serious matter with our Mexican colleagues.

Many of our Mexican counterparts expressed opposition to our Casablanca investigation, and while our Mexican colleagues were concerned about one issue, the issue of Mexican sovereignty, as a result of this operation, we reminded them of the much larger picture, one that, if ignored, would be a grave and serious risk to both of our nations.

We reminded our Mexican colleagues that the greatest threat to their sovereignty and the sovereignty of many other free and democratic Nations around the globe today is not operations like Casablanca. The real threat is the continued trafficking of illicit drugs and the inevitable violence and corruption which flows so freely from this deadly, corrosive trade in narcotics.

The undercover Casablanca operation helped to destroy a major money laundering ring of Colombian and Mexican drug dealers who were using several Mexican banks and some high level bankers to launder and disguise billions of dollars of their ill-gotten gains. The dirty drug-related monies came from our streets, the streets of key U.S. cities like Chicago, Los Angeles, Houston and New York. Millions of drug dealer assets have also been seized, along with tons of illicit drugs.

In addition, the record needs to be clear that no U.S. government sting money was used. It was all dirty drug money which was being laundered.

The U.S. Customs Service did not entice, did not lure any Mexican bankers into this web of crime and corruption. The corrupt Mexican bankers all came to their attention either from drug dealers or other Mexican bankers already engaged in money laundering for the two major drug cartels.

Let it also be noted that the Deputy Attorney General of Mexico and a high level Mexican treasury official were duly informed very early on in the investigation by the U.S. Customs Service of this operation. The Mexican authorities were even asked to help but never responded to our Customs officials.

However, when the Casablanca operation was concluded and the copies of the indictments were provided to Mexican authorities, it did result in five Mexican bankers being arrested in Mexico, based upon U.S. investigations.

Finally, the millions of dollars that this operation uncovered flowing from our streets and communities from illicit drug trade demonstrate how serious the challenge is from these drug dealers and the corruption that they foster in the banking systems and on democratic institutions around the globe.

In conclusion, let me say we need to provide support for and encourage these investigative operations and not put blame on our courageous investigators, and hope that we can achieve more concrete support on both sides of the border in the future. By working together, let us both, Mexico and the United States, be certain that the sovereignty and integrity of both of our nations will be fully protected and that our war against drugs will be even more effective.

Mr. CONYERS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MCCOLLUM. Mr. Speaker, I yield myself such time as I may consume.

I just want to wrap the discussion up by again complementing the gentleman from Alabama (Mr. BACHUS) for creating this resolution. I think it sends an important message to our law enforcement community as much as anything else, especially to the Customs Service, that they have done a job that needs to be praised. It is a job well done. And to our neighbors to the south, I think it sends a message of our concerns that continue while at the same time extending recognition of their cooperation, the fact that they are indeed participating.

I do not know how many Members understood that the resolution addresses a great deal of detail. I do not know how many understood what Casablanca really was all about. I would just like to point out that essentially what happens in money laundering like this and what happened, as I understand it, in this case is that certain active drug dealers in the United States with connections to Mexico and Colombia decided to use some dummy accounts and some real accounts in American banks in California to ship some funds down to Mexico.

They found some cooperative second tier bankers. I am not sure if they found the top people. I do not think they did. I think we are talking about some major banks in Mexico we would all be concerned about if they were here. They found several of them, some bankers to cooperate. And they sent this money back to the United States into some legitimate looking accounts, again here in the country, that then allowed them to forward the money ultimately on to sources such as Colombia drug cartel leaders in a cleansed way, appearing to be all legitimate transactions.

If not for the cooperation and assistance of these Mexican bankers, who have been pointed out in detail today, there would not have been a money laundering operation and the proceeds of the illegal drug sales inside the United States would never have gotten back in a covered fashion, in an obscure fashion, to those who committed the most heinous of crimes, the producers and suppliers of these drugs in the source countries. So while it is a little complicated in its essence, I thought we ought to at least explain to anyone, our colleagues that might be listening to this, how the operation worked. The very complexity itself deserves attention, and the Treasury Department and the Customs Service law enforcement officials deserve praise for their efforts at meticulously documenting this trail and making it all come to fruition as they did.

I strongly urge the adoption of this resolution. I support it, and I appreciate very much the gentleman from Alabama offering it.

Mr. LAFALCE. Mr. Speaker, I rise in support of the Resolution offered by the gentleman from Alabama and commend my colleague on the Banking Committee for bringing this important issue to the attention of the House of Representatives.

The testimony received by the Banking Committee in our June 11 hearing on Operation Casablanca demonstrated the courage and bravery of the federal agents who literally risked their lives by operating an anti-money laundering scheme involving some of the most dangerous and vicious drug dealers in the world. It is indeed fitting that we put the House of Representatives on record against any extradition proceedings involving these courageous men and women.

This resolution raises another issue. Operation Casablanca was successful because of the growing effectiveness of our nation's anti-money laundering policies. The financial services industry must report deposits and withdrawals of cash in excess of $10,000 and financial institutions must file suspicious activity reports consistent with their ''Know Your Customer'' guidelines. Only with these programs in place could the criminals be convinced that Operation Casablanca was real.

And finally, the well planned coordination and cooperation between a number of Department of Treasury and Department of Justice law enforcement agencies permitted the sting operation to work as designed. I commend not only the agents in the field but the supervisors and management teams throughout the Administration who are making money laundering a crime that just doesn't pay.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. NETHERCUTT). The question is on the motion offered by the gentleman from Florida (Mr. MCCOLLUM) that the House suspend the rules and agree to the concurrent resolution, H. Con. Res. 288.

The question was taken.

Mr. MCCOLLUM. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

SENSE OF HOUSE THAT BOARD OF GOVERNORS OF UNITED STATES POSTAL SERVICE SHOULD REJECT RECOMMENDED POSTAGE RATE INCREASE

Mr. LATOURETTE. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 452) expressing the sense of the House of Representatives that the Board of Governors of the United States Postal Service should reject the recommended decision issued by the Postal Rate Commission on May 11, 1998, to the extent that it provides for any increase in postage rates.

The Clerk read as follows:

H. RES. 452

Whereas the United States Postal Service has realized a cumulative net income of approximately $5,800,000,000 during the past three and one-half fiscal years;

Whereas the national rate of inflation has declined substantially during that time;

Whereas the postal customers and taxpayers of the United States deserve to share in the recent financial gains of the Postal Service;

Whereas any increase in postage rates affects every citizen, resident, and business in the United States, and is especially harmful to individuals living on low or fixed incomes;

Whereas the Postal Rate Commission issued a recommended decision on May 11, 1998, that proposes, among other things, increases in certain postage rates;

Whereas it has been estimated that the proposed rate increase for first-class mail would increase the annual revenue of the Postal Service by approximately $1,000,000,000; and

Whereas the Board of Governors of the Postal Service is expected to meet in June 1998 to act upon the recommended decision: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that the Board of Governors of the United States Postal Service should reject the recommended decision issued by the Postal Rate Commission on May 11, 1998, to the extent that it provides for any increase in postage rates.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. LATOURETTE) and the gentleman from Illinois (Mr. DAVIS) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. LATOURETTE).

(Mr. LATOURETTE asked and was given permission to revise and extend his remarks.)

Mr. LATOURETTE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I first want to commend the gentleman from Iowa (Mr. LATHAM), one of my better friends here in this body and a diligent member of the Committee on Appropriations, for sponsoring the legislation before us today. He has been joined by 49 Members in cosponsorship of H. Res. 452.

The bill, Mr. Speaker, addresses a small topic; that is, a penny, the fact that penny by penny, the United States Postal Service will be able to raise $1 billion per year. Mr. Speaker, that penny may be insignificant for some, but when paid collectively by all mailers, the accumulation is significant, $1 billion.

The question is, why does the United States Postal Service require this additional annual $1 billion when it has, over each of the past four years, made more than $1 billion in profit? That is a fairly significant balance.

Postal ratemaking is a complicated and specialized process in itself. The statutory provisions for changing rates are also unique. The law provides that the Postal Service may request rate increases. The request is sent to the Postal Rate Commission, which must review all of the documentation within 10 months and render a recommended decision that is fair and equitable.

The recommended decision of the PRC must provide sufficient revenues so that the Postal Service will, quote, break even. The governors then may approve, allow under protest, reject, or modify that decision.

The Postal Service showed an approximate $1.8 billion surplus in fiscal year 1995, a $1.5 billion surplus in fiscal year 1996, a $1.2 billion surplus in fiscal year 1997. However, last July the Postal Service requested increased rates because it estimated that it would be deficient by $1.4 billion. It turns out, Mr. Speaker, that in mid-1998 the net operating surplus of the Service was more than $1.3 billion.

The chairman of the Postal Rate Commission, during a May 11 press briefing on this recommended decision, said, and I quote, ''The commission believes that the Postal Service is unlikely, in the absence of either the economy going into a free fall, a spending binge or some very creative accounting, to incur any of the $1.4 billion loss it projected for fiscal year 1998. We believe the service may have seriously misestimated its need for a rate hike.''

Additionally, the PRC discovered that the Postal Service based its estimates on 1996 data which did not reflect the current changes. It must be noted that the inflation rate is lower than anticipated. Therefore, costs to the Postal Service are lowered and its financial situation is stronger.

□ 1500

The Postal Rate Commission's hands are tied by law. The PRC is not permitted to substitute its judgment over the recommendation by the Postal Service even though the PRC did comment that they do not believe that the Postal Service needs to raise rates to break even in fiscal year 1998.

The PRC did, however, cut the original Postal Service request by almost a third and reluctantly granted a raise in the price of a first-class stamp without which other types of mail would have undergone economic consequences.

The chairman of the PRC said, ''We can, however, recognize and account for known and certain changes that have occurred since the request was filed. This we have done.''

Mr. Speaker, it is my strong belief that, given these circumstances, all Members of this House will want to be on record as to whether or not they believe a postal rate increase is a responsible course of action at this time.

I urge all of our colleagues to support H. Res. 452. This resolution simply expresses the sense of the House of Representatives that the Postal Board of Governors reject the recommended postal rate increase.

Mr. Speaker, I reserve the balance of my time.

Mr. DAVIS of Illinois. Mr. Speaker, I yield myself such time as I may consume.

(Mr. DAVIS of Illinois asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Illinois. Mr. Speaker, as a member of the Committee on Government Reform and Oversight, and the Subcommittee on the Postal Service, I deeply regret the fact that H. Res. 452 was never referred to our subcommittee for consideration.

House Resolution 452 was introduced on June 3 of this month and referred to the Committee on Government Reform and Oversight. On June 19, committee