

Senator Chuck Grassley
Opening Statement—April 30, 2024, 2 p.m. Drug Caucus
“Chinese Money Laundering Organizations: Cleaning Cartel Cash”

Thank you, Senator Whitehouse, for holding this important hearing, and to our witnesses for being here today. This hearing not only presents an opportunity to discuss legislation we **should enact**, but also legislation we **should NOT enact** if we want to get a handle on Chinese Money Laundering Organizations.

I want to highlight a troubling example that should caution Congress to consider carefully legislative proposals easing money-laundering laws.

On a Sunday evening in late November 2022, Chen Wu (WOO) charged into a garage located on a **fraudulently registered** medical marijuana farm in Kingfisher County, Oklahoma.

Inside, four workers were packaging marijuana supervised by their boss. Like Wu (WOO), they were all from China.

Wu (WOO) waived a 9-millimeter pistol as he entered the garage and demanded back pay.

He fired a warning shot into his boss's knee and told the group they had half an hour to pay him. If they didn't, he'd kill them all. And that's exactly what Wu (WOO) did. The following video shows Kingfisher County Sheriffs responding to the scene.

[Play one-minute video]

I want to thank the Kingfisher County Sheriff's Office for responding to a dangerous situation, and law enforcement in general for the work they do.

According to Oklahoma law enforcement, 2,000 of the 3,000 licensed marijuana farms flagged for suspicious activity over the last year had a Chinese connection providing funding, labor, or both.

This illegal industry has grown up around China's capital flight laws, which cap the amount of currency Chinese nationals are allowed to transfer abroad each year. This is the same driver behind Chinese Money Laundering Organizations.

There's been a lot of debate about whether state-sanctioned marijuana businesses should be able to access the U.S. banking system. The proposals on the table **assume** that state and local regulations will hold back organized crime. The Kingfisher County murders show us that **assumption** is wrong.

If this legislation passes, Chinese Money Laundering Organizations will have an additional avenue for cleaning dirty money.

They can simply hand it off to Chinese criminal organizations fraudulently running state-sanctioned marijuana farms for introduction into the U.S. banking system.

According to the Treasury Department, Chinese Money Laundering Organizations are [Quote] becoming one of the most significant money laundering threat actors facing the U.S. financial system [End Quote].

Now is the time to make it harder for criminals to move dirty money and buy assets in the United States, not easier.

This complex money-laundering problem requires well-thought out solutions. I look forward to discussing solutions with this panel.