**SANTANDER CONSUMER USA**

**Moderator: Tyler Houlton**

**March 29, 2019**

**11:00 am CT**

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the DHS Background Call on the Border of Crisis. During the presentation, all participants will in a listen-only mode. Afterwards, we'll conduct a question-and-answer session. At that time, if you have a question, please press the 1 followed by the 4 on your telephone. If at any time during the conference you need to reach the operator, please press Star 0. As a reminder, this conference is being recorded on Friday, March 29, 2019.

 I would now like to turn the conference over to Tyler Houlton. Please go ahead, sir.

Tyler Houlton: Great. Thanks, everyone. Thanks for joining us this afternoon. Really appreciate it. This call will be on background to a senior DHS official. However, I'm going to turn it over to Secretary Nielsen here shortly. If there is something you would like to use from her directly on the record, please email me and we can negotiate that after the call. The goal here is to keep this a free-flowing discussion after she gives some opening remarks to walk through what DHS is doing.

 So with that, I'll hand it over to Secretary, and she'll go from there. Thank you.

Kirstjen Nielsen: Hi, everyone. Thank you for joining the call. We appreciate it. What I thought I'd do is just walk through some high-level information, what we're doing about it, and then open it to some questions. I think you have a lot of the stats on our DHS Web site. Let me just give me a few to put this in perspective at the top. So last year we were seeing between - we were interdicting between 50 to 60,000 migrants at our southwest border per month.

 That was a crisis, given those numbers. Last month we had 75,000. We moved up in terms of our posture -- our pace -- and our operational tempo. This month we are on track for 100,000. And at this point unfortunately, the system was just not built for this. Our laws were just not built for this. So the system is now past an emergency and truly at the breaking point. The flow is very different.

 We've talked about this, but I can't underscore why this is so important. The reason it's so important is because the laws in our facilities were built for when the flow consisted of a vast majority of single adult males from Mexico. And under our laws and with our facilities we were able to quickly process that flow. And those who did not have a legal right to stay, we were able to expeditiously return them home.

 Now the vast majority of the flow are families and children. The facilities are not adequate for them to stay there for long periods of time, and the laws just do not allow us to address this flow in any way that helps us to focus on those who truly need the help. Neither does it allow us to address the fraud - which of course is built into any flow of migrants. One last perspective on just the flow.

 We used to -- at DHS -- encounter perhaps one group of over 100 migrants at a time in the past. Yesterday we reached -- just for this year -- we encountered our one hundredth group - large group, which we define as a group of migrants over 100 migrants. So what that means is when we have such large groups approaching our border at the same time, we also do not have enough personnel or facilities to care for them, particularly because they are coming sicker than ever before.

 So from a large perspective, the facilities are over capacity. Our work force is stretched thin. People - folks are getting pulled from other mission sets to address the humanitarian part of this. I just got back -- and I'll talk a little bit more about a second -- I just got back from Honduras. The governments of Guatemala, Honduras, and El Salvador are increasingly concerned about kidnappings.

 And we just - any - you know, any person who either does not believe that we're in a crisis or who supports the system that puts families and children at risk simply is not paying attention. So let me just walk through a couple other things of what we have done. We have immediately looked and continue to look over the last six months at reallocating our resources. We're moving hundreds and thousands of CBP personnel from port of entry operations for crisis response between the ports of entry.

 The goal there is to help with humanitarian response so that our CBP border patrol agents can help restore order and maintain critical border security functions. This will result in commercial delays. I want to be very clear on this. When we pull folks from the port of entries, it reduces our capacity at the ports. This will result in commercial delays, vehicle traffic, pedestrian wait times.

 But unfortunately it simply cannot be avoided in order for us to care for the flows who are coming. And as I mentioned they are sicker than ever before. We have to move people into the areas between the ports of entry.

 We also have asked for volunteers throughout the department. I want to clarify this is not what we normally refer to as the FEMA Surge Force. This will not in any way affect FEMA mission or put it in jeopardy. But we have made a call throughout the department for those that have capability and expertise that matches our needs at the border to consider deploying on a volunteer basis.

 We still are one team at DHS. We have one mission. This is the biggest crisis that we're facing at the moment, and we need all hands on deck given that Congress has not met our resource requests over the last three years. We also have asked our inter agency partners to help. We have outstanding requests with DoD and others. They are looking to see how they can support.

 I met with top officials from Mexico this week. We talked about additional steps that we can take together to crack down on the illegal flows and the large groups. I also just got back from Honduras. As you know, I've traveled to Guatemala, El Salvador, and Honduras many times, as well as have hosted meetings and welcomed them to meet with us in the US.

 The goal of all this activity has been to work towards a compact to increase law enforcement capacity and capability to combat trafficking, to combat child exploitation, to decrease drug flows and to prevent the creation of large groups of people. We signed that historic compact on Tuesday - or Wednesday, excuse me, on Wednesday.

 I sent a letter to Congress yesterday. I want to be very clear on this. There are many reports that what I requested Congress to do is to deport children. That completely misses the point of the letter. What I said in the letter is that children's lives are being put at risk. At DHS, I have no authority under the law except to transfer children to HHS. HHS is out of capacity.

 So what that means is that children are staying in CBP care at border facilities while awaiting bed space at HHS, and it is not a place for children. These were not built for vulnerable populations. I am very concerned about the fact that the system is now putting children at risk. Because there are so many coming it's simply a math problem. There are more arriving than we have capacity under the law to take care of.

 Under the law -- as you know -- I cannot release children. I cannot put them in state care. I cannot give them to Social Services. I cannot see if others want to adopt them. The only thing I can do is transfer them to HHS care, and Congress has not given sufficient capacity at HHS.

 In terms of other requests to Congress, we have made very clear the three law changes that we believe would monumentally address this flow and address the common cause that we have. I've said it before, but these are not partisan issues. Taking care of children, that's not a partisan issue.

 We have to come together on a bipartisan basis to take action. We all wanted to enforce the laws of the United States. We want to ensure safe and orderly migrant flow. We want to protect our communities. We want to reduce the flow of drugs. We also wanted to facilitate legal trade and travel, which is also court of CBP. And must support vulnerable populations.

 All I can do is continue to ask Congress to work with us. We are doing all we can in the executive branch. We're doing all we can to work with our international partners, with international organizations. I continue to talk to the High Commissioner for the UN -- High Commissioner for Refugees -- to try to increase capacity throughout the region.

 We have offered up a legislative request to ask Congress to allow migrants to make their claims sooner, but we are at a breaking point. So let me stop there and take questions. I'll turn it back to Tyler.

Tyler Houlton: Yes, we'll take a couple questions. We are in a bit of a time crunch, but we'll take as many as we can get through.

Operator: Thank you. Ladies and gentlemen, if you'd like to register for a question please press the one followed by the four on your telephone. You'll hear a three-tone prompt to acknowledge your request. If your question has been answered and you'd like to withdraw your registration, please press the one followed by the three. If you're using a speaker phone, please lift your handset before entering your request. Once again, it's one four to register for a question.

 And our first question comes from the line of Quinn Owen. Please proceed.

Quinn Owen: Hi, Madam Secretary, thank you very much for taking a moment to walk us through this. And I'm curious, in your request to Congress, you've asked for authority to return children and families to their home countries. What does that new authority exactly look like? And can you explain at what point would your department make the decision to return a child home?

Kirstjen Nielsen: Yes, thank you for the question. And I appreciate it greatly, because I had meant to give you a bit more detail on that. So currently, under the laws that we have, if you - if a child from Mexico comes to the United States unaccompanied, we can process any immigration cleans that child has. And if they don't meet the standards -- for example for asylum -- we can quickly send the child back his or her community and family within Mexico.

 The law prohibits me from doing that with any other nationality except for Canada. But, for example, I cannot do that with a Guatemalan child, a Honduran, or an El Salvadoran. So what that means is two things. Unfortunately it is now serving as a giant pull factor. So parents who understand if they send their children on this dangerous journey, they will be able to stay in the United States -- they'll be placed with a sponsor through HHS -- are doing that.

 But what they're not understanding and what I'm really trying to get across to them is that the journey itself -- remember, they are unaccompanied, they are by definition at the hands of somebody who is not one of their parents -- is extraordinarily dangerous.

 As I said, the northern triangle countries have told us about increasing kidnappings because of the children being sent unaccompanied. Some of them are recruited to gangs and when I was there just now we - they were talking about an increasing instance in trafficking for organs. This is not a safe journey.

 When they then get here, because I have no other legal authority to put them into any other facility other than HHS, they remain in a very overcrowded border facility, which was never created for children. So the idea here is asking Congress repeat to treat all children the same. Everybody would get all the due process that is provided to them under law, but the key here is we have to discourage this very, very dangerous journey, and Congress needs to give me better authority to take care of the children, because right now I don't have any.

Tyler Houlton: Let's go on to the next question and also if he could announce your affiliation, too, just so we have awareness here.

Operator: Thank you, and our next question comes from the line of Alicia Caldwell. Please proceed.

Alicia Caldwell: Hi, it's Alicia Caldwell with the Wall Street Journal. I guess two things. Madam Secretary, you mentioned the volume of children, you just don't have the space. But the volume of children is still below 2014 when all that space (unintelligible). And public was told at the time we're (unintelligible) we'll have this capacity in a flex way. You obviously (unintelligible) and that that's now closed. What happened to that space?

 And what dollars did Congress not appropriate in the last three years that you have asked for that would've allowed you to better deal with the situation as it is now?

Kirstjen Nielsen: If you look at our whole border request for money, border security - and that's very broad, as you know, that's CBP, that's ICE, that's (unintelligible), that's all of the pieces flowing together -- we have not received - we have not met the request from Congress. But when it comes to HHS -- and I wish I could give you a specific figure, I would defer you to HHS. HHS did close the one facility you describee. They are looking to open additional facilities. They are reprogramming money to do that - to enable that.

 But again, when the budgets are put together, unfortunately, when Congress appropriated, we did not have the numbers that we have today. So we went from 60,000 in one month to 76,000 the next month. We think it'll be 100,000 this month. The numbers are increasing rapidly. So we need additional facilities that were not anticipated a year ago. And that's partly what we're asking Congress for.

Operator: Thank you. And our next question comes from line of Jacob Soboroff. Please proceed.

Jacob Soboroff: Hi, Madam Secretary. Jacob Soboroff from NBC News. It's nice to talk to you again. As you know, last night the President called asylum seekers, quote, "A big fat con job," and I'm curious if you could break out for us the percentage of overall fraudulent family units during this recent surge? Because I know when I spoke with Chief Padilla down in the RGB over the summer during the separations, that number was about 1% of everyone encountered. So when the President refers to a con job, what percentage overall is fraudulent family units?

Kirstjen Nielsen: Okay. So I did not actually see his whole speech last night, so I didn't hear the context, so let me answer the question two ways. What we're still seeing under our system are about 80% -- and we'll get you - Tyler will get you the exact percentages after this call -- but about 80% of those who clean credible fear on our border are welcomed in. And that's actually very conservative. Sometimes it surges past 90.

Jacob Soboroff: I'm sorry to interrupt you, but fraudulent family units is a particular metric that you keep. I mean, that's specifically what I'm referring to. How many families come in that are lying about being families in this recent surge?

Kirstjen Nielsen: I will get you that, but it was my second point, but I just wanted to be clear. Part of the concern with asylum - there's two separate issues there. Fraudulent families are a problem. We're concerned about it. But that only partially relates to asylum. The bigger concern with asylum are the 80-90% who pass a credible fear, but only 10% of those are then granted the asylum by a judge. Often the numbers in between unfortunately disappear. We'll get you the exact number on what I'm about to say as well.

Jacob Soboroff: I see, understood. Thank you for that. And do you no longer want to send UACs to HHS at all? Can you clarify that for us, too, please, Madam Secretary?

Kirstjen Nielsen: No, it's not so much that. We want to make sure that we are appropriately caring for them. But what I want to do at the same time is discourage parents from sending their children on this journey. So we've asked Congress to allow children to make asylum claims earlier in the process in every country they pass on the way here, including their originating country, to try to prevent the dangerous journey.

 So we have two goals. One is the immediate one of, we want to make sure that we can adequately take care of those in US custody today. But the second longer one is, we want to make sure that we can help vulnerable populations sooner in the process, so that they don't have to take the journey.

Jacob Soboroff: But if you had to weigh, once here, would you still send them to HHS?

Tyler Houlton: (Jacob), we're going to move on. One question per outlet, please.

Jacob Soboroff: So that's not - there's no answer?

Kirstjen Nielsen: I didn't..

Tyler Houlton: We need to move on, (Jacob). Sorry, I got a lot of people on the line. You can follow up with (unintelligible).

Jacob Soboroff: Okay, just wanted to make sure.

Operator: Thank you. Our next question comes from the line of Nomaan Merchant. Please proceed.

Nomaan Merchant: Hi, Madam Secretary, this is Nomaan Merchant with the Associated Press. The President tweeted about 45 minutes ago that he will be closing the border -- or large sections of the border -- next week -- referring to the southern border -- if Mexico doesn't immediately stop all illegal immigration coming into the United States. What plans does DHS have in place -- if any -- for a closure of parts of the border next week?

Kirstjen Nielsen: So as I mentioned earlier, the first thing that we're doing as an on-needed basis is we are pulling officers from the ports of entry to help surge the forces that we have between the ports of entry, which is where we see the greatest -- generally speaking -- the greatest humanitarian issues. That's where the migrants have traveled through remote areas, et cetera. So that's what we're doing. It's short at the moment of a full closure of any port.

 We will continue to operationally assess what is needed. But I think what the President is making clear is with these numbers, if we have to close ports to take care of all of the numbers who are coming, we will do that. So it's on the table. But what we're doing is a very structured process based on operational needs to determine how many additional personnel we can pull from other duties to address the crisis between the ports.

Operator: Thank you and our next question comes from the line of Nick Miroff. Please proceed.

Nick Miroff: Nick Miroff from the Washington Post. Thanks for doing the call. I just want to follow up on that question. Could you stay in in in a little bit more specifics what measures you would take to close the border? Are you prepared to do that? Are you making preparations to do that? The President has just said that he will do that right away if Mexico doesn't stop the current flows.

Kirstjen Nielsen: So we're - I mean, you know, all can describe to you is, we're looking at it from an operational perspective. And I will make a recommendation accordingly to the President. But right now our hope is that in working with Mexico and in reallocating resources between the ports, that we can start to stem the flow.

 Again, the concern here is when I have, you know, 500 people show up in a group between ports of entry, we have to have personnel there to help them. So we're having to pull them from the ports of entry. At some point -- if the flow continues to increase and we do not get support -- then we will have to continue to degrade some of the operations at the port. So…

Nick Miroff: So, Madam Secretary?

Kirstjen Nielsen: Please.

Nick Miroff: Sorry to interrupt. But what specifically do you want Mexico to do?

Kirstjen Nielsen: Oh, so with Mexico, we have walked through a whole variety of things that they can do to increase enforcement. They are looking -- as you very well know -- at changing their visa structure to make it much clearer who has a right to transit their country. Where folks can work - for example, as you know they're looking at work permits in the south of Mexico -- Chiapas, Tabasco, Oaxaca - and then if the migrants abuse that visa and chose to go north, they would be stopped by Mexican authorities.

 So we have a variety of things that we have talked to the Mexicans about. We are hoping that they can implement them very soon, so that we can start to eliminate some of the fraud in the system, help people sooner, and then importantly be able to help those that really need asylum, and we can give them the attention that they deserve.

Operator: Thank you. Our next question comes from the line of Rafael Carranza. Please proceed.

Rafael Carranza: Hi, Madam Secretary. My name is Rafael Carranza. I work for the Arizona Republic. Can you please walk us through the decision to pull customs officers from the ports of entry? As you mentioned, you know, the idea is to tackle border security concerns. But then, you know, vast amounts of the hard drugs come through the ports of entry. And that in itself has been has been talked as one of the main entry points. How does this impact that security component of it?

 And are there considerations to -- instead of pulling customs officers -- maybe bring in National Guard troops? Or having some other people -- not for the ports of entry -- to do the type of work that as of now you're having to the officers do?

Kirstjen Nielsen: So, drugs remain a large concern. And as you as you correctly stated a lot of the drugs do come through the ports of entry. As we pull officers, what that will also entail is closing some of the lanes. If the lane isn't open, then, you know, in some senses the drugs cannot get through in a mass way, because the vehicles won't be getting through. But your point is also right in that we are working with the interagency.

 We are looking - we're working with the governors as well to see what other resources we can provide to the system to ensure that CBP can also continue to do its full mission at the ports.

 Drugs remain a concern. We've got the NII equipment in this last - sorry, the non-intrusive inspection equipment in this last budget. We're implementing and purchasing that as quickly as possible. But the short answer is, as officers are pulled off, some of the lanes will close. That will reduce some of the risk from large drug smuggling through the ports.

Tyler Houlton: And we'll take one final question.

Operator: Thank you and the next question comes from the line of (Genevieve Assen). Please proceed.

(Genevieve Assen): Good afternoon. Thank you for doing this call. I wanted to ask, some of these laws have been on the books for many years now, and have been - would have been causing the same pull factors. What do you think happened over the last year to cause the specific surge that's going on right now?

Kirstjen Nielsen: We've all been looking at this. It is a bit complicated. Let me start with the criminals, having just come back from the region. The transnational criminal organizations are extraordinarily organized around the smuggling and trafficking. The Mexican and Central Americans tell us that it's about $8000 per person for smuggling. You can do the math. It's a tremendous amount of money that's going to criminal organizations.

 So they're very organized. They're advertising. As the Central American governments pull down formal advertisements in print, they've described it - a lot of the advertisements are now on social media. So one is a criminal element that has found this to be a business case, and are preying on the migrants very frankly, and taking advantage of the situation.

 The second thing I'd say is many of the activities -- if not all of the activities -- that we have attempted through the executive branch to ensure a safe and orderly flow -- as you know -- are currently either under litigation or have been enjoined. That is very well publicized. People in the region are very aware of that, and our inability to increase our enforcement.

 The third thing is, the laws themselves haven't changed, but as you know, (unintelligible) has changed along the way. The fact that the courts are now very explicitly holding us to a time period that does not allow us to keep a family together through proceedings has made that more difficult.

 And then the last thing I would say, you know, unfortunately when the Mexican government came in, they were trying a variety of new policies to, A, differentiate themselves from the Pena Nieto administration, but also to ensure safe and orderly flows and protect humanitarian rights.

 The humanitarian visas that they handed out in December and January unfortunately appear to have served themselves as a pull factor, because they allowed anybody who made it into Mexico to travel freely within Mexico on their way to the United States, whether or not they otherwise had a legal reason to be present in either country. So we've worked with the Mexicans on that.

 The last thing I would say, I just - a lot of this is on social media. That's how they're organizing the caravans. That's how they're advertising. That's how they are selling the drugs and the illicit goods in terms of marketplaces. So I think technology along the way in the last two years has also provided different ways for very traditional activity to increase in scope in a way that, again, that the system and laws were just not prepared for.

 So those would be some of the ideas, but please feel free to follow up with Tyler. And we're happy to give you more on that if it's helpful.

Tyler Houlton: Okay. All right, thanks everyone. As a reminder, this call was on background attributable to a senior DHS official. If you would like to use something from the Secretary, email me -- you should all have my email -- and we can negotiate quotes there. The key there was just to have a free-flowing conversation and to get context - I guess get the proper context. So with that, we'll end the call and I'll speak to most of you later this afternoon.

Kirstjen Nielsen : Thank you.

Operator: Thank you, ladies and gentlemen. That does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your line.

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