



Committee On Finance

Max Baucus, Chairman

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Statement of Chairman Max Baucus Hearing on the Government's War on Terrorist Financing

Following the terrorist attacks of September 11th, the United States government, in conjunction with our international partners, launched a global war against terrorist financing networks.

Since the brutal attacks, \$112 million in terrorist assets have been frozen worldwide in over 500 accounts; \$34 million of those assets are frozen in the United States.

Under actions taken by the Administration, more than 230 individuals, entities and organizations are currently designated as supporters of terrorism. This includes 112 individuals ranging from organizational leaders, such as Osama bin Laden and his key lieutenants, to terrorist operatives. The list also includes 74 other companies and charitable organizations identified as supporting terrorism.

Shutting down the flow of funds to terrorists is crucial to our success in fighting terrorism. Accomplishing this task is dependent upon having a coherent strategic plan implemented by an army of highly-skilled financial investigators. The investigators with the Customs Service, IRS and Secret Service are globally recognized as among the best and brightest financial investigators in the world.

As the Committee with jurisdiction over the Treasury Department, it is our responsibility to ensure that our nation's financial investigators have the leadership, resources, and authority to bring down the terrorist financial networks.

Terrorist financing isn't about getting money into the hands of terrorists for their personal gain. Terrorists and terrorist organizations are not like drug traffickers, corporate crooks, or tax evaders who engage in money laundering to conceal the fruits of their crime. Rather, terrorists and their backers use global financial networks and other means to amass and disperse funds for the purpose of committing acts of cold-blooded murder. We're dealing with an evil enemy that is not easily deterred.

The lessons we have learned since 9/11 make it clear that the financial dealings of terrorists and terrorist organizations are more difficult to investigate than typical money laundering cases. Terrorist funding may come from the proceeds of otherwise legitimate businesses; they often receive donations from sympathetic entrepreneurs or charitable organizations that appear to be legitimate humanitarian, social, and political enterprises. Senator Grassley and I introduced legislation yesterday that would automatically suspend the tax-exempt status of organizations designated as terrorist support organizations. Many terrorist operatives resort to petty crime, credit card theft, illegal cigarette sales, and bulk cash smuggling to support their operations.

Terrorists also move their funds outside the regulated banking system. They frequently use underground banking systems – called “Hawalas” – that do not leave paper trails for investigators to follow. Making matters more difficult is the fact that the over-whelming bulk of terrorist assets, cash flows and evidence lie outside the borders of the United States.

Unlike looking for a needle in a haystack, some financial experts have characterized investigating terrorist transactions as “looking for a needle in a pile of needles.” Nonetheless, we must sift through this “pile of needles” in a coordinated and comprehensive manner.

Secretary Gurule’s colleague at Treasury, Mr. David Aufhauser recently stated that “stopping the money flow is the best way to stop terrorism. Audit trails do not lie, they are the diaries of terror.” Given the gravity of the terrorist threat, it is important that the Federal government have a comprehensive strategy and make the best use of its expertise, technology, and law enforcement resources.

Since 9/11, the government has established many task forces, coordinating committees and interagency groups. For example, Treasury is leading “Operation Green Quest” – a multi-agency task force targeting terrorist funding. And, the Justice Department has established a Terror Financing Operation Section within the FBI.

Our witnesses today are on the front line conducting the financial war. I look forward to hearing about the measures they have taken to date to identify, attack and disrupt terrorist financing. I am also interested in learning about their strategy for improving the coordination, cooperation, and communication among the departments – and various inter-agency task forces – to ensure that we have an effective enforcement program going forward.

The Finance Committee stands ready to work with our witnesses, and the Administration, to meet the challenges that lie ahead.