



Committee On Finance

Max Baucus, Ranking Member

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Contact: Laura Hayes
202-224-4515

**STATEMENT OF MAX BAUCUS
FINANCE COMMITTEE HEARING ON
NOMINATION OF ARNOLD I. HAVENS**

Mr. Chairman, today this Committee meets to consider the nomination of Mr. Arnold Havens to become the chief legal and policy advisor to the U.S. Treasury Secretary. Mr. Havens, I'd like to welcome you and your family. Public service is a noble undertaking. While serving requires sacrifices by you, your family will also share this burden. We appreciate your willingness to accept this important position.

The Treasury General Counsel is responsible for the supervision of more than 1,400 Treasury Department lawyers. These attorneys are actively engaged in tax, banking, finance, and international affairs. Their legal analyses and decisions affect us all. But the position of General Counsel is not just the managing partner of one of the government's largest law firms. The General Counsel carries a heavy, substantive load.

The General Counsel serves as the Chairman of the National Security Council policy coordinating committee on terrorist financing. He is the Secretary's representative on the Department of Justice Corporate Fraud Task Force and counsel to the Committee on Foreign Investment in the U.S.

In addition, the General Counsel is responsible for overseeing the Treasury Department and IRS's vast rule-making authority. Rule-making is one of the most important tasks that Treasury performs. The General Counsel has a special responsibility to ensure that Treasury facilitates rule-making procedures in a manner consistent with Congressional intent.

As the top lawyer at Treasury, the General Counsel has direct oversight over Treasury's economic sanctions program, financial crime investigations and USA Patriot Act regulatory responsibilities. Mr. Havens, you will have plenty on your plate, and for the time being, you will not have much help. There are many empty seats at Treasury. This is a troubling fact, particularly when considering the important role Treasury is playing in the war on terrorism. These vacancies include the Deputy Secretary, the Under Secretary for Domestic Finance, the Assistant Secretary for Economic Policy, the Under Secretary for Enforcement, the Assistant

Secretary for Enforcement, the Inspector General for Tax Administration, and the IRS Chief Counsel. It is important that these positions be filled.

Today's hearing provides an opportunity to hear your plans for the Office of General Counsel. I am particularly interested in the role you personally expect to play in the war on terrorism. As you know, the Treasury Department is the principal policy-maker in five areas of enforcement that concern national security: 1) terrorist financing, 2) money laundering, 3) economic sanctions, 4) counterfeiting, and 5) the development of resilient financial infrastructure.

Your predecessor, David Aufhasuer, recently testified before Congress about the war on terrorism. He said "nothing in this shadow war is more achievable and more sustainable -- nothing has more immediate real world consequence -- than to deny terror of its currency. There may be an infinite number of ways that a terrorist cell can divine how best to apply one hundred thousand dollars in funds to jihad. But all such violent invention is forfeit if the money never materializes."

However, Mr. Aufhauser recently acknowledged that what is frequently lacking at Treasury is direct authority and resources to ensure that policy initiatives for which Treasury is held accountable are put into practice. He said "Treasury no longer has a police force to investigate counterfeiting. It does not have auditors to ensure compliance with the Patriot Act. It does not have investigators to pursue the priorities of the National Money Laundering Strategy. And Treasury does not have an intelligence office that is fully integrated into the national intelligence community."

Last year, the Department of Homeland Security was created to concentrate resources for the protection of our borders against terrorism. In doing so, however, it broke apart much of the system for pursuing financial crimes, which was once housed in the Treasury Department. I concur with the comments by Mr. Aufhauser: "while it is plain that there must be shared responsibilities between Justice, Treasury and Homeland Security in the borderless war on terror, someone's hand has to be at the helm to protect the integrity of the U.S. financial system."

Today, there is no longer a central venue within the Federal government for developing, coordinating and implementing an effective strategy for combating financial crimes. I think there should be one. And I think it should be part of Treasury. Treasury is undergoing significant structural, resource and management changes. I would like to get your thoughts on how the government can better combat financial crimes.

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