



For Immediate Release
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**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Anti-Terrorism Financing: Progress Made and the Challenges Ahead**

The British terrorism expert Paul Wilkinson said:

“Fighting terrorism is like being a goalkeeper. You can make a hundred brilliant saves, but the only shot that people remember is the one that gets past you.”

Today, we will address the terrorism-fighting efforts of the Office of Terrorism and Financial Intelligence — the TFI — within the Treasury Department.

It has been four years since the TFI was created. And it has been four years since the Finance Committee confirmed Under Secretary Levey as the administration’s top anti-terrorism financing official. This is a good opportunity for the Finance Committee to reexamine this critical office.

This hearing is also timely considering the CIA’s latest warning. On Sunday, CIA Director Michael Hayden warned that al Qaeda has been able to establish a safe haven along the Afghan-Pakistan border. We have to ask our terrorism fighters if they are letting some shots get past them.

There has also been some good news on the anti-terrorism financing front. The anti-terrorism financing effort received a grade of A- from the 9/11 Commission in its initial report. And it received another grade of A- in 2005.

The TFI has been steadily building its staff. It has added a critical intelligence office. Undersecretary Levey has stayed focused. And he has stayed on the job.

This is an important and somewhat rare event. Many of the officials in President Bush’s administration have left. Others seem to be marking time or looking for their next job.

Mr. Levey, however, has been moving full speed ahead. And I commend him for his continuing commitment to this essential effort.

Of course, his dedication and hard work will not prevent us from asking tough questions. A number of concerns remain.

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Is the administration effectively coordinating the 19 Federal offices that work on terrorism financing? How is Treasury coordinating with the Justice Department, the FBI, the CIA, and the State Department? Has the National Security Council been aggressive in bringing these agencies together?

Does the Treasury Department have the resources that it needs? At one point, there was a report that the administration turned down a request for 80 IRS agents to be used exclusively for investigating terrorism financing. Is the anti-terrorism financing staff expert enough to move through the increasingly complex international financial world? Are there enough Arabic speakers?

Is the office setting its priorities correctly? In 2003, the Committee learned that two employees were assigned to go after Saddam's missing funds. And two employees were assigned to go after Osama Bin Ladin's money. But 21 employees were assigned to go after those who violate Cuba sanctions.

The TFI since increased the number of employees assigned to Al-Qaeda and Iraq. But I want to be reassured that resources are wisely allocated. I want to hear that TFI's priority targets continue to be those who seek to harm Americans.

The focus on Osama bin Laden's network must be Job One. I want know what assets have been seized from Al Qaeda in the past two years.

In a Los Angeles Times article last week, Michael Jacobson, a senior advisor in the TFI until last year, said that "the international cooperation and focus is dropping, the farther we get from 9/11." I hope that Mr. Levey will react on this charge in his testimony.

We have also seen prosecutions failing in some high-profile trials involving charities suspected of having ties to terrorist organizations. What happened here? Were these prosecutions off base? Does the administration need to do a better job of monitoring these organizations?

Also on nonprofits, a report from the Treasury Inspector General for Tax Administration found that the IRS was using a limited terrorism watch list for checking the tax returns of nonprofits. I followed up by writing Secretary Paulson. The reply from the Acting Commissioner did not give me a lot of confidence that the administration is being aggressive enough in establishing links between nonprofits and terrorism financing.

Another interest of the Senate Finance Committee is offshore tax evasion. New stories in just the past few weeks tell about tax evasion in Lichtenstein. Another reported about a Kellogg, Brown and Root office in the Cayman Islands hiring Iraq employees and not paying payroll taxes.

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These are reminders that offshore financial transactions threaten the revenue base of the Federal government. And more importantly, it means that hard-working families are honestly paying their taxes, while others set up offshore and don't pay a dime.

TFI has powerful tools to investigate and stop terrorism financing overseas. At some point, we have to ask ourselves if they need to be used to combat offshore tax evasion.

I will also raise the issue of stored value cards as a possible new terrorism financing method. And I am concerned about a classified computer system that is behind schedule.

Money is the lifeblood of terrorism. And our government's efforts to locate and seize terrorist assets may mean the difference between life and death for American citizens.

We appreciate Mr. Levy's continued commitment to the new TFI office. We commend you on what may be a hundred brilliant saves. And we encourage you to continue to keep your team's focus on preventing that one shot that might get past you.

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