



DEPARTMENT OF THE TREASURY OFFICE OF PUBLIC AFFAIRS

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Statement of Juan C. Zarate Nominee to be Assistant Secretary for Terrorist Financing U.S. Department of the Treasury Before the Senate Finance Committee

Chairman Grassley, Ranking Member Baucus, and distinguished Members of this Committee, it is an honor for me to be before you today. It is a privilege to have been nominated by the President for the position of Assistant Secretary of the Treasury for Terrorist Financing, and I thank him, Secretary Snow, and Deputy Secretary Bodman for their confidence in nominating me for this important position.

Mr. Chairman, the positions for which Mr. Levey and I have been nominated form an important part of our country's long-term strategy in the war on terror. This Administration has waged an unprecedented campaign against terrorism and the financing that fuels horrendous acts of violence and hatred around the world. This is not just an American problem born on September 11th. From the railway bombings of Madrid and Moscow to the commercial center attacks in Istanbul and Casablanca, we have seen that terrorism does not discriminate among race, religion, or national origin.

When I came to Washington as a federal prosecutor, Mr. Chairman, I was immersed quickly into the reality of the threat that al Qaida posed to our country. One of my first assignments was to assist in the prosecution of those responsible for the American Embassy bombings in East Africa. I further confronted the unabated viciousness of al Qaida as a prosecutor in the investigation of the murders of 17 of our countrymen and women on the USS Cole.

Just days after I began work at the Treasury Department on August 27, 2001, our world and our collective mission changed forever.

Since September 11th, I have been privileged to form part of the U.S government effort, along with Mr. Levey, to attack the financial underpinnings of terrorism.

We have achieved important successes in the mission to bankrupt terrorism. It is now harder, costlier, and riskier for al Qaida and other like-minded terror groups to raise and move money around the world. We have frozen and seized terrorist assets, exposed and dismantled known channels of funding, deterred donors, arrested key facilitators, and built higher hurdles in the international financial system to prevent abuse by terrorists.

We have forged an international coalition to combat terrorist financing, and have focused the world's attention on previously unregulated, high risk sectors like charities and hawalas. In this effort, we have also enlisted the private sector worldwide – the banks, money service businesses, broker-dealers, and the charitable sector – to serve as the front-line in this battle. These efforts have tightened the financial noose around al Qaida's neck.

The drumbeat of our drive to disrupt and dismantle terrorist financing has been constant and will continue.

Mr. Chairman, I am very proud that this work has been undertaken while our other efforts to combat money laundering, financial crimes, and enforce sanctions have also intensified. I would like to share with you a few of our actions over the past several days, which serve as good examples of the steady and important work that the Treasury continues to produce:

- Yesterday, in furtherance of our efforts to expose Saddam Hussein's financial web, we announced the designation by the Office of Foreign Assets Control of an additional six individuals and two companies that served as agents and fronts for Uday Hussein. We submitted these names to the United Nations, adding to the already 220 Iraqi-related entities listed at the U.N. Since March 2003, when Secretary Snow launched our campaign to find, freeze, and repatriate the Iraqi assets stolen by the Hussein regime, we have worked with our international partners to freeze approximately \$6 billion around the world and return over \$2.6 billion to the Iraqi people.
- On Friday, Treasury shared, through our Asset Forfeiture Office, over \$2.5 million with the governments of Australia, Canada, and Switzerland for their assistance in money laundering investigations led by the IRS and the Bureau of Immigration and Customs Enforcement.
- Last Thursday, the Treasury's Financial Crimes Enforcement Network (FinCEN), along with the Office of Comptroller of Currency, levied a fine of \$25 million against Riggs Banks for failure to comply with provisions of the *Bank Secrecy Act*.
- Last Tuesday, as part of the President's announcement of the sanctions to be imposed against Syria, the Secretary of the Treasury designated the Commercial Bank of Syria as a "primary money laundering concern" under Section 311 of the *USA PATRIOT Act*. As a result, the Secretary ordered the closing of their correspondent accounts because of that bank's complicity in dealing with the Hussein regime, its weak money laundering practices, and suspicions of terrorist financing through the institution.

This is but a mere snapshot of the important work the Treasury accomplishes every day. These efforts are critical not only to preserve the integrity of our financial system, but also to promote the national security interests of our country.

The need for this type of intensive and consolidated work in the long-term is why this Administration, in concert with Congress, decided to create the new Office of Terrorism and Financial Intelligence. TFI, as it will be called, brings under one umbrella the intelligence, enforcement, diplomatic, policy, and regulatory resources of the Treasury. It will allow us to consolidate our information and analysis to best utilize Treasury authorities to advance our national security interests and protect our financial systems. TFI will allow us to sustain these and additional efforts for the long term.

This is important, Mr. Chairman, because we know that we are in the midst of a real and protracted struggle against terrorism. We will not tire in our mission to find and incapacitate those who underwrite terror. We will continue to strengthen the financial net to protect our institutions from tainted capital flows and will continue to use all of our authorities, relationships, and expertise to attack sources, conduits and proceeds of financial crime.

Finally, Mr. Chairman, I am pleased to have with me my wife, Cindy, my parents, my brother, and friends who have supported me professionally and personally. It has been both a dream and an expectation of my parents – who immigrated from Mexico and Cuba in the 1950s in search of freedom and opportunity – that my siblings and I serve this country. If confirmed, I hope to continue to serve this President and Secretary Snow with an unwavering commitment and a deep passion for these issues, and to work with this Committee and other Committees of Congress to advance our national interests.

Thank you.