

Statement of Chairwoman Sue Kelly
Subcommittee on Oversight and Investigations
“Counter-Terrorism Financing Foreign Training and Assistance: Progress since 9/11”
April 6, 2006

The Subcommittee on Oversight and Investigations is gathered today to hear testimony on “Counter-Terrorism Financing Foreign Training and Assistance: Progress since 9/11.”

This Committee has been working hard to improve efforts to stop terror finance, both within the United States and overseas.

There have been many successes, but we know that terror networks will always adapt to our successes in tracking their financial activities.

And as the terrorists continue to adapt, the cooperation of other nations becomes even more essential.

Recent examples remind us of the continuing need to secure better assistance from other nations in fighting terror finance.

Just this week, the *New York Post* reported that a bank in New York had moved more than a billion dollars to terrorist havens in the so called “tri border” area of Brazil, Argentina, and Paraguay.

The Holland-based ABN Amro was recently fined \$80 million for facilitating illegal trades with Iran and Libya.

And as we speak, the nation of Jordan, an important strategic ally, still lacks appropriate financial defenses, despite reports that their financial system is being used to finance the insurgency and despite the Arab Bank scandal which revealed glaring weaknesses in the Jordanian-controlled bank.

Our efforts to compel better cooperation in securing the international financial system rely on a strong and unified approach from the federal agencies which share responsibility on this issue. Unfortunately, we find this coherency is often lacking.

This committee has seen it firsthand. For example, the State Department testified before the International Relations Committee in 2004 that Saudi Arabia had established a financial intelligence unit.

Later that same year, Treasury Department officials testified before this subcommittee on more than one occasion that the Saudis had not yet established an FIU.

I went to Riyadh last year and found out the truth – the Treasury Department was correct.

While the Saudis have made substantial progress in the last year toward establishing an FIU, the point remains that Treasury and State were not on the same page regarding an important anti-terror finance tool in a critically important country.

What does this say about our broader efforts?

The GAO has presented us another troubling example with a detailed report requested by Senators Grassley, Collins, and Durbin on interagency cooperation in assisting other countries in counter terror cooperation.

This report concluded that better cooperation was needed between State, Treasury, and other agencies in developing priorities, delivering aid, and assessing results. In particular, the report found that:

- State and Treasury disagreed about who the lead agency is in technical assistance to foreign countries.
- The United States government does not have a system of measuring the effectiveness of aid delivered.
- The Treasury Department lacked the ability to provide an accurate account of terrorist funds frozen.

Unfortunately, these conclusions are not as surprising as they should be, and we've got to do more – now – to unify the government's efforts.

I have sponsored legislation with Mrs. Maloney that would provide an objective assessment measure on technical assistance. The Treasury-led certification regime on money laundering and terrorism finance in HR 3505 would allow each nation to be graded on how well it is doing. The FATF process is no longer an adequate measure, or else State and Treasury would only be working with two countries, not a dozen. This legislation passed the House by a vote of 415-2 and is now under consideration in the Senate. Without public measures of effectiveness America's businesses, investors, and taxpayers will never know if your efforts are adequate or not.

A fragmented approach sends the wrong message to other nations whose cooperation we are seeking. I want to hear today answers from these agencies that will help us heal the fractures which are undermining the fight against terror finance.