

Program Brief

“The Challenges Confronting the Global Effort to Stop Terrorist Financing”

Lectures by

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Jimmy Gurulé is a professor of law at Notre Dame Law School where he specializes in teaching International Criminal Law and Complex Criminal Litigation. In 2001, he was nominated by President George W. Bush to serve as Under Secretary for Enforcement, U.S. Department of the Treasury, and was unanimously confirmed by the United States Senate. He served as Under Secretary (Enforcement) from 2001 to 2003, where he provided oversight, policy guidance to, and coordinated the activities of the United States Customs Service, United States Secret Service, Bureau of Alcohol, Tobacco and

Firearms, Federal Law Enforcement Training Center (FLETC), Financial Crimes Enforcement Network (FinCEN), and Office of Foreign Assets Control (OFAC). Mr. Gurulé also coordinated the enforcement activities of the Internal Revenue Service – Criminal Investigation Division.

As Under Secretary (Enforcement), Mr. Gurulé played a pivotal role in developing and coordinating the Treasury Department's global strategy to combat terrorist financing and freeze terrorist-related assets, meeting regularly with foreign finance ministers, foreign justice ministers, and senior foreign bank officials, and overseeing Treasury's participation in the Financial Action Task Force (FATF). Additionally, Mr. Gurulé was responsible for developing the 2001 and 2002 National Money Laundering Strategy, and assumed a central role in developing and publishing the regulations implementing Title III of the USA PATRIOT Act.

Mr. Gurulé is an internationally recognized expert in the fields of terrorist financing, anti-money laundering, and complex criminal litigation, lecturing and publishing extensively on these subjects. He has been profiled in *Newsweek* (Oct. 29, 2001), *U.S. News & World Report* (Dec. 31, 2001), *The Washington Diplomat* (March 2003), *The Government Executive* (July 2002), *Bank Systems & Technology* (May 2002), *Luxembourg Business* (Sept. 2002), and *Notre Dame Magazine* (Autumn 2002).

Mr. Gurulé was nominated by former President George H.W. Bush to serve as Assistant Attorney General, Office of Justice Programs, U.S. Department of Justice, where he served from 1990 to 1992. As Assistant Attorney General, he provided oversight, policy guidance to, and coordinated the activities of the Bureau of Justice Assistance (BJA), Bureau of Justice Statistics (BJS), National Institute of Justice (NIJ), Office of Juvenile Justice and Delinquency Prevention (OJJDP), and Office of Victims of Crime (OVC). Finally, Mr. Gurulé worked as an Assistant United States Attorney in the United States Attorney's Office in Los Angeles, California from 1985 to 1989, where he prosecuted high profile international narcotics, money laundering, and tax fraud cases.

(photo source: <http://www.nd.edu/%7Endlaw/faculty/facultypages/gurule.html>)

“The Global Effort to Stop Terrorist Financing”

By Jimmy Gurule

(Hampton Roads International Security Quarterly, January 15, 2004)

Abstract:

Following the terrorist attacks of September 11, 2001, the FATF expanded its mandate to include terrorist financing. Specifically, the FATF articulated eight special recommendations which, when combined with the FAFT 40 Recommendations, establish the basic framework to detect, prevent and suppress the financing of terrorism. One of the eight special recommendations encourages countries to implement legislation to authorize the forfeiture of funds intended to be used to finance terrorism.

For full text of this article please contact the American Reference Center at: arc@usembassy.at.

Update on Tracking the Financial Assets of Terrorists: One Year Later

Foreign Press Center Briefing, Washington, D.C.

Jimmy Gurule, Under Secretary of Treasury for Enforcement

September 9, 2002

Full transcript: <http://fpc.state.gov/fpc/13337.htm>



U.S. GOVERNMENT RESOURCES

Topical page from the website of the U.S. Embassy Vienna, Austria

- [MONEY LAUNDERING AND CORRUPTION](http://www.usembassy.at/en/policy/middle_east.htm)
(http://www.usembassy.at/en/policy/middle_east.htm)



Bureau of International Information Programs/ U.S. Department of State

- [Terrorist Financing](http://usinfo.state.gov/ei/economic_issues/terrorist_financing.html)
(http://usinfo.state.gov/ei/economic_issues/terrorist_financing.html)
- [Money Laundering](http://usinfo.state.gov/ei/economic_issues/terrorist_financing/money_laundering.html)
(http://usinfo.state.gov/ei/economic_issues/terrorist_financing/money_laundering.html)



- [Combating Terrorist Financing](http://www.state.gov/e/eb/c9984.htm)
(<http://www.state.gov/e/eb/c9984.htm>)
- [Counterterrorism Finance and Designation Unit](http://www.state.gov/s/ct/terfin/)
(<http://www.state.gov/s/ct/terfin/>)

The Office of the Coordinator for Counterterrorism, on behalf of the Secretary of State, implements significant parts of our nation's strategy to cut off financial support to terrorists. Starving terrorists of their access to money, resources, and support is second only to bringing them to justice in our national strategy. The Counterterrorism Finance Unit does this by coordinating the delivery of technical assistance and training to governments around the world that seek to improve their ability to investigate, identify, and interdict the flow of money to terrorist groups. S/CT also works closely with other governments to cut off the sources and flows of support for terrorists.



- **[Executive Office for Terrorist Financing and Financial Crime](http://www.treas.gov/offices/eotffc/index.html)**

(<http://www.treas.gov/offices/eotffc/index.html>)

EOTF/FC develops and implements U.S. government strategies to combat terrorist financing domestically and internationally, develops and implements the National Money Laundering Strategy as well as other policies and programs to fight financial crimes, participates in the Department's development and implementation of U.S. government policies and regulations in support of the Bank Secrecy Act and the USA PATRIOT Act, represents the United States at focused international bodies dedicated to fighting terrorist financing and financial crimes; and develops U.S. government policies relating to financial crimes.

- **[Office of Foreign Asset Control](http://www.treas.gov/offices/eotffc/ofac/index.html)**

(<http://www.treas.gov/offices/eotffc/ofac/index.html>)

The Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. OFAC acts under Presidential wartime and national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze foreign assets under US jurisdiction. Many of the sanctions are based on United Nations and other international mandates, are multilateral in scope, and involve close cooperation with allied governments.



(<http://www.fincen.gov/>)

As reflected in its name, the Financial Crimes Enforcement Network (FinCEN) is a network, a means of bringing people and information together to fight the complex problem of money laundering. Since its creation in 1990, FinCEN has worked to maximize information sharing among law enforcement agencies and its other partners in the regulatory and financial communities. Working together is critical in succeeding against today's criminals. No organization, no agency, no financial institution can do it alone. Through cooperation and partnerships, FinCEN's network approach encourages cost-effective and efficient measures to combat money laundering domestically and internationally.



Criminal Division

Department of Justice

[Asset Forfeiture and Money Laundering Section \(AFMLS\)](http://www.usdoj.gov/criminal/afmls.html)

(<http://www.usdoj.gov/criminal/afmls.html>)

The Asset Forfeiture and Money Laundering Section provides centralized management for the Department's asset forfeiture program to ensure its integrity and maximize its law enforcement potential, while also providing managerial direction to the Department's components in prosecuting money laundering. The Section initiates, coordinates, and reviews legislative and policy proposals impacting on the asset forfeiture program and money laundering enforcement agencies.

The Section works with the entire spectrum of law enforcement and regulatory agencies using an interagency, interdisciplinary and international approach. The Section is mandated to: coordinate multi-district investigations and prosecutions; provide guidance, legal advice and assistance with respect to asset forfeiture and money laundering investigations and prosecutions; develop regulatory and legislative initiatives; ensure the uniform application of forfeiture and money laundering statutes; litigate complex, sensitive and multi-district cases; and provide litigation assistance to U.S. Attorneys' Offices and Criminal Division components.

The Section oversees asset forfeiture and money laundering training and conducts seminars for federal prosecutors, investigating agents, and law enforcement personnel. It also produces legal publications and training materials to enhance its legal support functions.

The Section adjudicates all petitions for remission or mitigation of forfeited assets in judicial forfeiture cases, administers the Weed and Seed Program and the Equitable Sharing Program, and it oversees the approval of the placement of forfeited property into official use by federal agencies.

UNITED AGAINST TERRORIST FINANCING

Op-Ed by E. Anthony Wayne

Assistant Secretary of State for Economic and Business Affairs

May 28, 2004

Europeans and Americans are united in the conviction that one of the most effective means of preventing terrorist atrocities - such as the horrific murder of some 200 innocent people in Madrid in early March - is to cut off the flow of money to the world's terrorists

The EU and the U.S. are leading international efforts to fight terrorism, and we are making significant progress. Since the 9/11 attacks, the EU and the U.S. have worked with the UN Sanctions Committee to identify individuals linked to terrorism, freeze their assets, and prevent their movement across international borders.

To date the UN has designated over 400 individuals and groups associated with Al Qaeda or the Taliban and the international community has frozen over \$139 million in terrorist assets. As a result of our joint efforts, terrorists are no longer free to move money through formal banking channels with impunity, but are instead forced to rely increasingly on couriers, informal money remitters, and other high-risk channels to move their money around. Charitable organizations appreciate the importance of oversight and accountability in ensuring that funds are not diverted to terrorist activities. Financiers and institutions supporting Al Qaeda and other terrorist groups have had their assets frozen. This effort is not easy, and requires close cooperation among our respective intelligence, law enforcement, treasury, and foreign policy officials.

We in the U.S. appreciate the efforts of our European partners to press forward against those who fund terror. The EU Council's March 25th Declaration on Counter Terrorism highlights the importance the EU's leaders place on establishing and implementing effective measures to fight terrorist financing. Newly appointed EU Counter Terrorism Coordinator Gijs De Vries has already shown a strong commitment to making progress against terrorist financiers.

Since September 2001, the Austrian government has enacted several pieces of legislation to make the financing of terrorism itself a crime, tighten controls on various types of financial flows to ensure they won't be used to support terrorism, and to make it easier to prosecute individuals funding terror. Taken together, these steps go a long way towards making Europe and the rest of the world safer.

As both Europeans and Americans appreciate, however, we still have much work cut out for us. Terrorist organizations have been adept in changing names, obscuring their identities, and joining forces with criminal and drug syndicates to fund their activities. In order to take timely action against terrorism, as called for in United Nations Security Council Resolution 1373, all countries need to adopt independent, national legislation allowing for the rapid freezing of terrorist assets. We must ensure that our regulations and laws fully meet the best practice standards set by the Financial Action Task Force (FATF), the multilateral body at the forefront of international efforts to combat terrorist financing and money-laundering. We also need to establish sufficient accountability and oversight to ensure that donations to charitable organizations are helping those in need, and not spreading violence and extremism. Finally, we need to work together to ensure that vulnerable countries in the developing world have the tools to tackle terrorist financing.

Europeans and Americans have come a long way together in the fight against the financing of terror, but there is still much work to be done. The memory of those who lost their lives in the Madrid bombings and the 9/11 attacks serve as a perpetual reminder of the importance of preventing terrorist financiers from passing money to those determined to kill innocent people.

Washington File

News from Washington

compiled by the Bureau of International Information Programs/U.S. Department of State
(<http://usinfo.state.gov/usinfo/products/washfile.html>)

U.S., Russia Expand Cooperation in Combating Terrorist Financing

U.S. Treasury, Russian Finance Ministry officials meet in Moscow
28 May 2004

U.S. and Russian financial authorities have announced an "ambitious agenda" to strengthen their partnership in combating terrorist financing and money laundering, said U.S. Treasury Department official Juan Zarate following a May 28 meeting in Moscow with officials from Russia's finance and foreign affairs ministries.

Zarate said the two governments have agreed to cooperate in identifying foreign banks that are involved in terrorist financing and other illicit activities, and are also working on an initiative to ensure that "Central Asian countries have the necessary capacities to fight the financial war on terror."

Complete text: <http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2004&m=June&x=20040601153645btruevecer0.7457544&t=xarchives/xarchitem.html>

U.S., Switzerland Work Together to Choke Off Terrorists' Funds

Statement by Treasury Department's Zarate on U.S., Swiss efforts
27 May 2004

U.S. Treasury official Juan Zarate said the United States has a "strong working relationship" with the Swiss government in the effort to block terrorist groups' access to funds, and he commended Switzerland's "efforts on a number of fronts, including the finding and freezing of Iraqi assets."

Zarate, the deputy assistant secretary for terrorist financing and financial crimes, spoke following a meeting with Swiss officials May 27.

Complete text: <http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2004&m=June&x=20040601163224xlrenneF0.8171045&t=xarchives/xarchitem.html>

U.S. Shares Forfeited Assets from Crimes with Three Countries

Treasury Dept. says cooperation needed to fight cross-border crime
14 May 2004

The United States has shared with Australia, Canada and Switzerland assets forfeited as a result of joint law-enforcement actions, the Treasury Department says.

In a May 14 news release, Treasury Deputy Secretary Samuel Bodman said that international cooperation is needed to remove the profit from transnational crime.

Complete text: <http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2004&m=May&x=20040514172033SAikceinawz0.1379358&t=xarchives/xarchitem.html>

Anti-Terrorist Finance Group Reauthorized for Eight Years

Ministers from 33 member countries issue new mandate for FATF

14 May 2004

Ministers from 33 countries have reauthorized for eight years the Financial Action Task Force (FATF), the group that coordinates the fight against terrorist finance and money laundering.

The ministers, meeting in Paris on the margins of the Organization for Economic Cooperation and Development (OECD) session, issued a mandate May 14 to continue FATF's work to 2012. The United States is a FATF member.

Complete text: <http://usinfo.state.gov/ei/Archive/2004/May/14-406852.html>

Treasury Department Accuses Syrian Banks of Money Laundering

Action comes one day after Bush imposes sanctions on Syria

12 May 2004

The Treasury Department designated the Commercial Bank of Syria and its subsidiary, the Syrian Lebanese Commercial Bank, as financial institutions of "primary money laundering concern."

A Treasury Department news release May 12 said the department has information showing the Commercial Bank of Syria provided financial services to terrorists and their sympathizers and helped launder proceeds from the illicit sale of Iraqi oil.

By designating a financial institution as a "primary money laundering concern," the Treasury Department is able to implement a range of options to target money laundering and terrorist financing, the news release said.

Complete text: <http://usinfo.state.gov/ei/Archive/2004/May/12-105010.html>

Treasury Unit to Consolidate Anti-Terrorist Financing Functions

New office will also focus on financial crime, official says

29 April 2004

The U.S. Treasury Department has established a new Office of Terrorism and Financial Intelligence (TFI) to consolidate the department's intelligence, regulatory, law enforcement, sanctions and policy components.

The office will augment Treasury's efforts to combat terrorist financing and financial crimes, Deputy Secretary Samuel Bodman told the Senate Banking Committee. Bodman testified before the committee April 29.

Bodman said the new unit, which is still being developed, will give Treasury greater capability to collect and analyze data and use it to determine how terrorists use financial systems. It also will help the department design ways to stop those activities, Bodman said.

Complete text: <http://usinfo.state.gov/ei/Archive/2004/Apr/30-902428.html>

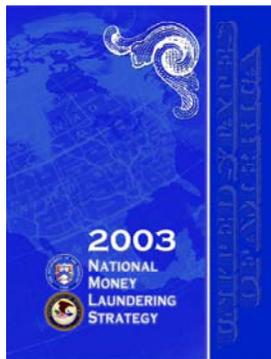
U.S. GOVERNMENT REPORTS

2003 National Money Laundering Strategy

U.S. Department of the Treasury

U.S. Department of Justice

Released November 2003



EXECUTIVE SUMMARY

The *2003 National Money Laundering Strategy* reflects the U.S. government's ongoing commitment to attack money laundering and terrorist financing on all fronts, including the formal and informal components of both the domestic and international financial systems. Armed with important new authorities provided by the USA PATRIOT Act, we are taking coordinated and aggressive action using all available tools, including law enforcement actions, appropriate financial regulation and oversight, and coordination with our private sector and international partners. While we continue to make significant progress, much remains to be done to confront the ever-changing, global threat of money laundering and terrorist financing.

The *2003 Strategy* represents a continuation of our past efforts, and a commitment to move forward by identifying, disrupting, and dismantling high value terrorist financing and money laundering organizations and networks. The central tenet of our *2003 Strategy* is the ever-increasing need for all relevant U.S. government agencies, our foreign government counterparts, and our partners in the private sector to pool our collective expertise and coordinate our activities to stop the laundering of criminal proceeds and to staunch the flow of funds to terrorists. By attacking the financial infrastructure of complex criminal organizations and terrorist networks, we do long term damage to their ability to perpetuate their operations.

To achieve these objectives, the *2003 Strategy* focuses on three major goals: (1) to cut off access to the international financial system by money launderers and terrorist financiers more effectively; (2) to enhance the Federal government's ability to target major money laundering organizations and systems; and (3) strengthen and refine the anti-money laundering regulatory regime for all financial institutions to improve the effectiveness of compliance and enforcement efforts.

The *2003 National Money Laundering Strategy* includes, among other items, a commitment to accomplish the following:

- Block and seize terrorist assets and identify and designate terrorist organizations. To date, over 315 terrorist-related entities have been designated and over \$136 million in assets frozen.
- Target countries and institutions that facilitate money laundering and terrorist financing, including using the full range of measures provided by Section 311 of the USA PATRIOT Act.
- Take law enforcement action against high value money laundering targets, including those with ties to major narcotics trafficking operations.
- Improve the effectiveness of compliance and enforcement efforts to continue to strengthen and refine the anti-money laundering regulatory regime for all financial institutions by identifying new and emerging threats that can be addressed through regulation, improving the effectiveness of anti-money laundering controls through greater communication, guidance, and information-sharing with the private sector, and enhancing regulatory compliance and enforcement efforts.
- Encourage foreign countries throughout the world to adopt and adhere to international standards to inhibit the flow of illicit funds, both through the formal and informal financial sectors, and to assist in developing and enhancing anti-money laundering regimes in targeted countries to enable them to thwart terrorist financing.
- Improve the Federal government's partnership with the private financial sector to increase information sharing and close the gaps in the financial system that allow abuse by money launderers and terrorist financiers.

Full report: <http://www.treas.gov/offices/eotffc/publications/ml2003.pdf>

Combating Terrorism - Federal Agencies Face Continuing Challenges in Addressing Terrorist Financing and Money Laundering

United States Accounting Office

4 March 2004

Testimony Before the Caucus on International Narcotics Control, U.S. Senate

Statement of Loren Yager, Director International Affairs and Trade
and Richard M. Stana, Director Homeland Security and Justice Issues

Full report: <http://www.gao.gov/new.items/d04501t.pdf>

ADDITIONAL RESOURCES



Financial Action Task Force on Money Laundering

<http://www.fatf-gafi.org>

The Financial Action Task Force (FATF) is an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing. The Task Force is therefore a "policy-making body" which works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

The FATF monitors members' progress in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally. In performing these activities, the FATF collaborates with other international bodies involved in combating money laundering and the financing of terrorism.

The FATF does not have a tightly defined constitution or an unlimited life span. The Task Force reviews its mission every five years. The FATF has been in existence since 1989, and it has been agreed that its current mandate extends through the end of 2004. It will only continue to exist and to perform its function after this date provided the member governments agree that this is necessary.

Please visit the homepage of the U.S. Embassy Vienna, Austria at: <http://www.usembassy.at>



The program page on **“The Challenges Confronting the Global Effort to Stop Terrorist Financing”** will be available at: <http://www.usembassy.at/en/embassy/photo/gurule.htm>

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