



Department of Justice

STATEMENT

OF

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UNITED STATES DEPARTMENT OF JUSTICE

BEFORE THE

COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION
UNITED STATES HOUSE OF REPRESENTATIVES

CONCERNING

“COUNTER-TERRORISM FINANCING FOREIGN TRAINING
AND ASSISTANCE: PROGRESS SINCE 9/11”

PRESENTED ON

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**Testimony of Barry Sabin
Acting Deputy Assistant Attorney General,
Criminal Division, United States Department of Justice
Before the
House Committee on Financial Services
Subcommittee on Oversight and Investigation
April 6, 2006**

Chairwoman Kelly, Congressman Frank, and Congressman Gutierrez,
distinguished members of the Subcommittee:

Introduction

I appreciate the opportunity to discuss the issue of the Government Accountability Office's GAO Report on Terrorist Financing dated October 2005, and the Department of Justice's successful involvement in this cooperative effort to provide counter-terrorism financing training and technical assistance abroad. The Department of Justice plays a critical role in the delivery of training and technical assistance to our international partners. Justice plays a central role in this arena, in concert with the Departments of State, Treasury, and Homeland Security, even though the Justice Department does not receive direct appropriations from Congress to provide training and technical assistance to combat terrorist financing

abroad.¹ Consequently, we respectfully disagree with the GAO's recommendation that the Departments of State and Treasury enter into a Memorandum of Understanding, without participation of the Department of Justice, to develop a training and technical assistance delivery plan.

Justice and its interagency partners do not believe that such a Memorandum of Understanding is necessary or appropriate. More fundamentally, such a recommendation highlights our basic concern with the GAO Report -- that it overlooks the valuable contribution of the Justice Department, and others, including DHS, in providing legal training and assistance to combat terrorist financing and money laundering around the world. We also provide essential input to the fundamental interagency decision-making process of prioritizing and strategizing the delivery of technical assistance and training. Such input helps ensure that the training and technical assistance plan is consistent with other Department and Administration counterterrorism initiatives. In addition, excluding the Department of Justice would deprive DOJ of one of the critical by-products

¹ See GAO Report at p. 5, "Moreover, we continue to believe that the recommendation and Memorandum of Agreement should be directed to the Secretaries of Treasury and State because these agencies both primarily fund and support these efforts."

of technical assistance -- the building of long-term operational relationships -- which are critical to facilitating international cooperation.

It is axiomatic that in providing terrorist financing training and technical assistance to our most vulnerable partners in the war on terror, the United States Government should be represented by its most highly skilled and knowledgeable experts. In 2002, the Administration determined that the Department of Justice should be the agency primarily responsible for training and technical assistance concerning our core areas: legislative drafting and training of prosecutors and judges in priority countries. That directive formed the cornerstone in the strategic planning of training and technical assistance, known as the Terrorist Financing Working Group (TFWG" or "interagency process"). DOJ assistance helps governments that are vulnerable to terrorist threats to draft legislation which criminalizes money laundering and financial and other material support to terrorists. DOJ also provides technical assistance and training to help such governments implement and enforce these laws. DOJ remains firmly committed to interagency efforts to ensure that priority and vulnerable countries receive substantive training and technical assistance from the most qualified experts that the United States Government has to offer.

The Department of Justice's Central Role

Preventing terrorist attacks and protecting our nation is the top priority at the Justice Department. Aggressive investigation and prosecution of terrorist threats and activity, including terrorist financing and all other manner of providing material support to terrorists, is a principal means to achieve this end. The Department of Justice has the lead responsibility for investigation and prosecution of terrorism, including terrorist financing matters. As a result of our ongoing involvement in this rapidly changing area and our commitment to this objective as a first priority, Justice Department lawyers and investigative agents -- both in Washington, D.C. and in the field -- have extensive experience in these areas. The Justice Department has enthusiastically shared the skill and expertise of our attorneys and agents with our international partners in providing terrorist-related technical assistance and training. We believe that investigative and prosecutive assistance is best delivered by the department with the substantive expertise. The Department of Justice delivers approximately half of anti-money laundering/terrorist financing assistance to priority countries, acting either individually or in combination with our partners.

The Department has participated in the TFWG interagency process since its inception. The interagency process provides a forum for candid discussions and strategic planning for delivering appropriate assistance. Consensus is reached in this forum to ensure our international partners receive the guidance necessary for them to build strong counter-terrorist financing regimes. Through this process, the U.S. Government ensures that we take a holistic approach, avoid duplication, and prevent redundant delivery of previously provided assistance.

The Department of Justice's involvement in the interagency process enhances the United States Government's ability to provide anti-money laundering and anti-terrorist financing training and technical assistance to countries around the world. Recipient countries, or first tier priority countries, are so designated based on a number of factors:

- the level of financing or other terrorist support provided within or moved through the country in support of al Qaeda or other terrorist organizations and networks;
- the nature of the anti-money laundering and terrorist financing legislation in force in the country targeted for training and/or

technical assistance in order to better support efforts to investigate and prosecute such activity; and

- the ability of a country's economic system to resist abuse by terrorist financiers.

Based on these factors, and utilizing the interagency process, we identify recipient countries and coordinate the delivery of training and technical assistance. Such countries need, indeed welcome, assistance in combating a terrorist assault on their financial sectors. The Department of Justice, in coordination with the other participants in the interagency process, provides the expertise and seasoned experience needed to draft a legislative framework for recipient countries that enables them to combat terrorist financing. The expertise of Department of Justice prosecutors and investigators assists recipient nations in meeting the severe challenges that are required to investigate and prosecute the sophisticated financial crimes we face throughout the world. The Department provides this assistance in accord with international standards, drawing on experience gained in representing the United States in a variety of venues around the globe, including the Organization of American States and its Counter Terrorism Committee, the G8, the European Union, the United Nations, the Financial

Action Task Force, and others. It is important to note, however, that the delivery of training and technical expertise concerning terrorist financing does not reveal the complete picture. Ensuring that the lessons and assistance provided are both learned and applied by the host countries is fundamental to lasting and comprehensive success.

The Justice Department components that contribute to this process include: the Criminal Division's Asset Forfeiture and Money Laundering Section (AFMLS), the Office of Overseas Prosecutorial Development Assistance and Training (OPDAT), and the Counterterrorism Section (CTS).

The Drug Enforcement Administration (DEA) and the Federal Bureau of Investigation (FBI) also lend considerable assistance and support.

OPDAT obtains and disburses funding for the international training and technical assistance provided by the interagency effort. They are instrumental in the planning, staffing and delivery of international training and technical assistance regarding financial crime. AFMLS designs and, with its staff and the assistance of the United States Attorneys around the nation, delivers both training and technical assistance, particularly with respect to the threat of money laundering and asset forfeiture issues. Similarly, in regard to terrorist financing and terrorism generally, CTS

designs and, with its staff and the assistance of the United States Attorneys around the nation, delivers both training and technical assistance. DEA and FBI headquarters and field agents also participate in the design and delivery of both training and technical assistance in connection with financial crimes, including terrorist financing, money laundering and asset forfeiture.

Examples of Effective DOJ Training and Technical Assistance

Expertise, hard work, a profound sense of commitment to this priority area, and the dedication of considerable resources, has enabled DOJ to excel in providing foreign nations with legislative drafting and judicial and prosecutorial training needed to create and enforce a successful anti-terrorist financing regime. We work with a wide variety of countries to this end.

Over the past three years, OPDAT has provided targeted technical assistance on money laundering and terrorist financing to 15 countries and has organized 7 regional seminars on terrorist financing, abuse of charitable organizations, and bulk cash smuggling. In addition, OPDAT has placed five Resident Legal Advisors (RLAs) overseas to provide long term assistance to our counterparts in Indonesia, Bangladesh, Kenya, Paraguay, and the United Arab Emirates. Two additional RLAs will go to Turkey and Pakistan this year. RLAs provide continuous and coordinated international

training and assistance in the field to combat terrorist financing and money laundering, among other duties.

Please allow me to share with you some examples, which illustrate the assistance we have rendered in this field and the long term gains it has yielded for the recipient countries and the international community. Our RLA in Paraguay, for example, has been working with the Paraguayan legislators and prosecutors on anti-money laundering and terrorist financing matters. He also worked closely with local prosecutors to develop their expertise in these areas. Armed with these new skills, the Paraguayans were able to pursue a multi-million dollar currency conversion case.

Since 2002, the Department has provided assistance in anti-terrorism financing and anti-money laundering legislative drafting to 138 countries. For example, the Department of Justice assisted the government of Albania in the legislative drafting of a UN Participation Act law to cover those individuals and groups designated under UN Security Council Resolution 1373. The relationship that developed from these successful consultations became the foundation for additional assistance as Albania sought to craft legislation to combat terrorist financing and money laundering as well as provide mechanisms for asset forfeiture. The Department of Justice

subsequently worked with the Albanian government on a case that resulted in the seizure of assets of a designated terrorist under Albania's new laws.

The RLA in Bangladesh, along with a Department attorney and an Assistant U.S. Attorney from Utah, have provided extensive advice on comprehensive amendments to that country's anti-money laundering law to ensure its compliance with international standards, including Financial Action Task Force recommendations. In addition, the RLA provided extensive input to key Bangladeshi officials as they considered signing the United Nations Convention on the Suppression of the Financing of Terrorism. Their involvement was instrumental in Bangladesh becoming a signatory to that UN Convention and the other UN counterterrorism conventions.

Both Indonesia and the Philippines, countries that have suffered numerous terrorist attacks, sought Department of Justice assistance in bolstering their legal infrastructure to combat the threat of terrorism. The Department of Justice responded by sending an RLA to Indonesia in May 2005. His presence and efforts have led to a number of successes, including the establishment of a unit dedicated to the prosecution of terrorism and transnational crimes such as money laundering, cyber crimes, and trafficking

in persons. The RLA also provided legislative drafting advice on mutual legal assistance and anti-money laundering laws. Attorneys from AFMLS have assisted both countries in drafting anti-money laundering and asset forfeiture laws which are the cornerstone of any effective regime to counter terrorist financing. Such assistance was integral in enabling both countries to be removed from the FATF's Non-Cooperative Countries and Territories list.

AFMLS attorneys have also provided similar drafting assistance to South Africa, Kenya and Tanzania. In South Africa, an AFMLS attorney assisted in drafting the law which created the first civil forfeiture system in Africa and testified before the South African Parliament, helping to ensure the law's enactment. In addition, we have provided leadership in several training sessions within South Africa to empower South Africa's National Prosecution Authority with the necessary skills to implement the law effectively and fairly. Similarly, in Kenya, an AFMLS attorney participated in sessions with the country's parliamentarians to sensitize them to the necessity of enacting anti-money laundering and terrorist financing legislation. Kenya and Tanzania now have pending anti-money laundering and terrorist financing bills before their Parliaments.

In each of these countries and many others, the Department of Justice, including the FBI and the DEA, provides support and technical expertise to our international partners in the war against terrorists and their supporters. Regional conferences and workshops are organized, planned, staffed and funded with the direct assistance of the Department of Justice to ensure that the latest best practices are shared. For instance, late last year, the Department, along with the Organization for Security and Cooperation in Europe (OSCE), co-sponsored an Eastern European and Eurasian Regional Conference on combating terrorist financing and safeguarding charities from abuse. Following the conference, the Parliament adopted a new anti-money laundering law that same month.

In December 2004, OPDAT conducted a Southeast Asia Regional program in Thailand on safeguarding charities from abuse by financial criminals. This conference was attended by representatives from Indonesia, Malaysia, Philippines, as well as Thailand. The officials who participated in this conference learned valuable skills that were put to use after the devastating tsunami to monitor and regulate organizations which offered assistance.

As I mentioned previously, DEA and FBI also provide extensive anti-

terrorist financing and money laundering training to our partners abroad. With the assistance of State Department funding, the International Training Section of the DEA conducts its International Asset Forfeiture and Money Laundering courses in concert with the Department of Justice. In 2005, hundreds of participants from Hong Kong, Macau, Jordan, Japan, India, Israel, and Italy received this training. A wide range of DEA international courses contain training elements related to countering money laundering and other financial crimes.

The DEA training division also delivers training at the International Law Enforcement Academies (ILEA) in Bangkok, Budapest, Gaborone, and San Salvador, supported by other U.S. law enforcement agencies. ILEA Bangkok has offered specialized courses on money laundering/terrorist financing-related topics such as Computer Crime Investigations (presented by FBI and DHS/U.S. Immigration and Customs Enforcement (ICE), and Complex Financial Investigations (presented by IRS, DHS/ICE, FBI and DEA)). Similarly, in 2005, the FBI delivered terrorist financing and money laundering training to 39 students from 19 Latin American countries through the Latin American Law Enforcement Executive Development Seminar conducted at the FBI Academy.

The Way Forward

The Department is proud of its role in equipping other countries with the legal tools necessary to combat terrorist financing and money laundering, but we realize there remains work to be done. We believe that the successes outlined above can serve as a model for the Department of Justice to continue to provide valuable assistance and training in combating the financial underpinnings of terrorist networks around the world.

By concluding that Justice is not a primary contributor in this arena, the GAO is overlooking the critical role the Department plays in providing training and technical assistance to priority nations. We therefore respectfully disagree with GAO's recommendation that State and Treasury alone should enter into a Memorandum of Understanding governing the interagency provision of anti-money laundering and terrorist financing training and technical assistance because these agencies both primarily fund and support these efforts. The State Department and the Treasury Department provide the funds that underwrite Justice's delivery of the required training and technical assistance, and we recognize the crucial importance of this funding. But funding alone, without the necessary, up-to-date expertise and experience will not fulfill the United States' objectives in

this area. The Justice Department provides significant substantive and practical assistance to these efforts, and therefore should have a voice as to where these efforts are to be directed and how the training and assistance is to be provided.

Removing the Department of Justice from its central steering role in the interagency process may exclude Justice from the strategy development, decision-making and implementation process. The Justice Department, with its technical expertise, commitment of manpower, and strong international ties to its foreign counterparts, has a large stake in the interagency process and in providing training and technical assistance to foreign nations. Accordingly, we should be among the agencies coordinating such training and technical assistance.

Conclusion

Thank you for providing me the opportunity to discuss these important issues with you today. The Department of Justice looks forward to our continued role in the interagency process to develop and deliver effective anti-money laundering and counterterrorism financing training and technical assistance and to benefit from the good will, personal relationships, understanding of our international partners, and tangible operational benefits

that result from our crucial role in providing that assistance. We are committed to working with our peer agencies to develop a comprehensive and integrated training and technical assistance program abroad. We each have our areas of expertise, and we believe that a unified yet delineated approach to the global problem of terrorist financing will result in success that is effective and enduring.