

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services

**“Legislative Proposals to Implement
The Recommendations of the 9/11 Commission”
September 22, 2004**

We meet today to continue some of the most important work this Committee ever has considered, work that began in the tense hours and days after the tragic attacks of September 11, 2001.

During that unsettled time, this Committee pulled together to produce comprehensive, bipartisan legislation that aimed to disrupt the financing of terrorism and to strengthen the country’s anti-money laundering laws. That bill, H.R. 3004, later became Title III, the anti-terror finance title of the USA PATRIOT Act, signed into law less than seven weeks after the attacks.

It is a testament to that legislation that the so-called 9/11 Commission report issued a month ago cited it with approval, and said that on anti-terror finance and anti-money laundering issues, the various elements of the government generally are doing a good job. Nevertheless, the report went on to say, terrorists are motivated and highly adaptive, and efforts to block their finances will need to continue to evolve and improve.

With that in mind, the Committee has assembled a package of legislative proposals to improve the tools with which the government fights terrorist financing. Most of these are common-sense items on which everyone in this Committee can agree — in fact, a few are items we feel strongly about and have agreed upon, often unanimously, in the past, only to have them fall victim to jurisdictional objections in this body, or to inaction by the other body.

Frankly, when that sort of thing happens, it is more than a little disappointing, and so in this package we have assembled the sorts of pieces we believe are important and on which we think there should be broad, bicameral agreement. Today, we have two strong witnesses to discuss the proposals with us: Treasury’s Stuart A. Levey, Under Secretary for the Office of Terrorism and Financial Intelligence, and Brian C. Roseboro, Under Secretary for Domestic Finance.

There are four main themes to the legislation: new funding for the fight against terror financing, new tools to fight the financing of terrorism, preparedness tools to help make the financial system more resilient in case of another attack, and tools to improve international cooperation in the fight against terror.

Included are additional authorizations for the Treasury Department’s Financial Crimes Enforcement Network, FinCEN, which generally mirror last week’s resounding vote on the House floor during consideration of the Transportation-

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Treasury appropriations bill. That amendment was sponsored by our own Mrs. Kelly. The vote favored a one-time investment in technology to radically improve the usefulness of FinCEN's data and the ease of use by law enforcement while reducing compliance burdens on banks. Also included is reauthorization of a national anti-money laundering strategy report, along with some modest grants to local law-enforcement to fight financial crimes.

The proposed legislation makes a series of purely technical corrections to the anti-terror finance title of the PATRIOT Act that correct inadvertent drafting errors that occurred because of the speed with which it was assembled, along with some language to address the counterfeiting of currency and legislation that would allow the Treasury Department to help countries strengthen their currencies against counterfeiting, which in turn would make their economies stronger. The draft also includes language identical to the Internet gambling legislation that passed the House last year. The Justice Department has testified that illegal Internet gambling provides a dangerous loophole in our anti-terror finance and anti-money-laundering regimes that can easily be exploited.

Under the preparedness rubric, the proposal includes the so-called "netting" bill that revises the banking and bankruptcy laws to provide for the orderly unwinding of certain financial contracts where one party to the transaction becomes insolvent, thereby minimizing the risk of market disruption. Members will recall that Fed Chairman Alan Greenspan believes this is vital and has testified to that effect on a number of occasions, and continued threats against the nation's financial centers render passage a necessity that is long overdue.

Finally, a critically important component of this country's ability to fight terrorist financing requires the cooperation of our allies. In this area, the Treasury Department has been extremely successful in enlisting a broad range of countries within the Group of Eight, the Financial Action Task Force at the OECD, the IMF, the World Bank, and the regional development banks. These initiatives create a common language and framework for interdicting terrorist financing. Treasury has also done an exemplary job of working collaboratively with other agencies, particularly the State Department, in the process of crafting international standards and fostering implementation at the bilateral level. The legislative proposal looks to codify and to make permanent a number of these efforts.

I believe this package, like the bill that became Title III of the PATRIOT Act, will enjoy broad, if not unanimous, bipartisan support in the Committee and on the House floor. I imagine there will be useful suggestions made today in Committee and during markup next week, and I look forward to working with members to craft the very best piece of legislation we can, under another extraordinarily short timeline. I recognize it means a lot of work, but I am certain we all believe the outcome is important and worth the effort. With that I yield to the gentleman from Massachusetts.

