

Combatting the Financing of Terrorism

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- 1) The strategy to fight Terrorist Financing may be planned in the halls of governments and international organizations, but the battle will be carried out on the streets and in the business of affected nations.
- 2) Means and methods for countering financing of terrorism and money laundering are closely related, especially when we talk about terrorist financing generated by illegal activity such as drugs, arms trafficking, violations of intellectual property rights, tax evasion, etc.
- 3) Prevention and Enforcement mechanisms established to combat money laundering work against terrorist financing as well.
- 4) Like Money Laundering, Terrorist Financing is almost always international in nature. To fight it takes an international approach.
- 5) In many countries of the world, U.S. Treasury's Office of Technical Assistance (OTA) is providing technical assistance in creating effective Anti Money Laundering/Counter Financing of Terrorism mechanisms.
- 6) OTA works in 5 core areas:
 - a. Financial institutions
 - b. Government debt
 - c. Budgeting
 - d. Financial Law Enforcement and Policy Administration
 - e. Tax administration
- 7) An effective AML/CFT mechanism first requires an effective and comprehensive legal basis conforming with international standards, agreements and best practices.
- 8) Second, an AML/CFT mechanism requires 5 pillars to sustain it.
 - a. An effective and fully functional FIU providing regulation, reporting, analysis, and interchange of information with other countries
 - b. Trained financial investigators
 - c. Trained prosecutors and judges
 - d. Controls of the financial sector, focusing in three approaches, risk based, formality, transparency in operations
 - e. Effective border controls

9) OTA provides technical assistance such as training and mentoring to the above sectors with relatively little cost to the host government. Currently working in 50+ countries – 14 in Latin America.

10) Points of focus on CFT are

Deterring

Detecting

Dismantling

11) The financial sector helps in the CFT in the first two areas mainly through reporting of suspicious activities and application of Know Your Customer principles to block activities that might try to misuse the system.

12) A partnership between private and public sector agencies vital to gain identity at Money Laundering operations which helps government agencies to take necessary actions to dismantle.