

OPENING STATEMENT OF  
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“PATRIOT ACT OVERSIGHT: INVESTIGATING PATTERNS OF  
TERRORIST FINANCING”  
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Chairwoman Kelly, thank you for holding this hearing today.

I would like to commend Senator Sarbanes for moving this legislation in the Senate and Chairman Oxley and Ranking Member LaFalce for their leadership in the House.

This afternoon, we will hear testimony about the financial aspects of the ongoing war on terrorism and about the implementation of the anti-money laundering provisions incorporated in the Patriot Act, a bill which I and other members were proud to support.

This landmark legislation will give our country the necessary tools to fight terrorists by blocking the schemes used to finance their horrific crimes.

Treasury Secretary O’Neil recently said that \$104 million had been frozen since the September attacks. However, we do not know whether that sum represents most or just a small percentage of the pool of potential money that could be used to finance terrorists attacks.

Although we have made progress, we have much work to do.

To eliminate Al Qaeda, we need the appropriate law enforcement tools and personnel to continue the financial assault on terrorism made possible by the Patriot Act.

Our fight against terrorist financing is a broad-based effort extending beyond the Al Qaeda network. It means nothing to build a concerted effort between financial institutions and law enforcement agencies at home without instituting similar actions abroad. The help of other nations is essential.

We need expeditious compliance with the new laws. Many of these regulations are scheduled to be implemented throughout this year. But, it is imperative that Treasury acts quickly and effectively in their search for terrorists’ and their conspirators.

Before I conclude, I would like to touch on another related issue that is of great concern to me. While I strongly support the increased protections against terrorist activities which the USA

Patriot Act created, I would like to urge some caution and common sense when it comes to promulgating regulations that address some areas.

I am particularly concerned that the implementation of some of these rules as they pertain to verification of identification may pose a greater risk of immigrants in entering the banking system.

Currently, approximately 28 million foreign-born live in the U.S., the majority of whom are making enormous contributions to America's stability and security, economic and otherwise.

I hope, and I think we all agree, that law enforcement officials will use financial data to focus on those people (native or foreign-born) who truly pose a threat to our country, rather than those (including immigrants) who are making us safer and stronger as a nation.

If banks are required to compare client's names with a list of known terrorists, how will the accuracy be guaranteed? There are many common names on the list and the possibility exists for incorrect matches. How will banks respond if a customer's name matches the list? How would they go about verifying the customer's identity?

I am very concerned that the answer to these questions could have a detrimental effect on immigrants and could pose an additional burden on immigrants' ability to receive (or interest in seeking) valid banking services.

One's inability to enter the banking system results in a higher cost of borrowing, a lack of access to home mortgages and other basic services, and a range of problems.

Without access to banking services, the unbanked are forced to turn to payday lenders and check cashing vendors, who in most cases, charge outrageous fees for services. In the last five years, check cashing outlets have doubled, and their revenues exceeded \$2 billion in 2000.

It very often means vulnerability to crime, robberies and other abuses to which may immigrants are subjected mainly because they are unable to enter the financial services sector due to their immigration status. Worse yet, these victims may never report these incidents for fear of deportation. They came here seeking a better life. Through their hard work and, I must note, their taxes, these people are making better lives for all of us in America.

At the same time, they are also working to make life better for people in their home countries, for relatives who use that money for basic necessities such as food and shelter.

During the past 20 years, remittances to Latin American countries have increased not only in volume but also as a share of national income and total imports. This year approximately \$9 billion dollars will be sent to Mexico via remittances, representing Mexico's third largest form of foreign income. However, such transfers are costly due to a range of fees, many of which are hidden.

Unfortunately, this group of immigrants usually cannot use alternatives to remittances offered by banks because of prohibitions on individuals' ability to open accounts without Tax Identification Numbers or Social Security Numbers.

Giving Immigrants access to banking services will not make the U.S. weaker. It will enrich communities here and in other countries, creating steady income and jobs for people who might otherwise migrate to the U.S. to find work.

Currently, Wells Fargo, First Bank of the Americas, Credit Unions and other financial institutions offer programs to help more immigrants become part of the banking system by accepting identification cards issued by the Mexican consulate and offering free checking services. I am concerned that these programs that have made tremendous headway in banking the unbanked may be affected by these regulations.

I hope that in implementing the Patriot Act regulations, Treasury takes these concerns into consideration. I know that Congress, when drafting this bill, did not intend to further alienate a group of people who already are largely separated from our banking system.

We, as legislators, have no greater duty than to protect our country and our people from future terrorists attacks. To do so, we need speedy, yet careful, implementation of the Patriot Act. But in achieving that goal, we need not forget the needs of those who rightfully seek access to the important financial services that most of us take for granted.

Thank you again Chairwoman Kelly for holding this important hearing and I appreciate having the opportunity to share my views on these issues of vital importance to our country.