

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services

**“The 9/11 Commission Report: Identifying and Preventing Terrorist
Financing”**

August 23, 2004

Good morning to our witnesses and members. The Financial Services Committee meets today for an unusual August recess hearing to consider the findings and recommendations of the National Commission on Terrorist Attacks upon the United States. Evaluating and acting upon these recommendations is, in my view, a top priority for Congress to address this fall.

I want to welcome Lee Hamilton and thank you for your service on the 9/11 Commission and for taking the time to give us your views today.

The 9/11 Commission, chaired by former New Jersey Governor Tom Kean and the aforementioned Mr. Hamilton, has performed a valuable service to our nation by providing an exhaustive and compelling account of the terrorist threat that confronts us and by developing serious policy recommendations to help meet the threat.

As the House Committee that took the lead after September 11th in crafting the anti-terrorist finance provisions of the USA PATRIOT Act and in overseeing the government’s efforts to shut off al Qaeda’s funding sources, we have a particular interest in the Commission’s work related to those subjects. More broadly, as the third anniversary of the 9/11 attacks approaches — and as intelligence reports suggest the possibility of another major attack — it is appropriate for this Committee to take stock of how far we have come in dismantling and disrupting the terrorists’ financial networks.

While our troops and some American citizens abroad have been subjected to terrorism, we have been terror-free on U.S. land since 9/11. That is both an accomplishment and a challenge.

It’s important to note that the most recent report issued on the 9/11 Commission’s web site on Saturday actually gives predominantly positive reviews to both the PATRIOT Act and recent intelligence efforts. Quoting from the report, “While definitive intelligence is lacking, these efforts have had a significant impact on al Qaeda’s ability to raise and move funds, on the willingness of donors to give money indiscriminately, and on the international community’s understanding of and sensitivity to the issue. Moreover, the U.S. government has used the intelligence revealed through financial information to understand terrorist networks, search them out and disrupt their operations.”

We at the Financial Services Committee are of course concerned about the recent heightened terror alert for the financial services sector. It serves as a stark reminder that this nation's financial institutions and the international financial institutions are part of the front line in the war against terrorists. We have made significant progress by discovering and exposing al Qaeda's interest in these targets, thus making their operations more difficult.

In its final report, the 9/11 Commission was complimentary of the PATRIOT Act and its effects on terrorist financing, recognizing the extraordinary cooperation that financial institutions have given to law enforcement. The government needs to reward and encourage those efforts by more effectively implementing those provisions of the PATRIOT Act, including section 314, that seek to create a two-way street for information-sharing between the public and private sectors. In this regard, I want to stress the importance of fully funding the Treasury's Financial Crimes Enforcement Network (FinCEN) so that it can carry out the critical responsibilities Congress gave it in the PATRIOT Act to identify terrorist money trails in "real time" and to provide law enforcement and the financial services industry with immediate feedback on suspicious financial activity.

The two major al Qaeda funding techniques emphasized in the 9/11 Commission report are Islamic charities and informal value transfer systems, such as hawala. Although no one is under any illusion that these avenues have been completely shut off to the terrorists, the government can boast of many recent successes in combating these forms of terrorist finance. Last month, for example, the Justice Department obtained money laundering indictments of five former leaders of the Holy Land Foundation, a Texas-based charity alleged to have funneled over \$12 million to Hamas. The government has also made extensive use of section 373 of the PATRIOT Act to shut down unlicensed money transmitting businesses suspected of funding terrorism.

In addition, the government has created a great deal of international consensus on how best to create and tighten standards for fighting terrorist financing at both the multilateral and bilateral levels. While more needs to be done by key allies, the Organization for Economic Cooperation and Development (OECD) through the Financial Action Task Force has created strong international standards which are being implemented across the world. As a result, since 9/11, the number of Financial Intelligence Units has nearly doubled and the amount of information crossing borders in the fight against terror has expanded significantly. The International Monetary Fund and the World Bank are including these international standards in the infrastructure assessment processes within the financial sector. The regional development banks are establishing special facilities to channel development assistance in this area as well. Bilaterally, the number of countries where enhanced information-sharing arrangements exists is growing.

So, we have come a very long way since 9/11. We are committed to winning the war against global terrorism, a task which will require time, patience, courage, and perseverance.