

Appendix F

Countering Terrorism on the Economic Front

Since the terrorist attacks of September 11, 2001, the US Government has taken a number of steps to block terrorist funding.

On 23 September 2001, for example, the President signed Executive Order (EO) 13224. In general terms, the EO provides a means to disrupt the financial-support network for terrorists and terrorist organizations. It authorizes the US Government to designate and block the assets of foreign individuals and entities that commit, or pose a significant risk of committing, acts of terrorism. In addition, because of the pervasiveness and expansiveness of the financial foundations of foreign terrorists, the order authorizes the US Government to block the assets of individuals and entities that provide support—financial or other services—or assistance to, or otherwise associate with, designated terrorists and terrorist organizations. The EO also covers their subsidiaries, front organizations, agents, and associates.

The Secretary of State, in consultation with the Attorney General and the Secretary of the Treasury, has continued to designate foreign terrorist organizations (FTOs) pursuant to section 219 of the Immigration and Nationality Act, as amended. Among other consequences of such a designation, it is unlawful for US persons or any persons subject to the jurisdiction of the United States to provide funds or material support to a designated FTO. US financial institutions are also required to retain the funds of designated FTOs.

A few 2003 highlights follow:

- On 9 January, the United States designated Lajnat al-Daawa al Islamiyya, a Kuwaiti-based charity with links to al Qaida, after France submitted this charity's name to the UNSCR 1267 Sanctions Committee (Sanctions Committee) for worldwide asset freezing.
- On 24 January, the United States designated two key members of Jemaah Islamiyah, Nurjaman Riduan Isamuddin (a.k.a. Hambali) and Mohamad Iqbal Abdurrahman (a.k.a. Abu Jibril). Both names were also listed by the Sanctions Committee.
- On 30 January, under the authority of both the EO and the FTO, the United States designated Lashkar I Jhangvi, which was involved in the killing of Wall Street Journal reporter Daniel Pearl. The Sanctions Committee also included this group on its consolidated list.
- On 20 February, the United States designated Ansar al-Islam—a terrorist group operating in northeastern Iraq with close links to and support from al-Qaida. The group was added to the Sanctions Committee list four days later.
- On 29 May, the United States designated the Al Aqsa Foundation, a major fundraiser for HAMAS.
- On 22 August, the United States designated six top HAMAS leaders (Sheik Ahmed Ismail Yassin, Imad Khalil al-Alami, Usama Hamdan, Khalid Mishaal, Musa Abu Marzouk, and Abdel Azia Rantisi) and five HAMAS-supporting

charities (Comite de Bienfaisance et de Secours aux Palestiniens, Association De Secours Palestinien (ASP), Palestinian Association of Austria (PVOE), Palestinian Relief and Development Fund (Interpal), and Sanibil Association for Relief and Development).

- On 19 September, the United States designated Abu Musa'ab al-Zarqawi, a terrorist with ties to al-Qaida, Asbat al-Ansar, Ansar al-Islam, and Hizballah who provided financial and material support for the assassination of a US diplomat and was cited in the international press as a suspect in the bombing of the Jordanian embassy in Baghdad. Germany and the United States submitted his name jointly to the Sanctions Committee.

As of 18 December 2003, the total number of individuals and entities designated under EO 13224 is 344. The US Government has blocked more than \$36.5 million in assets of the Taliban, al-Qaida, and other terrorist entities and supporters. Other nations have blocked more than \$100.3 million in assets.

Building Counterterrorism Finance Regimes

The United States remains committed to taking offensive action against terrorists by choking off sources of funding to terrorist organizations and preventing money-laundering.

Since much of terrorist funding and money laundering takes place outside the US, it is crucial that countries around the world have the capacity to fight these problems. US leadership in assisting other governments to strengthen their counterterrorism posture and enhances the global fight against terrorism.

The interagency Terrorist Finance Working Group (TFWG), chaired by the State Department, has made significant progress in its efforts to combat terrorist financing through programs designed to build capacity in willing partner nations. Since its inception, TFWG has formally assessed 16 of the 19 priority countries deemed most vulnerable to terrorist financing and provided training and technical assistance to countries in the Middle East, South Asia, Southeast Asia, and Latin America.

The State Department along with the Treasury, Justice, and Homeland Security Departments have developed and delivered sequenced training programs in the judicial, financial regulatory, financial intelligence, and law enforcement areas to reinforce our allies' counterterrorist finance and anti-money laundering regimes.

Members from each of these US government agencies comprise a team whose main function is to teach other nations how to "follow the money" in an attempt to locate, freeze, and seize the money that finds its way to terrorists around the globe.

The team attempts to build capacity in nations that are willing to combat terrorist financing, but whose officials may not have the necessary mechanisms or training to do so. The Coordinator for Counterterrorism dispatches the interagency teams at the request of the host government. While in-country, the team works with host government officials to reinforce the legal, law enforcement, and financial systems and to offer officials techniques to detect and disrupt terrorist financing.

One such interagency team, headed by members from the Office of the Coordinator for Counterterrorism, was sent on a technical assistance mission to Manila in March 2003 at the request of President Arroyo. The team assisted the Philippine government in amending their anti-money laundering legislation so the laws would meet international standards. This action prevented international sanction against a key ally in the war on terrorism. In September, the team similarly was dispatched to Indonesia to assist in strengthening the country's anti-money laundering legislation. In both cases, the improved laws will help suppress terrorist financing.

The US has also offered counterterrorism finance and anti-money laundering training to its Allies in the war of terrorism. For example, last March, US federal financial institution regulators trained central bankers and regulators from Saudi Arabia, Pakistan, United Arab Emirates, Qatar, and Kuwait in Washington in monitoring suspicious transactions which terrorists often employ to finance their operations. In July, bank regulators from Argentina, Brazil, Paraguay, Venezuela, and Panama met in Panama for another session of the US-sponsored training. Later in October, banking officials from Indonesia, Malaysia, the Philippines, and Thailand convened in Hawaii for a third training session.

Each of the events was based on the "train the trainer" model where US banking regulators, armed with first-hand "lessons learned" from the post-9/11 banking environment, shared their insight and experience with their international banking sector colleagues. Upon completion of the training, the newly graduated classed shared their knowledge and skills with their compatriots.

Through the delivery of training and technical assistance programs, the Office of the Coordinator for Counterterrorism is working to create a world-wide cadre of experts who are the first line of defense against terrorist financing.