



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Prepared Statement of Sen. Chuck Grassley, of Iowa
Chairman, U.S. Senate Committee on Finance
The Treasury Department and Terrorism Financing
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We are holding this hearing for two reasons. First, we are considering the nominations of two officials for the Treasury Department. Mr. Juan Zarate and Mr. Stuart Levey have been nominated for two very important positions to combat terrorism financing.

I want to welcome both of you and your families.

We will also consider the nomination of John Colvin to be Judge of the United States Tax Court. Judge Colvin has served as a capable judge on the Tax Court, and he has been re-nominated by the administration to serve another term.

I'm glad to see you here, Judge Colvin.

Second, we are going to hear testimony about, and discuss the problem of, terrorism financing, what we're doing to stop it, and the Treasury Department's role and performance.

The Treasury nominees will address this during their testimony on the second panel. Before that, we will hear from two former government officials with expertise in combating terrorism financing.

Mr. Joseph Myers and Mr. Jonathan Winer will give us their insights about terrorism financing.

Stopping terrorism financing is one of the most important aspects of the war on terrorism.

We have to attack terrorism financing from all sides...

From the wealthy foreign donors and states who fund terrorism...

To the front companies and charities who launder money...

To the cash smugglers and corrupt money remitters who move money...

All the way down to the terrorists and sleeper cells waiting to attack us here. We must choke off the blood money of terrorism. We fail at our own risk.

The government took swift and aggressive action against terrorism funding after 9-11. We froze millions of dollars, blacklisted supporters of terrorism, raided organizations and indicted individuals.

It's fair to say we've made a great amount of progress. It is much tougher for terrorists to move their money.

But their funding remains in place. We only have to look at attacks in Madrid or Baghdad to see that they continue to operate and kill innocents.

I've been concerned about terrorism financing and what the Treasury Department is doing to stop it for a long time. Under the Clinton administration, I pushed for the Office of Foreign Asset Control (OFAC) to produce an annual report on terrorism assets.

Guess what OFAC and the FBI told me. They said: "We don't need to know who owns the building, we only need to know what's going on inside it."

That seems pretty short-sighted to me.

As a result, I got legislation enacted that requires OFAC to do an annual report on terrorism assets. I'm glad our strategy now is more comprehensive.

We may have advantages in stopping terrorism financing in the regulated banking system. But the terrorists have used other methods to move their money for generations.

We have to focus on commodities, diamonds and gold, cash smuggling and alternative remittance systems.

So that means we can't rest on our laurels. We've caught our breath, but now we have to renew the fight, and fight smarter instead of harder.

And we have to have the political will to win. We have to work with our allies, get tough with our enemies, and find a solution to handle the ones in between.

We have to decide what to do with nations who help us at the front door but encourage terrorism out the back door.

The Treasury Department has taken this to heart. I know Secretary Snow is committed to this, and so is Deputy Secretary Bodman.

That's why Treasury has re-organized its structure with the new Office of Terrorism and Financial Intelligence (TFI). This is a step in the right direction. The Treasury Department has a

crucial and central role to play to fight terrorism financing. Treasury is stepping up for this role, and doing a pretty good job.

But there's more to be done, and I think there's some untapped potential. I also think other agencies could make a lot better use of the brain power at Treasury.

That's not a criticism. Now is the time for Treasury, with the help of Congress, to step up into a bigger role against terrorism financing. We have some excellent witnesses today to address these issues, including two Treasury nominees who I think will do a great job.

Mr. Stuart Levey of the Justice Department is being considered for the position of Under Secretary for Enforcement. This will be the top position at Treasury to fight terrorism financing and will run the new TFI office.

Mr. Juan Zaparte currently is the Deputy Assistant Secretary for Terrorism Financing. He is being considered for the position of Assistant Secretary for Terrorism Finance, a key component of the TFI office.

Before we hear their testimony and consider their nomination, we will hear from two witnesses with expertise in fighting terrorism finance from their time in government service. They will apply their perspectives and insights to the issue of terrorism finances, our successes and our challenges, and what Treasury needs to be doing.

Mr. Joseph Myers is a former official with the National Security Council and the Treasury Department.

Mr. Jonathan Winer was Assistant Secretary for International Law Enforcement at the State Department for six years.

Their experience should be helpful to the committee, and the issues they raise will help us with our second panel, the nominees.