



## **DEPARTMENT OF THE TREASURY OFFICE OF PUBLIC AFFAIRS**

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### **Statement of Juan C. Zarate Nominee to be Assistant Secretary for Terrorist Financing U.S. Department of the Treasury Before the Senate Committee on Banking, Housing and Urban Affairs**

Chairman Shelby, Ranking Member Sarbanes, and distinguished Members of this Committee, it is an honor for me to be before you today. It is a privilege to have been nominated by the President for the position of Assistant Secretary of the Treasury for Terrorist Financing, and I thank him, Secretary Snow, and Deputy Secretary Bodman for their confidence in nominating me for this important position.

Mr. Chairman, the positions for which Mr. Levey and I have been nominated form an important part of our country's long-term strategy in the war on terror. This Administration has waged an unprecedented campaign against terrorism and the financing that fuels horrendous acts of violence and hatred around the world. This is not just an American problem born on September 11<sup>th</sup>. From the railway bombings of Madrid and Moscow to the commercial center attacks in Istanbul and Casablanca, we have seen that terrorism does not discriminate among race, religion, or national origin.

When I came to Washington as a federal prosecutor, Mr. Chairman, I was immersed quickly into the reality of the threat that al Qaida posed to our country. One of my first assignments was to assist in the prosecution of those responsible for the American Embassy bombings in East Africa. I further confronted the unabated viciousness of al Qaida as a prosecutor in the investigation of the murders of 17 of our countrymen and women on the USS Cole.

Just days after I began work at the Treasury Department on August 27, 2001, our world and our collective mission changed forever.

Since September 11<sup>th</sup>, I have been privileged to form part of the U.S government effort, along with Mr. Levey, to attack the financial underpinnings of terrorism. If confirmed, I look forward to working with and for Mr. Levey more directly on issues of such national importance.

We have achieved important successes in the mission to bankrupt terrorism. It is now harder, costlier, and riskier for al Qaida and other like-minded terror groups to raise and move money around the world. We have frozen and seized terrorist assets, exposed and dismantled known channels of funding, deterred donors, arrested key facilitators and built higher hurdles in the international financial system to prevent abuse by terrorists.

We have forged an international coalition to combat terrorist financing and have focused the world's attention on previously unregulated, high risk sectors like charities and hawalas. We have placed onto the international agenda the growing concern we have about the use of cash couriers by terrorists groups. In all of these efforts, we have enlisted the private sector worldwide – the banks, money service businesses, broker-dealers and the charitable sector – to serve as the front-line in this battle. These efforts have tightened the financial noose around al Qaida's neck.

The drumbeat of our drive to disrupt and dismantle terrorist financing has been constant and will continue.

Mr. Chairman, I am very proud that this work has been undertaken while our other efforts to combat money laundering, financial crimes and enforce sanctions have also intensified. There are many examples of the important and steady work the Treasury continues to produce. I would like to share with you just a few of our recent actions:

- On June 2<sup>nd</sup>, the United States and the Kingdom of Saudi Arabia announced the designation of five branches of the Saudi-based charity, Al- Haramain, while the Saudi government also announced the consolidation of their charitable sector. The United States further announced the designation of the leader of Al-Haramain.
- We continue to identify front companies and individuals who acted on behalf of the Saddam Hussein regime in Iraq. Since March 2003, when Secretary Snow launched our campaign to find, freeze and repatriate the Iraqi assets stolen by the Hussein regime, we have worked with our international partners to freeze approximately \$6 billion around the world and return over \$2.7 billion to the Iraqi people.
- The Treasury's Financial Crimes Enforcement Network (FinCEN), along with the Office of Comptroller of Currency, levied a fine of \$25 million against Riggs Banks for failure to comply with provisions of the *Bank Secrecy Act*. This has resulted in a more aggressive plan with the regulators for ensuring proper oversight and accountability in the administration of the *Bank Secrecy Act*.
- The Secretary of the Treasury recently designated the Commercial Bank of Syria as a "primary money laundering concern" under Section 311 of the *USA PATRIOT Act*. As a result, the Secretary ordered the closing of their correspondent accounts because of that

bank's complicity in dealing with the Hussein regime, its weak money laundering practices and suspicions of terrorist financing through the institution.

- In recent weeks, we have continued to provide leadership internationally in the field of countering terrorist financing and money laundering by driving issues of key concern to the United States at the plenary meetings of the Financial Action Task Force and the Egmont Group of Financial Intelligence Units.

This is but a mere snapshot of the important work the Treasury accomplishes every day. These efforts are critical not only to preserve the integrity of our financial system, but also to promote the national security interests of our country.

The need for this type of intensive and consolidated work in the long-term is why this Administration, in concert with Congress, decided to create the new Office of Terrorism and Financial Intelligence. TFI, as it will be called, brings under one umbrella the intelligence, enforcement, diplomatic, policy and regulatory resources of the Treasury. It will allow us to consolidate our information and analysis to best utilize Treasury authorities to advance our national security interests and protect our financial systems. TFI will allow us to sustain these and additional efforts for the long term.

This is important, Mr. Chairman, because we know that we are in the midst of a real and protracted struggle against terrorism. We will not tire in our mission to find and incapacitate those who underwrite terror. We will continue to strengthen the financial net to protect our institutions from tainted capital flows and will continue to use all of our authorities, relationships and expertise to attack sources, conduits and proceeds of financial crime.

Finally, Mr. Chairman, I am pleased to have with me close friends as well as my wife, Cindy, who is my best friend and high-school sweetheart. She has unselfishly sacrificed over the past three years to allow me to pursue this mission. I am sorry that my parents, who are in California, could not be here today, but they are very happy to know that I sit before you. It has been both a dream and an expectation of my parents – who immigrated from Mexico and Cuba in the 1950s in search of freedom and opportunity – that my siblings and I serve this country. If confirmed, I hope to continue to serve this President and Secretary Snow with an unwavering commitment and a deep passion for these issues, and to work with this Committee and other Committees of Congress to advance our national interests.

Thank you.