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United States House of Representatives
Committee on Financial Services
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M E M O R A N D U M

To: Members of the Committee on Financial Services

From: FSC Majority and Minority Staff

Date: May 23, 2016

Subject: May 24, 2016, Task Force to Investigate Terrorism Financing hearing titled "Stopping Terror Finance: A Coordinated Government Effort"

The Task Force to Investigate Terrorism Financing will hold a hearing entitled "Stopping Terror Finance: A Coordinated Government Effort" on Tuesday, May 24, 2016, at 10:00 a.m. in Room 2128 of the Rayburn House Office Building. This will be a one-panel hearing with the following witnesses:

- Ms. Jennifer Shasky Calvery, Director, Financial Crimes Enforcement Network, U.S. Department of the Treasury
- Mr. Larry McDonald, Deputy Assistant Secretary, Office of Technical Assistance, U.S. Department of the Treasury

The Task Force hearing will examine federal efforts to combat the financing of terrorism and explore how the U.S. Department of the Treasury works with relevant agency and law enforcement officials as part of a coordinated United States government effort to combat all forms of illicit finance.

Terrorist Financing Threats[1]

According to the Financial Action Task Force (FATF)—an intergovernmental technical entity long focused on international standards-setting for anti-money laundering (AML) and combating the financing of terrorism (CFT)—terrorist methods for raising and managing funds have evolved since its original 2008 typologies report on terrorist financing.[2] In addition to the traditional means of raising, moving, and using terrorist funds (i.e., fundraising through charities, private donors, state sponsors, etc., and the use of formal financial institutions, informal value transfer methods, and bulk cash smuggling for moving funds internationally), FATF identified in October 2015 four "emerging terrorist financing threats and vulnerabilities," including financial considerations associated with Foreign Terrorist Fighters (FTFs), fundraising through social media, the exploitation of new payment products and services (e.g., virtual currencies), and the appropriation of natural resources for profit.[3]

The U.S. Intelligence Community has identified similar themes in an evolving terrorist financing environment. Director of National Intelligence (DNI) James Clapper identified the Internet as a critical platform made use of by modern terrorist groups, especially the Islamic State, "to organize, recruit, spread propaganda, collect intelligence, raise funds, and coordinate operations."[4] The terrorist financial support provided by FTFs is also an issue of concern, given the sheer number of FTFs known to have traveled to Syria since 2012 and their diverse origins, including from the United States. According to DNI Clapper, the number of U.S.-based IS-supporters arrested by the Federal Bureau of Investigation (FBI), mainly for attempting to provide material support to the Islamic State, grew from "approximately one dozen" in 2014 to "approximately five dozen" in 2015.[5]

According to the U.S. Department of the Treasury (Treasury), these threats collectively represent a source of risk to the U.S. financial system, as some terrorist organizations continue to seek access to the U.S. financial system to facilitate their activities. Treasury's June 2015 National Terrorist Financing Risk Assessment, the first of its kind, concluded that "[t]he central role of the U.S. financial system within the international financial system and the sheer volume and diversity of international financial transactions that in some way pass through U.S. financial institutions expose the U.S. financial system to TF [terrorist financing] risks that other financial systems may not face."[6]

Recent Financing Developments

Islamic State

Recent assessments indicate that the Islamic State's financial assets have declined, but remain significant. According to Daniel Glaser, Treasury's Assistant Secretary for Terrorist Financing, oil revenue generated by the Islamic State has dropped from approximately $500 million per year to "probably... about half of

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[1] This memorandum was prepared by the Congressional Research Service at the Task Force's request, and has been reviewed and approved by staff of the Financial Services Committee.
[2] Financial Action Task Force (FATF), Emerging Terrorist Financing Risks, October 2015.
[3] Ibid.
[4] James Clapper, Director of National Intelligence, prepared statement for a hearing on the "Worldwide Threat Assessment of the U.S. Intelligence Community," Senate Armed Services Committee, February 9, 2016. With respect to the Islamic State, Clapper stated in earlier testimony that "the group has been executing a highly strategic social media campaign using a diverse array of platforms and thousands of online supporters around the globe. The group quickly builds expertise in the platforms it uses and often leverages multiple tools within each platform. ISIL and its adherents' adept use of social media allows the group to maximize the spread of its propaganda and reach out to potential recruits." See Clapper prepared statement for a hearing on "Worldwide Cyber Threats," House Permanent Select Committee on Intelligence, September 10, 2015.
[5] Clapper prepared statement on Worldwide Threats (February 9, 2016).
[6] U.S. Department of the Treasury, National Terrorist Financing Risk Assessment, June 12, 2015.

what they previously have been making."[7] Additionally, Glaser estimates that the Islamic State generates approximately $360 million per year broadly in "taxation."[8] Based on open source analysis, the non-governmental organization IHS Conflict Monitor estimated in April 2016 that the Islamic State's overall monthly revenue has fallen since the previous summer.[9] IHS estimates that oil and gas revenue dropped from $31 million to $23 million per month. Despite declines in production, due in part to an intensified military air campaign through Operation Tidal Wave II, the Islamic State has reportedly not increased the price of oil. IHS further estimates that the Islamic State's revenue for taxation and confiscation has also declined in the past year from $39 million to $30 million per month due to declines in territory and population. The Islamic State's financial strains have manifested in reported cuts in FTF salaries and amplified tax collection practices levied against local populations.

Hezbollah

Although Hezbollah has been designated as a Foreign Terrorist Organization by the U.S. Department of State since 1997, U.S. officials describe a reinvigorated U.S. focus on targeting the group's finances in the past five years, which some observers say is paying off.[10] Hezbollah's global reach became more visible during this time period, as plots were uncovered in countries that spanned Bulgaria, Cyprus, Peru, and Thailand. Its role as a regional destabilizer also concerned policymakers, particularly its role in the Syrian conflict as a proxy for Iranian interests and supporter of the Bashar al-Asad regime.[11] With Treasury's designation of Lebanese Canadian Bank SAL in February 2011 as a financial institution of primary money laundering concern, pursuant to Section 311 of the USA PATRIOT Act, Hezbollah's role in Latin American cocaine trafficking, West African trade-based money laundering schemes, and exploitation of Lebanese exchange houses were also publicly revealed. Hezbollah spokespeople denied links to such activities.[12] Since 2011, pressure on the group has persisted through targeted financial sanctions, law enforcement investigations, and judicial prosecutions, as well as mounting costs associated with its involvement in Syria and reductions in Iranian financial support.[13] Notably, on December 18, 2015, President Barack Obama signed into law the Hizballah International Financing Prevention Act of 2015 (P.L. 114-102), which requires enhanced restrictions on foreign financial institutions that facilitate financial transactions and services for Hezbollah. Adding pressure, the European Union (in 2013) and more recently the Gulf Cooperation Council and the Arab League (in March 2016) have designated Hezbollah a terrorist organization.[14]

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[7] Foundation for Defense of Democracies, transcript of event on "State of Play: Combating Today's Illicit Financial Networks," May 11, 2016.

[8] Ibid.

[9] IHS Conflict Monitor, An Assessment of the Islamic State in Iraq and Syria, monthly report, April 2016.

[10] Foundation for Defense of Democracies, transcript (May 11, 2016). See also Matthew Levitt (Washington Institute for Near East Policy), "The Crackdown on Hezbollah's Financing Network," Wall Street Journal, opinion, January 27, 2016; Devlin Barrett, "U.S. Intensifies Bid to Defund Hezbollah," Wall Street Journal, December 16, 2015.

[11] For further discussion see Matthew Levitt, "Hezbollah's Transnational Organized Crime," Washington Institute for Near East Policy, April 21, 2016.

[12] U.S. Department of the Treasury, "Treasury Identifies Lebanese Canadian Bank SAL as a 'Primary Money Laundering Concern,'" press release, February 10, 2011; Jo Becker, "Beirut Bank Seen as a Hub of Hezbollah's Financing," New York Times, December 13, 2011.

[13] See for example, U.S. Drug Enforcement Administration (DEA), "DEA and European Authorities Uncover Massive Hizballah Drug and Money Laundering Scheme," press release, February 1, 2016.

[14] Justyna Pawlak and Adrian Croft, "EU Adds Hezbollah's Military Wing to Terrorism List," Reuters, July 22, 2013; Hugh Naylor, "In Jab at Iran, Gulf Arab States Declare Hezbollah a Terrorist Group," Washington Post, March 2, 2106; BBC, "Arab League Brands Hezbollah a Terrorist Organization," March 11, 2016.

Iran Sanctions

Despite the lifting of U.S. and EU sanctions on Iran's civilian economic sectors on January 16, 2016, known as Implementation Day of the Joint Comprehensive Plan of Action (JCPOA), reports indicate that many major European banks remain hesitant to re-enter the Iran market by providing trade financing and other financial services, causing Iranian officials to complain about the lack of anticipated benefits associated with JCPOA sanctions relief. Iran has increased its oil exports to about 2.35 million barrels per day, close to 2011 levels, and it is able to access approximately $55 billion in foreign exchange assets (this is a Treasury estimate net of funds already obligated or locked in illiquid projects).[15] Still, European banks reportedly remain reluctant to conduct Iran-linked business due in part to the continuation of unilateral U.S. financial sanctions against Iran for purposes other than proliferation, including terrorism, regional destabilization, missile and human rights violations, as well as a lack of transparency in Iran's financial sector. Senior U.S. officials, including Secretary of State John Kerry, have met with various government and financial sector representatives to clarify that most forms of foreign financial activity with Iran are now permissible and that major international banks should resume transactions with Iran. Still, the Financial Action Task Force (FATF) continues to identify Iran as one of two countries in the world (the other is North Korea) with strategic deficiencies in anti-money laundering and combating the financing of terrorism (AML/CFT). European banks such as Standard Chartered and HSBC, which have in the past been targeted for sanctions violations and lax AML/CFT regimes, have reportedly continued more conservative policies regarding business with Iranian clients than U.S. and other laws may require.[16]

Strategic CFT Guidance

The U.S. government does not maintain a single strategic document or interagency implementation plan for combating the financing of terrorism (CFT). Instead, policy guidance can be found pertaining to CFT in the 2015 National Security Strategy and the 2011 Counterterrorism Strategy. CFT policy objectives are also summarized in Treasury's 2015 National Terrorist Financing Risk Assessment. In August 2010, the U.S. Department of Defense also issued Directive Number 5205.14 (updated in October 2015) on Counter Threat Finance Policy. At the international level, the FATF has also recently issued a consolidated CFT strategy (see text box, below).

2015 National Security Strategy. The most recent National Security Strategy is organized into four thematic chapters: "security," "prosperity," "values," and "international order." The security chapter addresses, among other topics, counterterrorism priorities, particularly with respect to Al Qaeda, the Islamic State, and their affiliates. CFT is addressed in the prosperity chapter, within the context of international efforts "to promote financial transparency and prevent the global financial system from being abused by transnational criminal and terrorist organizations...."[17]

2011 Counterterrorism Strategy. The most recent Counterterrorism Strategy identifies eight overarching counterterrorism goals, including the goal to "deprive terrorists of their enabling means."[18] In a subsection on "terrorist financing," the strategy notes that "[t]he United States will continue to emphasize

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[15] Glenn Kessler, "Kerry's Claim that Iran Has Only Received '$3 billion' from the Nuclear Deal," Washington Post, fact checker, May 11, 2016.

[16] Financial Action Task Force (FATF), "FATF Public Statement," February 19, 2016; Martin Arnold, Geoff Dyer, and Najmeh Bozorgmehr, "European Banks Resist Calls to Increase Ties with Iran," Financial Times, May 11, 2016; Stuart Levy, "Kerry's Peculiar Message About Iran for European Banks," Wall Street Journal, opinion, May 13, 2016. See also: Rep. Ed Royce, "The United States Must Not Aid and Abet Iranian Money Laundering," Washington Post, opinion, April 5, 2016; Rep. Peter Roskam, "Don't Be So Quick to Do Business with Iran," Wall Street Journal, opinion, March 31, 2016; Mark Dubowitz and Jonathan Schanzer, "Dollarizing the Ayatollahs," Wall Street Journal, opinion, March 27, 2016.

[17] White House (Obama Administration), National Security Strategy, February 6, 2015.

[18] White House (Obama Administration), National Strategy for Counterterrorism, June 28, 2011.

disrupting the access of terrorists—especially al-Qa'ida, its affiliates, and its adherents—to sources of financial support." Specified approaches to address terrorist financing include to:

- "expand and enhance efforts aimed at blocking the flow of financial assets to and among terrorist groups" through sanctions and prosecutions against sanctions violators;
- "push for enhanced unilateral action" against financiers and facilitators located in the Arabian Peninsula and for closer cooperation among Gulf states with the United States, "while retaining our ability to take unilateral action as well;" and
- "encourage countries—especially those in Europe—to adopt a policy against making concessions to kidnappers while using tailored messages unilaterally and with our partners to delegitimize the taking of hostages."

2015 National Terrorist Financing Risk Assessment. Although Treasury's National Terrorist Financing Risk Assessment analyzes risks to the U.S. financial system more than it provides strategic guidance, the executive summary outlines the U.S. government's rationale for CFT activity:

> After the September 11, 2001 terrorist attacks, the United States adopted a preventive approach to combating all forms of terrorist activity. Efforts to combat the financing of terrorism (CFT) are a central pillar of this approach. Cutting off financial support to terrorists and terrorist organizations is essential to disrupting their operations and preventing attacks. To that end, the U.S. government has sought to identify and disrupt ongoing terrorist financing (TF) and to prevent future TF.[19]

FATF's Consolidated CFT Strategy

In February 2016 the intergovernmental Financial Action Task Force (FATF) issued a new "Consolidated FATF Strategy on Combatting Terrorist Financing."[20] According to FATF, "the scope and nature of terrorist threats globally intensified" in 2015, resulting in calls for "further concerted action" to be "urgently" taken "to strengthen global counter-terrorist financing regimes to combat the financing of these serious terrorist threats, and contribute to strengthening the financial and economy system, and security." The new FATF CFT strategy document identified five key policy objectives and specified the priority actions required to achieve these objectives. The key policy objectives are to:

- "Improve and update the understanding of terrorist financing risks, and in particular the financing of ISIL/Da'esh."
- "Ensure that the FATF Standards provide up-to-date and effective tools to identify and disrupt terrorist financing activity."
- "Ensure countries are appropriately and effectively applying the tools, including U.N. Targeted Financial Sanctions, to identify and disrupt terrorist financing activity."
- "Identify and take measures in relation to any countries with strategic deficiencies for terrorist financing."
- "Promote more effective domestic coordination and international cooperation to combat the financing of terrorism."

Legislative Reporting Requirements

As required by Congress, the State Department submits two annual reports on matters related to terrorist financing. Until 2007, Congress had also required Treasury to prepare a national money laundering strategy.

Country Reports on Terrorism

One of the current annual reports is the Country Reports on Terrorism, submitted pursuant to Section 140 of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989 (P.L. 100-204), as amended and codified at 22 U.S.C. 2656f. The most recent report was published by the Bureau of Counterterrorism in

[19] U.S. Department of the Treasury, National Terrorist Financing Risk Assessment, June 12, 2015.
[20] Financial Action Task Force (FATF), Consolidated FATF Strategy on Combatting Terrorist Financing, February 19, 2016.

April 2015, covering developments in the previous calendar year.[21] It included a chapter on "countering terrorism on the economic front," which listed sanctions designations made by the State Department, including changes to the Foreign Terrorist Organization list and Executive Order 13224. For each country described in the report, there is a section on "countering the financing of terrorism." Also, in the chapter on Foreign Terrorist Organizations, the report includes a brief section on "funding and external aid."

International Narcotics Strategy Report

The second congressionally mandated reporting requirement is the International Narcotics Control Strategy Report (INCSR), submitted pursuant to Section 489 of the Foreign Assistance Act of 1961 (P.L. 87-195), as added by Section 5(a) of the International Narcotics Control Act of 1992 and subsequently amended. The provision is also codified at 22 U.S.C. 2291h. The report is required, among other provisions, to identify "major money laundering countries" defined as "a country whose financial institutions engage in currency transactions involving significant amounts of proceeds from international narcotics trafficking" and to include:

> Information on multilateral and bilateral strategies with respect to money laundering pursued by the Department of State, the Department of Justice, the Department of the Treasury, and other relevant United States Government agencies, either collectively or individually, to ensure the cooperation of foreign governments with respect to narcotics-related money laundering and to demonstrate that all United States Government agencies are pursuing a common strategy with respect to major money laundering countries. The report shall include specific detail to demonstrate that all United States Government agencies are pursuing a common strategy with respect to achieving international cooperation against money laundering and are pursuing a common strategy with respect to major money laundering countries, including a summary of United States objectives on a country-by-country basis.

The most recent report was published by the Bureau of International Narcotics and Law Enforcement Affairs in March 2016 and released in two volumes, the first on drug and counternarcotics matters and the second on "money laundering and financial crimes."[22] In practice, Volume II of the INCSR applies to a broader scope of financial crimes than the statutorily defined scope of "major money laundering countries." For example, the INCSR includes a cross-country comparative table of government tools to address not only money laundering but also terrorist financing, including whether the government or jurisdiction has criminalized the financing of terrorism, reports suspected terrorist financing, can free terrorist assets without delay, or is a States Party to the International Convention for the Suppression of Terrorism Financing. As the INCSR explains:

> The complex nature of money laundering transactions today makes it difficult in many cases to distinguish the proceeds of narcotics trafficking from the proceeds of other serious crime. Moreover, financial institutions engaged in transactions that involve significant amounts of proceeds from other serious crimes are vulnerable to narcotics-related money laundering. The… [INCSR] recognizes this relationship by including all countries and other jurisdictions whose financial institutions engage in transactions involving significant amounts of proceeds from all serious crimes or are particularly vulnerable to such activity because of weak or nonexistent supervisory or enforcement regimes or weak political will…. Therefore, the focus in considering whether a country or jurisdiction should be included in this category is on the significance of the amount of proceeds laundered in the entire financial sector, not only banking transactions or on the AML [anti-money laundering] measures taken.[23]

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[21] Available at http://www.state.gov/j/ct/rls/crt/2014/index.htm.
[22] Available at http://www.state.gov/j/inl/rls/nrcrpt/2016/.
[23] Ibid.

National Money Laundering Strategy and Report

Previously, the President, acting through the Treasury Secretary, in consultation with the Attorney General, had been required by Congress to "develop a national strategy for combating money laundering and related financial crimes" as well as, separately, "a report containing an evaluation of the effectiveness of policies to combat money laundering and related financial crimes. Section 2(a) of the Money Laundering and Financial Crimes Strategy Act of 1998 (P.L. 105-310), as amended and codified at 31 U.S.C. 5341, specified that the national strategies were to be submitted in 1999, 2000, 2001, 2002, 2003, 2005, and 2007.[24]

Although there was a statutory requirement that the money laundering strategies include "[d]ata concerning money laundering efforts related to the funding of acts of international terrorism, and efforts directed at the prevention, detections, and prosecution of such funding," the last strategy issued in May 2007 focused "exclusively on deterring money laundering, independent of our efforts to combat the financing of terror" (previous iterations had presented a combined program against both money laundering and terrorist financing) because, as the strategy explained: "Money laundering, in its own right, is a serious threat to our national and economic security."

U.S. CFT Responses

The 2015 National Terrorist Financing Risk Assessment describes the scope of ongoing U.S. government efforts to combat terrorist financing as encompassing three broad categories: law enforcement efforts, financial and regulatory measures, and international engagement.[25]

- **Law Enforcement.** With respect to law enforcement efforts, the 2015 National Terrorist Financing Risk Assessment states that the September 11, 2001, terrorist attacks drove federal law enforcement agencies to undertake "a fundamental reorientation of their institutions, processes, resources, and apparatuses to enhance their ability to disrupt and prevent acts of terrorism before they occur."[26] The U.S. Department of Justice is the principal federal entity responsible for overseeing the investigation and prosecution of terrorist financing-related offenses. Other agencies with CFT-related enforcement responsibilities include including the U.S. Department of Homeland Security and the Internal Revenue Service.
- **Financial and Regulatory Measures.** Ever since September 11, 2001, the U.S. government has stepped up its systemic and targeted regulatory tools aimed at disrupting the finances and funding networks fueling terrorist organizations, and on collecting and disseminating financial intelligence provided by domestic financial institutions.[27] Treasury's Office of Terrorism and Financial Intelligence (TFI) was established in 2004 to lead the U.S. government's CFT efforts. TFI seeks to mitigate terrorist financing risk through both systemic and targeted actions. Targeted actions, usually in the form of targeted financial sanctions administered and enforced by Treasury's Office of Foreign Assets Control (OFAC), are used to identify, disrupt, and prevent terrorists from accessing the U.S. financial system. TFI is composed of: The Office of Terrorist Financing and Financial Crimes (TFFC), which is TFI's policy development and outreach office; OFAC, is charged with administering and enforcing all U.S. economic sanctions programs, including those targeting terrorist financing; the Office of Intelligence Analysis

[24] The strategies for 1999-2003 and 2007 are available at https://www.fincen.gov/news_room/rp/nmls.html. In 2006, the Treasury Department released a U.S. Money Laundering Threat Assessment for 2005, which is available at https://www.treasury.gov/resource-center/terrorist-illicit-finance/Pages/Money-Laundering.aspx.
[25] U.S. Department of the Treasury, National Terrorist Financing Risk Assessment, June 12, 2015.
[26] Ibid.
[27] Ibid.

(OIA) is TFI's in-house intelligence office; and the Financial Crimes Enforcement Network (FinCEN) is the financial intelligence unit (FIU) for the United States charged with administering and enforcing the Bank Secrecy Act (BSA).[28]

- **International Engagement.** Recognizing the interconnectedness of the international financial system and the prominent role of the U.S. financial system, international engagement efforts support the implementation of strong international AML/CFT standards through bilateral and multilateral tools. International and technical assistance for AML/CFT is funded primarily by the State Department, but often implemented by a mix of experts and practitioners in the Departments of Justice, Treasury (including through OTA), and Homeland Security. Treasury also represents the U.S. government in international AML/CFT technical bodies, such as FATF.

Financial Crimes Enforcement Network

The mission of the Financial Crimes Enforcement Network (FinCEN) is to safeguard the financial system from illicit activities, combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.[29] FinCEN is housed as an independent bureau within TFI, and the director of FinCEN is appointed by the Secretary of the Treasury and reports to the Treasury Under Secretary for Terrorism and Financial Intelligence. FinCEN is also the U.S. government's FIU and as such represents the U.S. at the Egmont Group, the international body of FIUs that facilitates international information exchange on AML/CFT.[30]

FinCEN plays an important bridging role across all three dimensions of U.S. AML/CFT efforts. Law enforcement efforts are supported by FinCEN through its unique tools to collect, analyze, and disseminate financial intelligence for law enforcement authorities. As the administrator of the Bank Secrecy Act for the financial sector, FinCEN issues regulations, guidance, advisories, and other orders that require banks and other financial institutions to take precautions against money laundering, terrorism financing and financial crime, such as through filing reports on suspicious financial transactions. Internationally, FinCEN also plays a role in building bilateral and multilateral cooperation and exchanging financial information on AML/CFT matters, including through the FATF, an international standard-setting body that issues standardized best practice guidelines for AML/CFT internationally. It also participates in the Egmont Group, which facilitates the direct exchange of financial information by allowing Egmont member FIUs to request that another member's FIU search its own databases for financial information that may be relevant for an investigation.

One of FinCEN's recent initiatives related to its financial intelligence and CFT role relates to its IT systems and data collection. The majority of the BSA data FinCEN collects comes from two reporting streams: one on large cash transactions exceeding $10,000, and the other on suspicious transactions identified by financial institutions.[31] FinCEN's data collection spans the following entities, which it considers "financial institutions:"

- Banks and credit unions;
- Money remitters, check cashers, and virtual currency exchangers;
- Dealers in foreign exchange;

[28] The Bank Secrecy Act of 1970 and its major component, the Currency and Foreign Transactions Reporting Act, are codified at 12 U.S.C. 1829b and 1951-1959; and 31 U.S.C. 5311-5322.
[29] See Financial Crimes Enforcement Network (FinCEN), *FinCEN: What We Do*, at https://www.fincen.gov/about_fincen/wwd/.
[30] The list of jurisdictions and countries which are members of the Egmont Group can be found at: http://www.egmontgroup.org/about/list-of-members.
[31] FinCEN, speech of Director Jennifer Shasky Calvery at Predictive Analytics World for Government Conference, Washington, D.C. (October 13, 2015), p. 2.

- Casinos and card clubs;
- Insurance companies;
- Securities and futures brokers;
- Mutual funds;
- Operators of credit card systems;
- Dealers in precious metals, stones, or jewels; and
- Certain individuals and trades or businesses, transporting or accepting large amounts of cash.

FinCEN's financial intelligence also includes information on cash crossing the U.S. border. The data FinCEN has collected—known in sum as "BSA data"—totals roughly 190 million records.[32] The agency recently concluded a five-year IT modernization project, in which it (1) assumed responsibility for maintaining its own data in a FinCEN system of records; (2) supported a significant shift from the paper filing of BSA reports to the electronic filing of BSA data; (3) developed a new IT system for its many law enforcement and regulatory partners to search, slice, and dice BSA data; and (4) provided advanced analytics tools to FinCEN's analysts to enhance their capabilities to make sense of the data.[33]

Another recent initiative for FinCEN has also been the greater use of coordinated multilateral collaboration, such as through the Egmont Group, to address global criminal and national security threats.[34] Most recently, these initiatives have focused on the threat of foreign terrorist fighters associated with the Islamic State. The Egmont Group of FIUs has supported an expedited multilateral collaborative effort of 24 FIUs since the project's inception in February 2015. In the project, participating FIUs have shared financial intelligence, strategic reports, and other Islamic State intelligence-related information while identifying important related characteristics of the financial transactions and activity of foreign terrorist fighters as they travel to and from the conflict zone.[35]

Office of Technical Assistance

The mission of the Department of the Treasury's Office of Technical Assistance (OTA) is "to help [the] finance ministries and central banks of developing and transition countries strengthen their ability to manage public finances effectively and safeguard their financial sectors."[36] OTA is an international assistance program within Treasury's Office of International Affairs. OTA offers its technical assistance and capacity building support to countries through five major disciplines:

- **Revenue Policy and Administration Team**: Creates more effective tax administrations that simplify procedures to encourage voluntary compliance on the part of taxpayers, effectively uncover tax evasion, and maintain high standards of fairness and transparency;
- **Budget and Financial Accountability Team**: Strengthens the effectiveness of ministries of finance, the readability and transparency of budget documents, and the management and expenditure of government resources;
- **Government Debt and Infrastructure Finance Team**: Provides strategic and technical assistance to develop market-based means of public finance through the issuance of domestic government securities; increases the efficiency of government debt management; and implements comprehensive debt strategies that diversify sources of finance, reduce liability risk and lower debt service burdens. The team also provides technical assistance to accelerate the development of financially sound infrastructure projects;

[32] Ibid.
[33] Ibid.
[34] FinCEN, speech of Director Jennifer Shasky Calvery at Royal United Services Institute, (May 27, 2015).
[35] Ibid.
[36] *See* International Affairs, Technical Assistance, U.S. Dep't of Treasury, https://www.treasury.gov/about/organizational-structure/offices/Pages/Technical-Assistance-.aspx.

- **Banking and Financial Services Team**: Supports the development of strong financial sectors in which institutions are well-regulated, stable and accessible, serve as efficient intermediaries between savers and investors, and are resistant to criminal activity;
- **Economics Crimes Team**: Assists the development and implementation of anti-money laundering and counter terrorist financing regimes that are compliant with international standards.

While the specific number of projects and countries fluctuates from year to year, OTA currently has 100 projects in nearly 50 countries.[37] OTA provides financial sector assistance in five core disciplines: "revenue policy and administration, budget and financial accountability, government debt and infrastructure finance, banking and financial services, and economic crimes."[38] With a budget of approximately $23.5 million,[39] OTA has helped developing and transition countries build their capacity to manage government finances more effectively; deliver essential public services; and grow their economies.[40] OTA is also the "first responder" in emerging economic and national security crises, such as recently in Ukraine.[41] Demand for OTA assistance from developing and transitional countries is relatively strong and continues to increase.[42]

[37] U.S. Treasury Office of Technical Assistance, OTA Projects (as of Mar. 31, 2016).
[38] U.S. Dep't of Treasury, Office of Technical Assistance booklet, (2015).
[39] OTA received $23.5 million for FY 2015 and FY 2016, and the FY2017 request was $33.5 million.; U.S. Dep't of the Treasury, International Programs, Congressional Justification for Appropriations.
[40] Ibid.
[41] Ibid.
[42] Ibid.