

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: March 15, 2018

Subject: March 20, 2018, Terrorism and Illicit Finance Subcommittee Hearing Entitled “Exploring the Financial Nexus of Terrorism, Drug Trafficking, and Organized Crime”

The Terrorism and Illicit Finance Subcommittee will hold a hearing entitled “Exploring the Financial Nexus of Terrorism, Drug Trafficking, and Organized Crime” at 2 p.m. on Tuesday, March 20, 2018, in Room 2128 of the Rayburn House Office Building. This will be a one-panel hearing with the following witnesses:

- Mr. Joseph Humire, Executive Director, Center for a Secure Free Society
- Mr. Derek Maltz, Executive Director, Government Relations, Pen-Link, Ltd.
- Ms. Celina B. Realuyo, Professor of Practice of National Security Affairs, William J. Perry Center for Hemispheric Defense Studies, National Defense University
- Dr. Louise Shelley, Professor, Schar School of Policy and Government, George Mason University

Transnational criminal organizations (TCOs) pose a significant and growing threat to the United States financial system and our national security. These organizations have an estimated value of \$3.6 to \$4.8 trillion, or seven percent of global Gross Domestic Product, and result in \$130 billion in lost revenue annually to the private sector.¹ TCOs should be regarded as a national security threat that is undermining U.S. government efforts to combat illegal drugs, arms, human trafficking, terrorism, and other crimes to include money laundering, cybercrimes, fraud, and corruption. Given the profit potential, terrorist and insurgent groups have been steadily incorporating criminal activities into their business models, thus blurring the line between TCOs and terrorist organizations. Most notably, Hezbollah, with the backing of Iran, has developed lucrative criminal enterprises in both South and Central America that encompasses transnational trade in narcotics, military weapons, and hundreds of millions of dollars in illicit cash proceeds.

This hearing will explore the increasing convergence of terrorism and transnational organized crime groups, the networks that provide these groups with financial support, and facilitate these criminal and nefarious enterprises.

¹ Robin Cartwright, Global Initiative against Transnational Organized Crime, “Transnational Organized Crime and the Impact on the Private Sector: The Hidden Battalions,” (Dec. 2017). http://globalinitiative.net/wp-content/uploads/2017/12/GITOC_TOCPriateSector_web.pdf