



**JENNIFER SHASKY CALVERY  
DIRECTOR  
FINANCIAL CRIMES ENFORCEMENT NETWORK**

**INSTITUTE OF INTERNATIONAL BANKERS  
ANNUAL ANTI-MONEY LAUNDERING SEMINAR  
APRIL 30, 2015**

Good morning. It is a pleasure to be joining you for the Institute of International Bankers Annual Anti-Money Laundering (AML) Seminar. Thank you to our hosts and particularly Sally Miller for inviting me to be a part of today's event.

As representatives of the international financial community, your work has never been more critical, as the threats to our global financial system directly impact national and international security. Today, there is perhaps no greater threat than the one posed by al-Qa'ida, the Islamic State in Iraq and the Levant (ISIL), their respective affiliates, and in particular by foreign terrorist fighters, i.e., those individuals seeking to go to the region to fight for terrorist groups. The reporting your institutions provide has already proven to be an essential component in identifying foreign terrorist fighters, their financial facilitators, and the flow of funds.

Identification of terrorists or funds supporting terrorism through the financial community has always been difficult. This morning, I want to spend our time together providing you with a clear picture on how the reporting you provide fits into the larger strategic approach to this threat, and to urge your continued vigilance and support.

### **The Strategic Landscape**

Let me begin by setting forth the strategic landscape. The U.S. Government is executing a comprehensive, whole-of-government strategy to disrupt, degrade, and ultimately defeat al-Qa'ida, ISIL, and other terrorist groups. We are actively engaged in the broad Global Coalition to Counter ISIL, a group of over 60 countries and inter-governmental organizations dedicated to working together. The Treasury Department takes the lead on the financial component of U.S. efforts, collaborating closely with our counterparts in the State Department, the Department of Defense, federal law enforcement, and the intelligence community.

The emergence of ISIL, its affiliates, and the flow of foreign terrorist fighters to the Iraq and Syria region has required the development and implementation of new and creative approaches to counter terrorist groups' fundraising and financial operations, both at a strategic and tactical level. At the strategic level, the Treasury Department's efforts to degrade ISIL's financial strength are focused along three mutually supportive elements. First, we are working to disrupt ISIL's revenue streams to deny it funds. Second, we are working to limit what ISIL can do with the funds it collects by restricting access to the international financial system. And third, we continue to impose sanctions on ISIL's leadership and financial facilitators to disrupt their ability to operate. Within this strategic framework, FinCEN plays an important role.

Thanks to the reports filed by financial institutions, FinCEN has a wealth of data that we are able to analyze and disseminate in the form of financial intelligence to our Treasury colleagues, and to law enforcement and intelligence community partners. The information you provide allows us to connect the dots between seemingly unrelated individuals and entities. These capabilities are critical in supporting the U.S. Government's efforts to disrupt ISIL sources of revenue, to restrict their access to the international financial system, and to impose sanctions on ISIL facilitators.

Though much of ISIL's revenue is generated within Iraq and Syria, to sustain its self-described caliphate, ISIL will need to transact with parties that often rely on the international financial system. Oil, commodities, or antiquities purchasers may use a bank to store funds or send payments. Local businesses that provide support to ISIL may rely on international trade to replenish stocks. Foreign terrorist fighters may use an ATM, a money services business (MSB), or a depository institution to send or receive funds to facilitate travel to Iraq and Syria. The impairment of any of its revenue streams or its capacity to spend funds would greatly diminish ISIL's ability to attract and pay fighters, purchase weapons, or exert influence over territory.

The Financial Action Task Force's (FATF's) February 2015 study on ISIL also provides valuable information on that group's fundraising and financing mechanisms. However, as noted in the FATF study, gaps remain and more work is needed to identify the most effective countermeasures to prevent ISIL from using accumulated funds and disrupt sources of funding. ISIL financing is a constantly changing picture, and a very difficult and complicated area to address given the operational situation on the ground.

Today more than ever, financial institutions play a pivotal role in helping us make sense of this picture. The reports your institutions file with FinCEN provides the U.S. Government with valuable insight into financial activity in areas where al-Qa'ida, ISIL, and other terrorist groups operate.

Your reporting also provides us with critical information that has helped us identify foreign terrorist fighters, their supporters, and their financial networks overseas. There is an unprecedented flow of foreign terrorist fighters to Syria and Iraq, which has caused concern in the international community about the globally diffuse threat they pose to their States of origin, transit, and destination. This concern led to the unanimous passage of UN Security Council Resolution 2178 last September, calling on all States to cooperate urgently on preventing the international flow of foreign terrorist fighters to and from conflict zones. Disrupting the flow of foreign terrorist fighters and their facilitators is also a U.S. counterterrorism priority and a key line of effort in our counter-ISIL strategy.

There is no doubt at FinCEN, or amongst our partners across government, that the reporting your financial institutions provide results in a rich collection of high value information. It is essential to our efforts to disrupt, degrade, and ultimately defeat al-Qa'ida, ISIL and other terrorist groups. At FinCEN, we are working on multiple fronts to optimize the collection, analysis, and dissemination of your reporting to achieve these ends.

### **Shaping the Collection**

One of our lines of effort involves shaping the reporting you provide, thereby shaping the data available to FinCEN and our many partners to use in our collective counterterrorism efforts. At the broadest level, FinCEN shapes the reporting through its rulemaking efforts. As those of us in this room know, it is the Bank Secrecy Act (BSA) that sets forth the framework for financial institutions to know what records they must collect and maintain, and what information must be reported. At FinCEN, we take our role as the Administrator of the BSA very seriously. We are continuously seeking to identify vulnerabilities and close gaps in the regulatory framework, while balancing the interests of industry with our information needs.

FinCEN also works with our many partners to communicate to financial institutions both formally and informally, at a more granular level, the importance of the terrorism threat and the types of reporting FinCEN and our partners find useful. Informally, we engage in outreach to industry through events such as this one. On the formal side, we have a number of unique authorities at FinCEN through which to communicate more targeted requirements and red flag indicators to industry, including our Financial Institution Advisory Program, Sections 311 and 314(a) of the USA PATRIOT Act, and geographic targeting orders, among others. We will continue to use these authorities, as appropriate, to shape the data collection.

Since ISIL became a prominent international threat, financial institutions have greatly assisted our efforts by reviewing their records for possible terror finance-related activity and focusing their reporting. There is great illicit finance expertise throughout industry that is being brought to bear on this issue and it is revealed in the quality of the reporting. FinCEN and our

partners have found that this data is vitally important as we identify specific actors and networks or financial institutions that may facilitate terrorist activities. Thank you for your work.

### **Exploiting and Analyzing the Reporting**

Another line of effort at FinCEN is our analysis of financial institution reporting and other financial information to detect important nodes or patterns of activity indicative of illicit activity.

We process about 50,000 new filings each day. To manage a data collection of this size, FinCEN uses automated “business rules” to search the reporting daily for key terms, entities, or typologies of specific interest. The rules are designed to screen daily filings and identify reports that merit further review by analysts. For example, rules related to ISIL, alone, generate over 800 matches each month for further review and exploitation.

When combined with other data collected by law enforcement, financial institution reporting has greatly assisted FinCEN’s analysts and investigators in connecting the dots by allowing for a more complete identification of subjects. Preliminary analysis of the reporting has revealed multiple transactions of note, including suspicious petroleum purchases and transfers involving companies suspected of fraudulent activity. FinCEN’s preliminary analysis of the reporting has also revealed new foreign terrorist fighters and their networks.

On a brief side note, our analysts asked me to request the inclusion of IP addresses in your reporting, whenever possible. We still see them in only a small percentage of the reporting, but find the information extremely actionable.

When FinCEN analysts and investigators identify networks and financial institutions that may be involved in terrorist funding activities, FinCEN has requested additional information from our private sector partners to locate additional accounts. This new information has revealed relationships not previously known, enabling FinCEN to further ongoing domestic and foreign investigations. And you can be assured that we work to share such insights with our many partners who can and should take action on it.

### **Dissemination and Information Sharing**

Indeed, information sharing with domestic and international partners is central to carrying out FinCEN’s mission. Domestically, FinCEN grants more than 10,000 agents, analysts, and investigative personnel from over 350 unique agencies across the U.S. Government with direct access to your reporting so that it gets the broadest possible use. Every day, we see it being used by our partners in the counterterrorism and countering the financing of terrorism context. For

example, the FBI reports that in 2014, approximately 18 percent of its international terrorism cases had related BSA filings.

Additionally, FinCEN disseminates its own analytical work, performed in substantial part on the basis of your reporting, to its many government partners engaged in counterterrorism efforts – partners such as the National Counterterrorism Center, National Targeting Center, and the FBI Terrorism Financing Operations Section, among others. So, please know that your information is neither going into a black hole, nor being stove piped in just one or a few agencies as has often been the perception. The reality is quite the opposite.

Beyond our domestic work, the scale and diffuse nature of the foreign terrorist fighter threat underscores the imperative to share information on an international basis. Yet, international information sharing is one of the biggest challenges facing the members of the Global Coalition to Counter ISIL and the wider international community due to privacy and data-protection concerns, as well as a lack of relationships and infrastructure.

Fortunately, FinCEN, as the financial intelligence unit of the United States, is uniquely positioned to facilitate the sharing of information internationally on both a bilateral and multilateral basis through the Egmont Group of Financial Intelligence Units (FIUs). The Egmont Group, currently comprised of 147 member jurisdictions, provides an unparalleled, preexisting platform for the secure exchange of financial intelligence. Egmont members exchange information pursuant to guidelines meant to encourage the widest range of international cooperation and dissemination of financial intelligence while at the same time protecting each jurisdiction's equities in security, confidentiality, and sovereignty.

Because each FIU around the world has an extensive network of public and private partners within its jurisdiction, the Egmont Group is also able to connect 147 FIU networks with one another. This ability to securely share information via the Egmont Group, places FinCEN, and member FIUs in a critical position to help identify foreign terrorist fighters and their facilitation networks – work that is already underway. It also places FinCEN and member FIUs in a critical position to help solve the global information sharing challenges through the use of its preexisting and tested infrastructure for the benefit of member FIUs, and just as importantly, their many public and private partners. The potential benefits yet to be unlocked are tremendous.

### **Follow-On Action**

The intelligence picture derived from your reporting positions FinCEN to implement its own tools to counter terrorist fundraising and financial operations, as well as support our partners' efforts to take follow-on action.

Section 311 of the USA PATRIOT Act is perhaps the most applicable of FinCEN's authorities in this context because it enables us to restrict access to the U.S. financial system. Pursuant to Section 311, once FinCEN determines that a foreign financial institution, foreign jurisdiction, type of account, or class of transaction is of "primary money laundering concern," FinCEN has the authority to require domestic financial institutions to take certain special measures to address the concern. One of those special measures, Special Measure 5, prohibits U.S. financial institutions from opening or maintaining any correspondent or payable-through accounts. We have ample precedent for using the 311 tool in the counterterrorism context, and are prepared to use it again, when appropriate.

To support follow-on action by others, FinCEN works closely with our Treasury colleagues within the Office of Foreign Assets Control (OFAC) to support their efforts to target sanctions on ISIL facilitators and deter a wide range of threats. FinCEN also partners with a variety of law enforcement agencies who play a role in protecting the homeland to provide special collections of financial intelligence, as well as our analysis, to support their efforts to take preventative and disruptive action against terrorist threats.

Finally, at a strategic level, our efforts will continue to help inform policymakers as they develop and refine national and multilateral strategies to undermine the financial foundations of al-Qa'ida, ISIL, and other terrorist groups. FinCEN's work with its many partners on foreign terrorist fighters, for example, will feed into current multilateral efforts to develop terrorist financing counter measures under the auspices of the Global Coalition to Counter ISIL and its Counter-ISIL Finance Group.

## **Conclusion**

I hope in my time today I have provided you with a sense of how your reporting fits as a critical piece in the bigger strategic picture of the global fight against terrorism. I hope I also provided some insight into how FinCEN is working to address terrorist financing and foreign terrorist fighters, as well as the urgency of more effectively engaging both the public and private international communities to partner with us in these efforts. We are fortunate to have a variety of tools at our disposal to make a real impact against these unprecedented and significant threats, but the most effective tool we have is each other.

###