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Financial Crimes Enforcement Network

**FinCENnews**



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### **FinCEN Holds Law Enforcement Seminar on Informal Value Transfer Systems**

A seminar to discuss issues surrounding informal value transfer systems, to include hawala, was held yesterday at the Financial Crimes Enforcement Network (FinCEN). The seminar was attended by over 50 representatives from the law enforcement community.

Hawala is a method of monetary value transmission that is used in some parts of the world to conduct remittances, most often by individuals who seek to legitimately send money to family members in their home country. It has also been noted that hawala, and other such systems, are possibly being used as conduits for terrorist financing and other illegal activity.

Yesterday's seminar was held to gather together government entities involved in the study of non-traditional banking systems to share insights and maximize efficiency of efforts. Topics discussed included perceived vulnerabilities of informal value transfer systems, efforts to coordinate and share information and strategies within the government, and the assessment of the need for regulation.

The conference was also designed to facilitate and focus an information exchange to support the development of the report to Congress that is required under section 359 of the USA Patriot Act. The report will assess the risks posed by systems such as hawala in terrorist financing; the challenges to law enforcement raised by such systems; regulatory issues raised by the existence of such systems; and possible regulatory initiatives that could be put in place to reduce or eliminate terrorist financing risks associated with such systems.

"Our interest is not in stifling a system that is used for legitimate commerce," said James F. Sloan, Director of FinCEN. "Through facilitating the sharing of information with our counterparts in the law enforcement community, we aim to develop solutions that will help prevent the misuse and exploitation of these systems by terrorists and other criminals."

The conference concluded with a discussion of contemplated further action, including continued interaction among law enforcement and financial regulators; extending coordination to the international level; and giving consideration to a domestic outreach program with informal value transfer service providers concerning their regulatory responsibilities.

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