



A Terrorist Financing Newsletter for Financial Institutions

In the last week, the FBI's Terrorist Financing Operations Section (TFOS) published and released a Terrorist Financing Newsletter. The newsletter is for financial institution use only and not intended for public dissemination. It is available to financial institutions through the Financial Crimes Enforcement Network (FinCEN) under the 314A What's New section.

In March 2008, TFOS Section Chief (SC) Brian W. Lynch was the guest speaker for the monthly teleconference of the Anti-Money Laundering (AML) Leadership Group. The AML Leadership Group is sponsored by Deloitte. It is run by Deloitte's Joe Hanvey, who does a fabulous job lining up quality speakers to address significant AML issues. The AML Leadership Group is a model forum for meaningful information sharing at the grass roots level. During the session that featured Brian, he discussed the critical importance of Bank Secrecy Act (BSA) information to TFOS for terrorist financing investigations. He stated that he intended to work with FinCEN to provide financial institutions with a newsletter devoted specifically to terrorist financing.

There's an old saying, "no good deed goes unpunished." In this case, it took SC Lynch an entire year to get the appropriate approvals at FBI Headquarters to release the newsletter. Oh, how I miss bureaucracy (NOT)! Fortunately, Brian had the perseverance and will to ensure the newsletter was published. FinCEN deserves credit for facilitating the dissemination of the newsletter through the 314A What's New section. Section 314A of the U.S.A. PATRIOT Act allows law enforcement to share and request information from financial institutions.

In SC Lynch's introductory remarks he stated "This newsletter was developed to provide you with information related to terrorist financing matters, to include analysis, case presentations, trends, methodologies, etc. It will be published on an intermittent basis. Again, thank you for your continued efforts in addressing terrorist financing issues."

When arguing the benefits and burdens of the BSA, one of the constant themes has been that law enforcement does not provide feedback. I addressed this recently in an article I wrote entitled Terrorist Financing: Balancing the Benefits and Burdens of Reporting Requirements <http://www.ipsaintl.com/news-and-events/articles/pdf/lormel-balancing-the-benefits.pdf>. TFOS's Terrorist Financing Newsletter is an excellent feedback mechanism.

I spoke to a bank compliance officer about the newsletter. The compliance officer told me the newsletter was a great way to give some feedback to institutions. The compliance officer also stated one of the challenges we face in the industry is justifying the time and cost for BSA reporting. This goes to the heart of the benefits and burdens debate. In our current economic environment this is extremely important. The compliance officer concluded our conversation by noting that terrorism has taken a back seat to the economy. Any spin to interrelate the two is helpful.



TFOS's Terrorist Financing Newsletter accomplishes this. One of the most telling comments in the newsletter was the fact that the FBI found approximately 2000 Suspicious Activity Reports (SARs) that were related to terrorist financing in 2007. In my view, that is extremely important and speaks volumes about BSA reporting requirements. In the totality of SARs reports filed in 2007, 2000 SARs represents a fraction of the total number of SARs filed. However, every single SAR identifiable to a terrorist financing case could be the key to disrupting or preventing a terrorist attack. I strongly encourage everyone in financial institutions, who have access to the 314A mechanism, to read the newsletter. It is quite informative and is a positive step on the part of the FBI to delineate the important contribution BSA data makes to terrorist financing investigations. Additionally, the FBI would welcome feedback about the newsletter and terrorist financing issues. The newsletter provides contact information for such purposes.

By Dennis M. Lormel

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