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INVESTIGATING MONEY LAUNDERING AND TERRORIST FINANCING

Federal Law Enforcement Agencies Face Continuing Coordination Challenges

Statement of Richard M. Stana, Director
Homeland Security and Justice Issues

Corrections made on 5/28/04 to the Highlights page, text and footer. Changes to Highlights page: Investing to Investigating, "s" added to Representative, "r" added to name in email address. The title in footer deleted.

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Highlights

Highlights of GAO-04-710T, a testimony before the Subcommittee on Criminal Justice, Drug Policy, and Human Resources, Committee on Government Reform, House of Representatives

Why GAO Did This Study

Money laundering provides the fuel for terrorists, drug dealers, arms traffickers, and other criminals to operate and expand their activities. GAO focused on two issues. The first is whether the nation's annual National Money Laundering Strategy has served as a useful mechanism for guiding federal law enforcement efforts to combat money laundering and terrorist financing. Unless reauthorized by the Congress, the annual requirement ended with the 2003 strategy. The second issue is the implementation status of a May 2003 Memorandum of Agreement, signed by the Attorney General and the Secretary of Homeland Security, that was designed to enhance the coordination of terrorist financing investigations conducted by the Federal Bureau of Investigation (FBI) and the U.S. Immigration and Customs Enforcement (ICE).

What GAO Recommends

GAO's September 2003 report recommended that, if the requirement for a national strategy is reauthorized, the Secretaries of the Treasury and Homeland Security and the Attorney General strengthen the leadership structure for strategy development and implementation, require processes to ensure key priorities are identified, and establish accountability mechanisms. The departments generally concurred with GAO's report.

www.gao.gov/cgi-bin/getrpt?GAO-04-710T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Richard M. Stana at (202) 512-8777 or stanar@gao.gov.

What GAO Found

GAO's September 2003 report noted that the annual strategy generally has not served as a useful mechanism for guiding the coordination of federal law enforcement agencies' efforts to combat money laundering and terrorist financing. For example, although expected to have a central role in coordinating law enforcement efforts, interagency task forces created specifically to address money laundering and related financial crimes generally had not yet been structured and operating as intended and had not reached their expectations for leveraging investigative resources or creating investigative synergies. Also, while the Departments of the Treasury and Justice had made progress on some strategy initiatives designed to enhance interagency coordination of money laundering investigations, most initiatives had not met expectations. Moreover, even though adjusted in 2002 to reflect a new federal priority—combating terrorist financing—the strategy did not address agency and task force roles and interagency coordination procedures for investigating terrorist financing, which contributed to duplication of efforts and disagreements over which agency should lead investigations.

GAO's February 2004 report noted that the FBI and ICE had implemented or taken concrete steps to implement most of the key provisions in the May 2003 Memorandum of Agreement on terrorist financing investigations. For instance, the agencies had developed collaborative procedures to determine whether applicable ICE investigations or financial crimes leads may be related to terrorism or terrorist financing—and, if so, determine whether these investigations or leads should thereafter be pursued under the auspices of the FBI. However, as of May 2, 2004, the FBI and ICE had not yet issued a joint report on the implementation status of the Agreement, which was required 4 months from its effective date. Also, GAO noted that the FBI and ICE have confronted and will continue to confront a number of operational and organizational challenges, such as ensuring that the financial crimes expertise and other investigative competencies of both agencies are appropriately and effectively utilized.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss federal law enforcement agencies' efforts to cooperatively investigate money laundering and terrorist financing. Money laundering—the process of disguising or concealing illicit funds to make them appear legitimate—is a serious crime, with an estimated $500 billion to $1 trillion laundered worldwide annually, according to the United Nations Office of Drug Control and Prevention. Money laundering provides the fuel for terrorists, drug dealers, arms traffickers, and other criminals to operate and expand their activities, which can have devastating social and economic consequences. Terrorist financing is generally characterized by different motives than money laundering, and the funds often originate from legitimate sources. However, investigations of money laundering and investigations of terrorist financing often involve similar approaches or techniques because the methods used for hiding the movement of funds also involve similarities.

As requested, my testimony will focus on recent strategic plans and organizational changes designed to improve the interagency coordination of money laundering and terrorist financing investigations. Specifically, I will discuss two important issues:

- The first issue is whether the nation's annual National Money Laundering Strategy (NMLS), required by 1998 federal legislation, has served as a useful mechanism for guiding the coordination of federal law enforcement agencies' efforts to combat money laundering and terrorist financing. Unless reauthorized by the Congress, the requirement for an annual NMLS ended with the 2003 strategy, which was issued on November 18, 2003.[1]

- The second issue is the implementation status of a May 2003 Memorandum of Agreement on terrorist financing investigations. The Agreement, signed by the Attorney General and the Secretary of Homeland Security, contained various provisions designed to enhance interagency coordination of terrorist financing investigations conducted by two of the nation's law enforcement agencies—the Federal Bureau of Investigation (FBI) and the U.S. Immigration and

[1]In November 2003, Senator Charles Grassley introduced a bill (S. 1837, the "Combating Money Laundering and Terrorist Financing Act of 2003") that, among other purposes, would extend the requirement for an annual NMLS to 2006.

Customs Enforcement (ICE), a component of the Department of Homeland Security.

My statement today is based on two reports we have provided to the Congress on these issues—that is, our September 2003 report on implementation of the annual NMLS[2] and our February 2004 report on implementation of the Memorandum of Agreement.[3]

Summary

Our September 2003 report noted that the annual NMLS generally has not served as a useful mechanism for guiding the coordination of federal law enforcement agencies' efforts to combat money laundering and terrorist financing. For example, although expected to have a central role in coordinating law enforcement efforts, interagency task forces created specifically to address money laundering and related financial crimes generally had not yet been structured and operating as intended and had not reached their expectations for leveraging investigative resources or creating investigative synergies. Also, while the Departments of the Treasury and Justice had made progress on some strategy initiatives designed to enhance interagency coordination of money laundering investigations, most initiatives had not achieved the expectations called for in the annual strategies. Moreover, even though adjusted in 2002 to reflect a new federal priority—combating terrorist financing—the NMLS did not address agency and task force roles and interagency coordination procedures for investigating terrorist financing. Law enforcement officials told us that the lack of clearly defined roles and coordination procedures contributed to duplication of efforts and disagreements over which agency should lead investigations.

Our February 2004 report noted that the FBI and ICE had implemented or taken concrete steps to implement most of the key provisions in the May 2003 Memorandum of Agreement on terrorist financing investigations. For instance, the agencies had developed collaborative procedures to determine whether applicable ICE investigations or financial crimes leads may be related to terrorism or terrorist financing—and, if so, determine

[2]U.S. General Accounting Office, *Combating Money Laundering: Opportunities Exist to Improve the National Strategy*, GAO-03-813 (Washington, D.C.: Sept. 26, 2003).

[3]U.S. General Accounting Office, *Investigations of Terrorist Financing, Money Laundering, and Other Financial Crimes*, GAO-04-464R (Washington, D.C.: Feb. 20, 2004).

whether these investigations or leads should be pursued under the auspices of the FBI. However, as of May 2, 2004, the FBI and ICE had not yet issued a joint report on the implementation status of the Agreement, which was required 4 months from its effective date. Also, we noted that the FBI and ICE have confronted and will continue to confront a number of operational and organizational challenges, such as establishing and maintaining effective interagency relationships and ensuring that the financial crimes expertise and other investigative competencies of both agencies are appropriately and effectively utilized.

To enhance strategic planning, our September 2003 report recommended that, if the requirement for a national strategy is reauthorized, the Secretaries of the Treasury and Homeland Security and the Attorney General (1) strengthen the leadership structure for strategy development and implementation, (2) require processes to ensure key priorities are identified, and (3) establish accountability mechanisms. In commenting on a draft of the September 2003 report, Treasury said that our recommendations are important, should the Congress reauthorize the legislation requiring future strategies; Justice said that our observations and conclusions will be helpful in assessing the role that the strategy process has played in the federal government's efforts to combat money laundering; and Homeland Security said that it agreed with our recommendations.

Background

The Money Laundering and Financial Crimes Strategy Act of 1998 (Strategy Act) required the President—acting through the Secretary of the Treasury and in consultation with the Attorney General and other relevant federal, state, and local law enforcement and regulatory officials—to develop and submit an annual NMLS to the Congress by February 1 of each year from 1999 through 2003.[4] The goal of the Strategy Act was to increase coordination and cooperation among the various law enforcement and regulatory agencies and to effectively distribute resources to combat money laundering and related financial crimes. The 1998 Strategy Act required that each NMLS define comprehensive, research-based goals, objectives, and priorities for reducing money laundering and related financial crimes in the United States. The annual

[4]Pub. L. No. 105-310, 112 Stat. 2941 codified as 31 U.S.C. §§ 5340-42, 5351-55 (1998).

NMLS generally has included multiple priorities to combat money laundering to guide federal agencies' activities.[5]

Another provision of the Strategy Act authorized the Secretary of the Treasury to designate High Intensity Money Laundering and Related Financial Crime Areas (HIFCA), in which federal, state, and local law enforcement would work cooperatively to develop a focused and comprehensive approach to targeting money-laundering activity.[6] As envisioned by the Strategy Act, HIFCAs were to represent a major NMLS initiative and were expected to have a flagship role in the U.S. government's efforts to disrupt and dismantle large-scale money laundering operations. They were intended to improve the coordination and quality of federal money laundering investigations by concentrating the investigative expertise of federal, state, and local agencies in unified task forces, thereby leveraging resources and creating investigative synergies.

The former U.S. Customs Service, which is now part of ICE, and the FBI both have a long history of investigating money laundering and other financial crimes. In response to the terrorist attacks of September 11, Treasury and Justice both established multiagency task forces dedicated to combating terrorist financing. Treasury established Operation Green Quest, led by Customs, to augment existing counterterrorist efforts by targeting current terrorist funding sources and identifying possible future sources. In addition to targeting individuals and organizations, Operation Green Quest was designed to attack the financial systems that may be used by terrorists to raise and move funds, such as fraudulent charities and the shipment of bulk currency. In January 2003, Customs expanded Operation Green Quest by doubling the personnel commitment to a total of approximately 300 agents and analysts nationwide to work solely on terrorist financing matters. In March 2003, Operation Green Quest was transferred to ICE, within the Department of Homeland Security.

On September 13, 2001, the FBI formed a multiagency task force—which is now known as the Terrorist Financing Operations Section (TFOS)—to combat terrorist financing. The mission of TFOS has evolved into a broad

[5]Also, in the aftermath of the September 11 attacks, the NMLS was adjusted in 2002 to reflect a new federal priority—combating terrorist financing.

[6]Such an "area" could be a geographic area, financial system, industry sector, or financial institution.

role to identify, investigate, prosecute, disrupt, and dismantle all terrorist-related financial and fundraising activities. The FBI also took action to expand the antiterrorist financing focus of its Joint Terrorism Task Forces (JTTF)—teams of local and state law enforcement officials, FBI agents, and other federal agents and personnel whose mission is to investigate and prevent acts of terrorism.[7] In 2002, the FBI created a national JTTF in Washington, D.C., to collect terrorism information and intelligence and funnel it to the field JTTFs, various terrorism units within the FBI, and partner agencies.

The attacks of September 11 emphasized the need for federal agencies to wage a coordinated campaign against sources of terrorist financing. Following September 11, representatives of the FBI and Operation Green Quest met on several occasions to attempt to delineate antiterrorist financing roles and responsibilities. However, such efforts were largely unsuccessful until May 2003, when the Attorney General and the Secretary of Homeland Security signed a Memorandum of Agreement that contained a number of provisions designed to resolve jurisdictional issues and enhance interagency coordination of terrorist financing investigations. According to the Agreement, the FBI is to lead terrorist financing investigations and operations, using the intergovernmental and intra-agency national JTTF at FBI headquarters and the JTTFs in the field. The Agreement also specified that, through TFOS, the FBI is to provide overall operational command to the national JTTF and the field JTTFs. Further, to increase information sharing and coordination of terrorist financing investigations, the Agreement required the FBI and ICE to (1) detail appropriate personnel to each other's agency and (2) develop specific collaborative procedures to determine whether applicable ICE investigations or financial crimes leads may be related to terrorism or terrorist financing. Also, the Agreement required the FBI and ICE to produce a joint written report on the status of the implementation of the Agreement 4 months from its effective date.

[7]According to the FBI, the first JTTF came into being in 1980, and the total number of task forces has nearly doubled since September 11, 2001. Today, there is a JTTF in each of the FBI's 56 main field offices, and additional task forces are located in smaller FBI offices.

Opportunities Exist to Improve the National Money Laundering Strategy

In September 2003, we reported that, as a mechanism for guiding the coordination of federal law enforcement agencies' efforts to combat money laundering and related financial crimes, the NMLS has had mixed results but generally has not been as useful as envisioned by the Strategy Act. For example, we reported that HIFCA task forces were expected to have a central role in coordinating law enforcement agencies' efforts to combat money laundering but generally had not yet been structured and operating as intended and had not reached their expectations for leveraging investigative resources or creating investigative synergies. The NMLS called for each HIFCA to include participation from all relevant federal, state, and local agencies. However, in some cases, federal law enforcement agencies had not provided the levels of commitment and staffing to the task forces called for by the strategy. We found, for instance, that most of the HIFCAs did not have FBI or Drug Enforcement Administration (DEA) agents assigned full time to the task forces. FBI officials cited resource constraints as the primary reason why the bureau did not fully participate. A DEA official told us that, because of differences in agencies' guidelines for conducting undercover money laundering investigations, DEA would not dedicate staff to HIFCA task force investigative units but would support intelligence-related activities. Also, we noted that four of the five operating HIFCAs had little or no participation from state and local law enforcement agencies. Various task force officials mentioned lack of funding to compensate or reimburse participating state and local law enforcement agencies as a barrier to their participation in HIFCA operations. While recognizing that law enforcement agencies have resource constraints and competing priorities, we noted that HIFCA task forces were expected to make more effective use of existing resources or of such additional resources as may be available. As called for in the 2002 NMLS, Treasury and Justice are in the process of reviewing the HIFCA task forces to enhance their potential and remove obstacles to their effective operation. The results of this review could provide useful input for an evaluation report on the HIFCA program, which the Strategy Act requires Treasury to submit to the Congress in 2004.

We further reported that, while Treasury and Justice had made progress on some NMLS initiatives designed to enhance interagency coordination of money laundering investigations, most had not achieved the expectations called for in the annual strategies, including plans to (1) use a centralized system to coordinate investigations and (2) develop uniform guidelines for undercover investigations. Headquarters officials cited differences in the various agencies' anti-money laundering priorities as a primary reason why initiatives had not achieved their expectations.

In our September 2003 report, we noted that our work in reviewing national strategies for various crosscutting issues has identified several critical components needed for their development and implementation, including effective leadership, clear priorities, and accountability mechanisms. For a variety of reasons, these critical components generally have not been fully reflected in the development and implementation of the annual NMLS. For example, the joint Treasury-Justice leadership structure that was established to oversee NMLS-related activities generally has not resulted in (1) reaching agreement on the appropriate scope of the strategy; (2) ensuring that target dates for completing strategy initiatives were met; and (3) issuing the annual NMLS by February 1 of each year, as required by the Strategy Act.

Also, although Treasury generally took the lead role in strategy-related activities, it had no incentives or authority to get other departments and agencies to provide necessary resources or compel their participation. And, the annual strategies have not identified and prioritized issues that required the most immediate attention. Each strategy contained more priorities than could be realistically achieved, the priorities have not been ranked in order of importance, and no priority has been explicitly linked to a threat and risk assessment. Further, although the 2001 and 2002 strategies contained initiatives to measure program performance, none had been used to ensure accountability for results. Officials attributed this to the difficulty in establishing such measures for combating money laundering. In addition, we noted that Treasury had not provided annual reports to the Congress on the effectiveness of policies to combat money laundering and related financial crimes, as required by the Strategy Act.

As mentioned previously, unless reauthorized by the Congress, the requirement for an annual NMLS ended with the issuance of the 2003 strategy. To assist in congressional deliberations on whether there is a continuing need for an annual NMLS, we reviewed the development and implementation of the 1999 through 2002 strategies. Our September 2003 report recommended that—if the Congress reauthorizes the requirement for an annual NMLS—the Secretary of the Treasury, working with the Attorney General and the Secretary of Homeland Security, should take appropriate steps to

- strengthen the leadership structure responsible for strategy development and implementation by establishing a mechanism that would have the ability to marshal resources to ensure that the strategy's vision is achieved, resolve disputes between agencies, and ensure accountability for strategy implementation;

- link the strategy to periodic assessments of threats and risks, which would provide a basis for ensuring that clear priorities are established and focused on the areas of greatest need; and

- establish accountability mechanisms, such as (1) requiring the principal agencies to develop outcome oriented performance measures that must be linked to the NMLS's goals and objectives and that also must be reflected in the agencies' annual performance plans and (2) providing the Congress with periodic reports on the strategy's results.

In commenting on a draft of the September 2003 report, Treasury said that our recommendations are important, should the Congress reauthorize the legislation requiring future strategies; Justice said that our observations and conclusions will be helpful in assessing the role that the strategy process has played in the federal government's efforts to combat money laundering; and Homeland Security said that it agreed with our recommendations.

Our review of the development and implementation of the annual strategies did not cover the 2003 NMLS, which was issued in November 2003, about 2 months after our September 2003 report. While we have not assessed the 2003 NMLS in detail, we note that it emphasized that "the broad fight against money laundering is integral to the war against terrorism" and that money laundering and terrorist financing "share many of the same methods to hide and move proceeds." In this regard, one of the major goals of the 2003 strategy is to "cut off access to the international financial system by money launderers and terrorist financiers more effectively." Under this goal, the strategy stated that the United States will continue to focus on specific financing mechanisms—including charities, bulk cash smuggling, trade-based schemes, and alternative remittance systems—that are particularly vulnerable or attractive to money launderers and terrorist financiers.

Most Key Memorandum of Agreement Provisions Have Been Implemented, but Terrorist Financing Investigations Still Present Operational and Organizational Challenges

As mentioned previously, the NMLS was adjusted in 2002 to reflect new federal priorities in the aftermath of the September 11 attacks, including a goal to combat terrorist financing. However, due to difficulties in reaching agreement over which agency should lead investigations, the 2002 NMLS did not address agency and task force roles and interagency coordination procedures for investigating terrorist financing. Law enforcement officials told us that the lack of clearly defined roles and coordination procedures contributed to duplication of efforts and disagreements over which agency should lead investigations. To help resolve these long-standing jurisdictional issues, in May 2003, the Attorney General and the Secretary of Homeland Security signed a Memorandum of Agreement regarding roles and responsibilities in investigating terrorist financing.

In our February 2004 report, we noted that most of the key Memorandum of Agreement provisions had been implemented or were in the process of being implemented. For example, in accordance with the Agreement, the FBI and ICE have cross detailed key management personnel at the headquarters level, with an ICE manager serving as Deputy Section Chief of TFOS and an FBI manager detailed to ICE's financial crimes division. Also, the FBI and ICE have developed collaborative procedures to determine whether appropriate ICE money laundering investigations or financial crime leads may be related to terrorism or terrorist financing.

Further, as an integral aspect of the collaborative procedures, ICE created a joint vetting unit, in which ICE and FBI personnel—who have full access to ICE and FBI databases—are to conduct reviews to determine whether a potential nexus to terrorism or terrorist financing exists in applicable ICE investigations or financial crimes leads. If so, the matter is to be referred to TFOS, where the FBI Section Chief is to provide the ICE Deputy Section Chief with information demonstrating the terrorism nexus, as well as the stage and development of the corresponding FBI investigation. Then, the Section Chief and the ICE Deputy Section Chief are to discuss the elements of the terrorism nexus, ICE's equity or commitment of resources to date in the investigation, violations being pursued by ICE before the Memorandum of Agreement, and the direction of the investigation. After this collaborative consultation, the FBI and ICE are to decide (1) whether the ICE investigation will be conducted under the auspices of a JTTF and (2) agency roles in pursuing related investigations. Specific investigative strategies generally are to be developed at the field level by FBI, ICE, and U.S. Attorneys Office personnel. The Terrorist Financing Unit of the Counterterrorism Section in Justice's Criminal Division is involved in coordinating and prosecuting matters and cases involving terrorist financing, which are investigated by both the FBI and ICE.

Another Agreement provision—requiring ICE to detail a significant number of appropriate personnel to the national JTTF and JTTFs in the field—is being handled on a location-specific, case-by-case basis. In response to our inquiries, FBI and ICE officials said that this provision was not intended to refer to a specific number of personnel and certainly was not intended to imply that all former Operation Green Quest agents were to be detailed to JTTFs. According to ICE officials, as of February 2004, a total of 277 ICE personnel (from various legacy agencies) were assigned full time to JTTFs—a total that consisted of 161 former Immigration and Naturalization Service agents, 59 Federal Air Marshals, 32 former Customs Service agents, and 25 Federal Protective Service agents. ICE officials said that this total does not include ICE agents who will be assigned to JTTFs in consonance with vetted cases being transitioned to JTTFs, nor does it include ICE investigators who participate part time on JTTFs.

Another provision in the May 2003 Memorandum of Agreement required that the FBI and ICE jointly report to the Attorney General, the Secretary of Homeland Security, and the Assistant to the President for Homeland Security on the implementation status of the Agreement 4 months from its effective date. As of May 2, 2004, the FBI and ICE had not yet produced the required joint report on the implementation status.

The Memorandum of Agreement, by granting the FBI the lead role in investigating terrorist financing, altered ICE's role in investigating terrorism-related financial crimes. However, while the Agreement specified that the FBI has primary investigative jurisdiction over confirmed terrorism-related financial crimes, the Agreement does not preclude ICE from investigating suspicious financial activities that have a potential (unconfirmed) nexus to terrorism—which was the primary role of the former Operation Green Quest. Moreover, the Agreement generally has not affected ICE's mission or role in investigating other financial crimes. Specifically, the Agreement did not affect ICE's statutory authorities to conduct investigations of money laundering and other traditional financial crimes. ICE investigations can still cover the wide range of financial systems—including banking systems, money services businesses, bulk cash smuggling, trade-based money laundering systems, illicit insurance schemes, and illicit charity schemes—that could be exploited by money launderers and other criminals. According to ICE headquarters officials, ICE is investigating the same types of financial systems as before the Memorandum of Agreement.

Further, our February 2004 report noted that—while the Memorandum of Agreement represents a partnering commitment by the FBI and ICE—

continued progress in implementing the Agreement will depend largely on the ability of these law enforcement agencies to meet various operational and organizational challenges. For instance, the FBI and ICE face challenges in ensuring that the implementation of the Agreement does not create a disincentive for ICE agents to initiate or support terrorist financing investigations. That is, ICE agents may perceive the Agreement as minimizing their role in terrorist financing investigations. Additional challenges involve ensuring that the financial crimes expertise and other investigative competencies of the FBI and ICE are effectively utilized and that the full range of the agencies' collective authorities—intelligence gathering and analysis as well as law enforcement actions, such as executing search warrants and seizing cash and other assets—are effectively coordinated. Inherently, efforts to meet these challenges will be an ongoing process. Our interviews with FBI and ICE officials at headquarters and three field locations indicated that long-standing jurisdictional and operational disputes regarding terrorist financing investigations may have strained interagency relationships to some degree and could pose an obstacle in fully integrating investigative efforts.

Concluding Observations

From a strategic perspective, the annual NMLS has had mixed results in guiding the efforts of law enforcement in the fight against money laundering and, more recently, terrorist financing. Although expected to have a flagship role in the U.S. government's efforts to disrupt and dismantle large-scale money laundering operations, HIFCA task forces generally are not yet structured and operating as intended. Treasury and Justice are in the process of reviewing the HIFCA task forces, which ultimately could result in program improvements. Also, most of the NMLS initiatives designed to enhance interagency coordination of money laundering investigations have not yet achieved their expectations. While the annual NMLS has fallen short of expectations, federal law enforcement agencies recognize that they must continue to develop and use interagency coordination mechanisms to leverage existing resources to investigate money laundering and terrorist financing.

Through our work in reviewing national strategies, we identified critical components needed for successful strategy development and implementation, but, to date, these components have not been well reflected in the annual NMLS. The requirement for an annual NMLS ended with the issuance of the 2003 strategy. If the Congress reauthorizes the requirement for an annual NMLS, we continue to believe that incorporating these critical components into the strategy—a strengthened leadership structure, the identification of key priorities, and the

establishment of accountability mechanisms—could help resolve or mitigate the deficiencies we identified.

Also, regarding investigative efforts against sources of terrorist financing, the May 2003 Memorandum of Agreement signed by the Attorney General and the Secretary of Homeland Security represents a partnering commitment by two of the nation's law enforcement agencies, the FBI and ICE. In the 12 months since the Agreement was signed, progress has been made in waging a coordinated campaign against sources of terrorist financing. Continued progress will depend largely on the agencies' ability to establish and maintain effective interagency relationships and meet various other operational and organizational challenges.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions that you or Members of the Subcommittee may have.

Appendix I: GAO Contacts and Staff Acknowledgments

GAO Contacts

For further information about this testimony, please contact Richard M. Stana at (202) 512-8777. Other key contributors to this statement were Danny R. Burton and R. Eric Erdman.

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