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Highlights

Highlights of [GAO-06-483](#), a report to the Chairman, Committee on the Judiciary, House of Representatives

Why GAO Did This Study

Money laundering and terrorist financing can severely affect the nation's economy and also result in loss of lives. To combat these transnational crimes, the Treasury Department (Treasury) and its component bureau, the Financial Crimes Enforcement Network (FinCEN), have key roles. Section 330 of the USA PATRIOT Act encourages the federal government to engage foreign jurisdictions in negotiations to ensure that foreign banks and financial institutions maintain adequate records to combat international financial crime. Treasury plays a lead role in facilitating such efforts. In accordance with its various responsibilities codified by section 361, FinCEN is to coordinate with its foreign counterparts—financial intelligence units (FIU). This report describes (1) Treasury's approach for negotiating with foreign jurisdictions, (2) how FinCEN has contributed to establishing FIUs in foreign countries and enhancing the capabilities of these units, and (3) what actions FinCEN is taking to maximize its performance as a global partner.

What GAO Recommends

GAO recommends that the Director of FinCEN take appropriate steps to ensure that future customer satisfaction surveys include more comprehensive coverage of and higher response rates from FIUs. Treasury agreed.

www.gao.gov/cgi-bin/getrpt?GAO-06-483.

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

INTERNATIONAL FINANCIAL CRIME

Treasury's Roles and Responsibilities Relating to Selected Provisions of the USA PATRIOT Act

What GAO Found

With Treasury's leadership, the U.S. interagency community has been acting to accomplish the goals articulated in section 330 of the USA PATRIOT Act. In particular, according to Treasury, negotiations with foreign jurisdictions are being accomplished through U.S. interactions with the Financial Action Task Force on Money Laundering (FATF), an intergovernmental entity that has developed international standards for combating money laundering and terrorist financing. Treasury emphasized that enactment of section 330 provided a welcomed congressional endorsement of long-standing U.S. policy to combat international financial crime by negotiating with foreign jurisdictions through multilateral organizations, such as FATF.

Since its formation in 1995, FinCEN has helped foreign jurisdictions establish new FIUs and improve the capabilities of existing units. The number of FIUs has jumped from 14 in 1995 to 101 currently, partly because of training and technical support provided by FinCEN and Treasury's Office of Technical Assistance and funding provided by the Department of State. Given the growth in the number of FIUs, future efforts likely will involve giving more attention to improving the capabilities of existing units, especially in reference to combating terrorist financing—an operational task now included in the formal definition of an FIU.

To maximize performance as a global partner, FinCEN is taking various actions, such as assigning an analyst to the Federal Bureau of Investigation's Terrorist Financing Operations Section. Also, FinCEN is modernizing the Egmont Secure Web, which is used by FIUs worldwide to exchange sensitive case information. To enhance its responsiveness to FIUs that request case assistance, FinCEN is allocating additional staff to its Office of Global Support and also is developing a new case management system. However, in the most recent customer satisfaction survey, FinCEN invited less than one-half of FIUs to participate and received only two responses. Future surveys would need to be more inclusive and incorporate better survey development and administration practices, such as follow-up efforts to achieve higher response rates, if the surveys are to serve as a useful management information tool for monitoring and enhancing performance.

Meeting of FIU Representatives in Washington, D.C. (June 30 to July 1, 2005)



Source: Financial Crimes Enforcement Network (FinCEN).