



Highlights of [GAO-03-813](#), a report to congressional requesters

Why GAO Did This Study

Money laundering is a serious crime, with hundreds of billions of dollars laundered annually. Congress passed the Money Laundering and Financial Crimes Strategy Act of 1998 to better coordinate the efforts of law enforcement agencies and financial regulators in combating money laundering. This act required the issuance of an annual National Money Laundering Strategy for 5 years, ending with the issuance of the 2003 strategy. To help with deliberations on reauthorization, as agreed with your offices, GAO determined (1) agency perspectives on the benefit of the strategy and factors that affected its development and implementation, (2) whether the strategy has served as a useful mechanism for guiding the coordination of federal law enforcement agencies' efforts, (3) the role of the strategy in influencing the activities of federal financial regulators, and (4) whether the strategy has reflected key critical components.

What GAO Recommends

GAO recommends 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-03-813.

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 Davi D'Agostino at (202) 512-8678.

COMBATING MONEY LAUNDERING

Opportunities Exist to Improve the National Strategy

What GAO Found

Treasury, Justice, and financial regulatory officials with whom GAO spoke said that the National Money Laundering Strategy was initially beneficial but that, over time, certain factors and events affected its development and implementation. They endorsed the concept of a strategy to coordinate the federal government's efforts to combat money laundering and related financial crimes. They also said that the strategy initially had a positive effect on promoting interagency planning and communication, but different agency views emerged over the scope and commitment required, and other events affected the strategy, such as the September 11 terrorist attacks and the creation of the Department of Homeland Security.

The 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. While Treasury and Justice made progress on some strategy initiatives designed to enhance interagency coordination of money laundering investigations, most have not achieved the expectations called for in the annual strategies. Also, the 2002 strategy did not address agency roles in investigating terrorist financing, thus, it did not help resolve potential duplication of efforts and disagreements over which agency should lead investigations. In May 2003, Justice and Homeland Security reached an agreement aimed at resolving these problems.

Most financial regulators GAO interviewed said that the strategy had some influence on their anti-money laundering efforts because it provided a forum for enhanced coordination, particularly with law enforcement agencies. However, they said that it has had less influence than other factors. They described several other influences on their efforts, particularly their ongoing oversight responsibilities in ensuring compliance with the Bank Secrecy Act and, more recently, the USA PATRIOT Act, which was passed in October 2001 to fight terrorist financing and increase anti-money laundering efforts.

GAO's work reviewing national strategies has identified several critical components needed for development and implementation; however, key components have not been well reflected in the strategy. The first is clearly defined leadership, with the ability to marshal necessary resources. However, the leadership for the strategy has not agreed on the strategy's scope or ensured that target dates for completing initiatives were met. The second is clear priorities, as identified by threat and risk assessments, to help focus resources on the greatest needs. Each strategy contained more priorities than could be realistically achieved and none of the strategies was linked to a threat and risk assessment. The third is that established accountability mechanisms provide a basis for monitoring and assessing program performance. While later strategies contained several initiatives designed to establish performance measures, as of July 2003, none had yet been completed. Officials attributed this to the difficulty in establishing such measures for combating money laundering.