



Highlights of [GAO-04-710T](#), a testimony before the Subcommittee on Criminal Justice, Drug Policy, and Human Resources, Committee on Government Reform, House of Representative

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 stana@gao.gov.

INVESTING MONEY LAUNDERING AND TERRORIST FINANCING

Federal Law Enforcement Agencies Face Continuing Coordination Challenges

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.