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Trade-Based Money Laundering: Overview and Policy Issues

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Specialist in International Trade and Finance

June 22, 2016

Congressional Research Service

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R44541

Summary

Trade-based money laundering (TBML) involves the exploitation of the international trade system for the purpose of transferring value and obscuring the true origins of illicit wealth. TBML schemes vary in complexity but typically involve misrepresentation of the price, quantity, or quality of imports or exports. Financial institutions may wittingly or unwittingly be implicated in TBML schemes when such institutions are used to settle, facilitate, or finance international trade transactions (e.g., through the processing of wire transfers, provision of trade finance, and issuance of letters of credit and guarantees). TBML activity is considered to be growing in both volume and global reach. Although TBML is widely recognized as one of the most common manifestations of international money laundering, TBML appears to be less understood among academics and policymakers than traditional forms of money laundering through the international banking system and bulk cash smuggling. Nevertheless, TBML has emerged as an issue of growing interest in the 114th Congress, especially as Members and committees examine tools to counter terrorist financing.

The U.S. government has historically focused on TBML schemes involving drug proceeds from Latin America, particularly the Black Market Peso Exchange (BMPE). Although a number of anecdotal case studies in recent years have revealed instances in which TBML is used by known terrorist groups and other non-state armed groups, including Hezbollah, the Treasury Department's June 2015 *National Terrorist Financing Risk Assessment* concluded that TBML is not a dominant method for terrorist financing.

The United States is combating TBML in a number of ways:

- The Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issues advisories and geographic targeting orders and applies special measures to jurisdictions determined to be of primary money laundering concern.
- The United States is also an active participant in the intergovernmental Financial Action Task Force (FATF), created in 1989 to develop and promote guidelines on anti-money laundering and combating the financing of terrorism (AML/CFT). FATF has addressed TBML methods and best practices to combat TBML in periodic reports and mutual evaluations of its members.
- The U.S. Department of Homeland Security (DHS), through its Immigration and Customs Enforcement's Homeland Security Investigations (ICE/HSI) unit, maintains a Trade Transparency Unit (TTU) in Washington, DC. The TTU has U.S. Department of State funding and Treasury Department support. DHS has since developed a network of counterpart TTUs in almost a dozen countries abroad. The TTUs examine trade anomalies and financial irregularities associated with TBML, customs fraud, contraband smuggling, and tax evasion.

This report discusses the scope of the TBML problem and analyzes selected U.S. government policy responses to address TBML. It includes a listing of hearings in the 114th Congress that addressed TBML.

Contents

What Is Trade-Based Money Laundering?	1
Scope of the Problem	4
Vulnerabilities	5
Global Hotspots.....	5
Links to Terrorism.....	5
Selected Case Studies	7
Hezbollah-Linked TBML.....	7
Toys-for-Drugs BMPE Scheme	8
Trade Finance and <i>Hawala</i> Networks	8
Selected Policy Responses	9
U.S. Participation in the Financial Action Task Force	9
U.S. Department of the Treasury Regulatory Actions.....	11
Advisories	11
Geographic Targeting Orders	12
Special Measures	13
U.S. Department of Homeland Security’s Trade Transparency Units.....	13
Issues for Congress.....	14

Tables

Table 1. Foreign Countries with Trade Transparency Units as of June 2016	13
--------------------------------------------------------------------------------	----

Appendixes

Appendix. 114 th Congress Hearings That Included Discussion of Trade-Based Money Laundering	16
--------------------------------------------------------------------------------------------------------------	----

Contacts

Author Contact Information	18
----------------------------------	----

What Is Trade-Based Money Laundering?

Trade-based money laundering (TBML) involves the exploitation of the international trade system for the purpose of transferring value and obscuring the true origins of illicit wealth. The Financial Action Task Force (FATF), an intergovernmental standard-setting body on anti-money laundering and combating the financing of terrorism (AML/CFT), has defined TBML as the process of disguising proceeds of crime and moving value through trade transactions to legitimize their illicit origin. This process varies in complexity, but typically involves the misrepresentation of the price, quantity, or quality of imports or exports.¹ When used by terrorist groups to finance their activities, move money, or otherwise disguise the source and beneficiaries of their funds, TBML schemes are sometimes referred to as TBML/FT. Financial institutions are wittingly or unwittingly implicated in TBML and TBML/FT schemes when they are used to settle, facilitate, or finance international trade transactions (e.g., through processing wire transfers, providing trade finance, and issuing letters of credit and guarantees).

In June 2015, the U.S. Department of the Treasury issued two reports related to money laundering: a *National Money Laundering Risk Assessment* and a *National Terrorist Financing Risk Assessment*. The *National Money Laundering Risk Assessment* identified TBML as among the most challenging and pernicious forms of money laundering to investigate.² Citing information from U.S. Immigration and Customs Enforcement (ICE), Treasury described TBML schemes as capable of laundering billions of dollars annually. A February 2010 advisory on TBML, issued by the Treasury Department's Financial Crimes Enforcement Network (FinCEN), stated that more than 17,000 Suspicious Activity Reports (SARs) described potential TBML activity between January 2004 and May 2009, which involved transactions totaling in the aggregate more than \$276 billion.³

In addition to TBML, criminal organizations and terrorist financiers use the international financial system itself and the physical movement of cash through couriers to disguise their activities. In particular, criminal organizations and terrorist financiers take advantage of the size and complexity of the international trade and finance system to obscure individual transactions through (1) the complexities involved with multiple foreign exchange transactions and diverse trade financing arrangements; (2) the co-mingling of legitimate and illicit funds; and (3) the limited resources that most customs agencies have available to detect suspicious trade transactions.⁴ In addition, money launderers have exploited vulnerabilities in the use of letters of credit and other financial arrangements that are necessary for facilitating cross-border trade to launder funds. According to FATF, TBML techniques “vary in complexity and are frequently used in combination with other money laundering techniques to further obscure the money trail.”⁵

¹ Financial Action Task Force (FATF), *Trade Based Money Laundering*, June 23, 2006. The basic techniques of trade-based money laundering (TBML) include over- and under-invoicing of goods and services, multiple-invoicing of goods and services; over- and under-shipment (i.e., short shipping) of goods and services; and falsely described goods and services, including phantom shipping.

² U.S. Department of the Treasury, *National Money Laundering Risk Assessment*, June 12, 2015, at <https://www.treasury.gov/resource-center/terrorist-illicit-finance/Documents/National%20Money%20Laundering%20Risk%20Assessment%20E2%80%932006-12-2015.pdf>.

³ Financial Crimes Enforcement Network (FinCEN), *Advisory to Financial Institutions on Filing Suspicious Activity Reports Regarding Trade-Based Money Laundering*, advisory, FIN-2010-A001, February 18, 2010.

⁴ FATF, *Trade Based Money Laundering*, June 23, 2006.

⁵ FATF, *Trade Based Money Laundering*, June 23, 2006.

In most cases, TBML activities comprise efforts to misrepresent the price, quality, or quantity of goods as they transit across borders or through supply chains. The basic TBML techniques include the following:

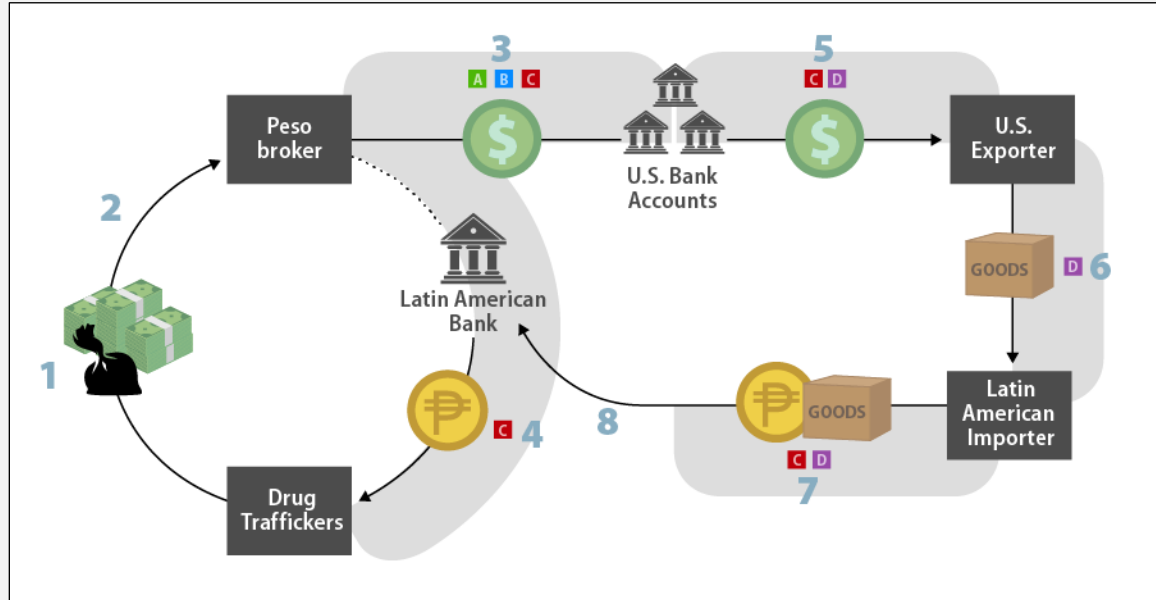
- **Over- and under-invoicing of goods and services.** According to the FATF, money laundering through over- and under-invoicing goods and services is one of the most commonly used methods for laundering funds across borders. By invoicing a good or service below market value, an exporter can shift funds to the importer because the payment to the exporter is less than the value that the importer receives when the goods are sold at market value. Similarly, by invoicing a good or service at a price higher than market value, the exporter transfers value from the importer because the payment to the exporter is greater than the value the importer receives when the goods or services are sold at market value. These types of transactions generally require collusion by both parties and can have significant tax implications. Also, complex products and products that travel through supply chains are more apt to be used in these types of over- and under-invoicing activities because they complicate the ability of customs officials to determine the true market value of such goods and services.
- **Multiple invoicing of goods and services.** By providing multiple invoices for the same transaction, a money launderer or terrorist financier can justify multiple payments for the same goods or services. In addition, by using a number of financial institutions to make these multiple payments, a money launderer or terrorist financier can increase the level of complexity of the transaction and complicate efforts at detection. If the transaction is detected, a launderer can offer a number of plausible explanations that compound efforts by officials to detect the activities.
- **Over- and under-shipments of goods and services.** In addition to manipulating the prices of goods and services, a money launderer can misstate the quantity of goods and services that are exported or imported. In the extreme, exporters and importers can collude in not shipping any goods at all but proceed with processing the necessary shipping and customs documents. Banks and other financial institutions may be unaware that these “phantom” transactions are occurring.
- **Falsely described goods and services.** Money launderers also can misstate the quality or the type of a good or service that is being traded. Such a misstatement creates a discrepancy between the value of a good that is stated on the shipment or customs forms and what is actually shipped.

Combining several of these common TBML techniques is a classic scheme involving the laundering of drug proceeds from Latin America, called the Black Market Peso Exchange (BMPE). BMPE emerged as a major money-laundering method when Colombian drug traffickers used sophisticated trade-based schemes to disguise as much as \$4 billion in annual narcotics profits in the 1980s.⁶ For further illustration, see **Text Box** below.

⁶ Broadly, the Black Market Peso Exchange (BMPE) facilitated the “swap” of dollars owned by drug cartels in the United States for pesos already in Colombia by selling the dollars to Colombian businessmen who sought to buy U.S. goods for export. See FinCEN, *Colombian Black Market Peso Exchange*, advisory, issue 9, November, 1997; U.S. Government National Money Laundering Strategy, May 3, 2007; and FATF, *Trade Based Money Laundering*, June 23, 2006.

Black Market Peso Exchange (BMPE): An Illustration

Although Latin America and the United States are used in the example below, similar arrangements have been widely used in many countries to repatriate the proceeds of various types of crimes. These transactions combine legal and illegal activities and multiple actors across international jurisdictions that wittingly or unwittingly facilitate TBML.



Illustrative steps of a black market peso exchange

1 Drug traffickers smuggle illegal drugs into the United States and sell them for U.S. dollars ("narco dollars"). **2** Drug traffickers sell the narco dollars at a discount to a peso broker. **3** The peso broker consolidates the narco dollars in a U.S. bank account and **4** pays the drug traffickers with pesos from a Latin American bank account. **5** The peso broker uses narco dollars to pay a U.S. exporter for legitimate goods on behalf of a Latin American importer. **6** The Latin American importer receives the legitimate goods and **7** sells them in Latin America for pesos. **8** The Latin American importer repays the peso broker with pesos.

Source: Financial Action Task Force, *Trade Based Money Laundering*, June 23, 2006, p. 8.

Key Concepts Associated with BMPE Schemes

[A] Money Laundering has three phases: (1) **Structuring**, when "dirty" cash is introduced into the financial system; (2) **Layering**, when a series of financial transactions are conducted to camouflage the illicit origins of the cash; and (3) **Integration**, when the seemingly legitimate cash becomes free to move anywhere in the financial system.

[B] A **shell company** is a company without active business operations serving as a vehicle for business transactions. A **shelf company** is a shell company with a long history of transactions. Both shell and shelf companies might serve legitimate purposes. On the other hand, a **front company** is a company with active business operations that serves as a front for illegal activities.

[C] **Trade fraud techniques** include variations on false invoicing: under-invoicing (used when importing goods/services to move money abroad); over-invoicing (used when exporting goods/services to receive money coming from abroad); and multiple invoicing. Supporting documents might also be manipulated, by providing false descriptions of goods or services or by falsifying bill of lading, cargo manifests, and customs declarations. Shipment fraud techniques include short shipping (to move cash abroad); over-shipping (to receive money coming from abroad); and phantom shipping.

[D] Financial institutions are involved in TBML schemes when they are used to settle, facilitate, or finance international trade transactions, including through (1) **letters of credit** (in which a bank guarantees for one of its customers that the goods/services ordered to a seller abroad will be paid in full; the bank additionally insures its customer that payment will not be processed prior to confirmed receipt of shipped items); (2) **letters of guarantee** (similar to letters of credit, but when a bank only guarantees a sum of money to the beneficiary); (3) **provisions of trade financial services**; and (4) **wire transfers**.

Scope of the Problem

TBML is widely recognized as one of the most common manifestations of international money laundering as well as a known value transfer and reconciliation method used by terrorist organizations. Nevertheless, TBML appears to be less understood among academics and policymakers than traditional forms of money laundering through the international banking system and bulk cash smuggling. Considering the volume of global trade and the value of such transactions, however, TBML's effects can result in substantial consequences for international commerce and government revenue. The *National Money Laundering Risk Assessment* concludes that

TBML can have a more destructive impact on legitimate commerce than other money laundering schemes. According to ICE HSI [Homeland Security Investigations], transnational criminal organizations may dump imported goods purchased with illicit proceeds at a discount into a market just to expedite the money laundering process. The below-market pricing is a cost of doing business for the money launderer, but it puts legitimate businesses at a competitive disadvantage. This activity can create a barrier to entrepreneurship, crowding out legitimate economic activity. TBML also robs governments of tax revenue due to the sale of underpriced goods, and reduced duties collected on undervalued imports and fraudulent cargo manifests.⁷

The global trends that facilitated a quadrupling of global trade over the past quarter century, measured at \$16.4 trillion in 2015, are also being used by drug smugglers and other criminal organizations to hide the gains of illegal or illicit activities. In particular, advances in communications and lower transportation costs, combined with the digital revolution, global value chains, and greater urbanization, have produced more interconnected economies and societies that link together national economies and create vast new market opportunities. Reportedly, organized crime has followed these trends and expanded its activities into new markets.⁸

According to a research report by the Organization for Economic Cooperation and Development (OECD), these global markets offer criminal organizations new markets to reduce their overall risks by diversifying into profitable activities with low probability of being detected. According to the OECD's report, "Illicit trade needs to be presented within the context of global market trends.... Criminal groups adopted new types of activity and trade to overcome the challenge of connecting production to distant consumers. These new synergies created economies of scale and other efficiencies common to legitimate trade, and the opportunity to diversify into new illicit markets."⁹ The OECD further concluded that such illegal trade and the attendant financial flows not only present a challenge for law enforcement but also potentially could have wide-ranging economic and development consequences, particularly as illegal transfers of money and capital out of developing countries may result in reductions of domestic expenditure and investment.¹⁰

⁷ U.S. Department of the Treasury, *National Money Laundering Risk Assessment*, June 12, 2015, p. 29, at <https://www.treasury.gov/resource-center/terrorist-illicit-finance/Documents/National%20Money%20Laundering%20Risk%20Assessment%20E2%80%93%2006-12-2015.pdf>.

⁸ OECD (2016), *Illicit Trade: Converging Criminal Networks*, OECD Reviews of Risk Management Policies, OECD Publishing, Paris, at http://www.keepeek.com/Digital-Asset-Management/oecd/governance/charting-illicit-trade_9789264251847-en#page3.

⁹ Ibid.

¹⁰ Ibid.

Vulnerabilities

The potential is vast for criminal organizations and terrorist groups to exploit the international trade system with relatively low risk of detection. According to FATF, key characteristics of the international trade system have made it both attractive and vulnerable to illicit exploitation.

According to FATF, vulnerabilities include the following:

- “The enormous volume of trade flows, which obscures individual transactions and provides abundant opportunity for criminal organizations to transfer value across borders;
- The complexity associated with (often multiple) foreign exchange transactions and recourse to diverse financing arrangements;
- The additional complexity that can arise from the practice of comingling illicit funds with the cash flows of legitimate business;
- The limited recourse to verification procedures or programs to exchange customs data between countries; and
- The limited resources that most customs agencies have available to detect illegal trade transactions.”¹¹

Global Hotspots

According to FinCEN, TBML activity is growing in both volume and global reach. In an analysis of SARs between January 2004 and May 2009, TBML activity was most frequently identified in transactions involving Mexico and China. Panama was ranked third, potentially due to TBML activity linked to the Panama Colon Free Trade Zone, whereas the Dominican Republic and Venezuela were identified as “countries with the most rapid growth in potential TBML activity.”¹²

According to the U.S. Department of State’s 2016 annual report on money laundering and financial crimes, TBML concerns have surfaced in countries or jurisdictions including Afghanistan, Australia, Belize, Brazil, Cambodia, Canada, China, Colombia, Greece, Guatemala, Hong Kong, India, Iran, Iraq, Japan, Kenya, Lebanon, Mexico, Pakistan, Panama, Paraguay, the Philippines, Singapore, Saint Maarten, Switzerland, Taiwan, the United Arab Emirates (UAE), Uruguay, Venezuela, and the West Bank and Gaza.¹³ The State Department’s *Country Reports on Terrorism 2015* (released in 2016) noted that TBML unrelated to terrorist financing also occurs in Trinidad and Tobago. Based on these reports, TBML is often associated with significant losses in potential customs and tax revenue, circumvention of foreign exchange capital restrictions, corruption of customs authorities, exploitation of free trade zones, laundering of proceeds associated with black and grey market goods, counter-valuation among informal money brokers (e.g., *hawaladars*), and trade in gold and precious gems.

Links to Terrorism

Although a number of anecdotal case studies in recent years have revealed instances in which known terrorist groups and other non-state armed groups, including Hezbollah, used TBML, the

¹¹ FATF, *Trade Based Money Laundering*, June 23, 2006.

¹² FinCEN, *Advisory to Financial Institutions on Filing Suspicious Activity Reports Regarding Trade-Based Money Laundering*, advisory, FIN-2010-A001, February 18, 2010.

¹³ U.S. Department of State, *International Narcotics Control Strategy Report (INCSR)*, vol. 2, March 2016.

Treasury Department's June 2015 *National Terrorist Financing Risk Assessment* concluded that TBML is not a dominant method for terrorist financing.¹⁴ It stated,

Broadly speaking, based on an analysis of U.S. law enforcement investigations and prosecutions relating to TF [terrorist financing], two methods of moving money to terrorists and terrorist organizations have been predominate in the convictions and cases pending since 2001: the physical movement of cash and the movement of funds through the banking system.... The physical movement of cash accounted for 28 percent of these cases while movement directly through banks constituted 22 percent, movement through licensed MSBs [money services businesses] 17 percent, and movement by individuals or entities acting as unlicensed money transmitters constituted 18 percent.”¹⁵

The footnote following the sentence quoted above continued: “The remaining 15 percent were a mix of checks, wire transfers through unspecified financial institutions, and TBML.”¹⁶

In its latest *Country Reports on Terrorism*, the State Department identified TBML as a terrorism-related concern in Tunisia and Syria, particularly as a technique used by *hawala* brokers in conjunction with corrupt customs and immigration officials.¹⁷ *Hawala* refers to an informal method for transferring funds that is commonly used in parts of the Middle East and South Asia where the formal banking system has limited presence. A *hawala* transfer typically involves a network of trusted money brokers, or *hawaladars*, who rely on each other to accept and disburse funds to third-party clients on their behalf. Settlement of account balances among *hawaladars* takes place subsequently, but not necessarily through bank and nonbank financial institutions. Such informal value transfer systems are often preferred because of their perceived quickness, reliability, and lower cost. Unregulated *hawala* systems, however, are perceived by government authorities as lacking sufficient transparency and investigations have revealed that they are vulnerable to abuse by terrorist groups.¹⁸

The State Department's 2016 annual report on money laundering and financial crimes also identified some specific countries that may be vulnerable to TBML/FT schemes. For example, the report notes that expanded trade cooperation pursuant to the 2011 Afghanistan/Pakistan Transit Trade Agreement encompasses trade routes that are known for TBML and that “pass through key locations where insurgent and terrorist groups operate.”¹⁹

In Lebanon, the State Department reports that individuals are involved in a TBML scheme involving trade in vehicles, sometimes co-mingled with weapons, to launder drug proceeds linked to Hezbollah (for further discussion, see case study below on “Hezbollah-Linked TBML”):

U.S. law enforcement identified money wires coming into the United States from Jordanian and Lebanese entities to various domestic vehicle dealerships. These funds are used to purchase vehicles subsequently exported to Lebanon and Jordan. In some instances, there are weapons secreted within the exported vehicles. The transactions that occur in the United States appear to be legitimate, but the ultimate destination of the vehicles is unknown and the proceeds may be directed back to Hizballah in Lebanon.²⁰

¹⁴ U.S. Department of the Treasury, *National Terrorist Financing Risk Assessment*, June 12, 2015.

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ U.S. Department of State, *Country Reports on Terrorism 2014*, June 2015.

¹⁸ See FinCEN, “Informal Value Transfer Systems,” Advisory, FIN-2010-A011, September 1, 2010.

¹⁹ U.S. Department of State, *INCSR*, vol. 2, March 2016.

²⁰ *Ibid.*

TBML schemes have long prevailed in Paraguay's Tri-Border Area with Brazil and Argentina, where the cross-border cigarette smuggling market, believed to be worth approximately \$1 billion per year, is also used for money-laundering purposes, enriching criminal organizations, corrupt officials, and, at least in the past, potentially also terrorist organizations.

In the United Arab Emirates, the State Department reports that TBML schemes "might support sanctions-evasion networks and terrorist groups in Afghanistan, Pakistan, Iran, Iraq, Syria, Yemen, and Somalia."²¹

Selected Case Studies

Hezbollah-Linked TBML

In February 2011, the Department of the Treasury designated the Lebanese Canadian Bank (LCB) as a financial institution of primary money-laundering concern, stating that, according to U.S. government information, Hezbollah "derived financial support" from these drug and money laundering schemes, which involved TBML.²² Treasury noted that an international narcotics trafficking and money laundering network "move[d] illegal drugs from South America to Europe and the Middle East via West Africa and launder[ed] hundreds of millions of dollars monthly through accounts held at LCB, as well as through trade-based money laundering involving consumer goods throughout the world, including through used car dealerships in the United States."²³

In one such scheme, LCB facilitated wire transfers to U.S. banks to purchase used cars in the United States.²⁴ Cars were purchased in the United States and shipped to countries in West Africa and elsewhere, and the proceeds from the car sales would reportedly be repatriated back to Lebanon through bulk cash deposits among conspiring exchange houses. In another scheme associated with the same Hezbollah-linked drug trafficking network, Asian-supplied consumer goods were shipped to Latin America and the proceeds were laundered through a BMPE-styled scheme. The funds sent to pay for the consumer goods were reportedly funneled through LCB's U.S. correspondent accounts.²⁵

Ultimately, Lebanon's central bank and monetary authority, the Banque du Liban, revoked LCB's banking license in September 2011 and LCB's former shareholders sold its assets and liabilities to

²¹ Ibid.

²² *Treasury Identifies Lebanese Canadian Bank as a "Primary Money Laundering Concern*, U.S. Department of the Treasury, Press Release, Feb. 2, 2011, at <https://www.treasury.gov/press-center/press-releases/Pages/tg1057.aspx>.

²³ Ibid.

²⁴ For additional details on these schemes, please see, for example.: Asia/Pacific Group on Money Laundering (APG), *APG Typology Report on Trade Based Money Laundering*, July 20, 2012; Jo Becker, "Beirut Bank Seen As Hub of Hezbollah's Finances," *New York Times*, December 13, 2011; Sebastian Rotella, "Government Says Hezbollah Profits from U.S. Cocaine Market Via Link to Mexican Cartel," *ProPublica*, December 13, 2011; "Prosecutors Say Hezbollah Laundered Millions of Dollars into U.S.," *Associated Press*, December 15, 2011, at <http://www.foxnews.com/us/2011/12/15/prosecutors-say-hezbollah-laundered-millions-dollars-into-us.html>; Devlin Barrett, "U.S. Intensifies Bid to Defund Hezbollah," *Wall Street Journal*, December 16, 2015.

²⁵ Jo Becker, "Beirut Bank Seen As Hub of Hezbollah's Finances," *New York Times*, December 13, 2011; Sebastian Rotella, "Government Says Hezbollah Profits from U.S. Cocaine Market Via Link to Mexican Cartel," *ProPublica*, December 13, 2011; "Prosecutors Say Hezbollah Laundered Millions of Dollars into U.S.," *Associated Press*, December 15, 2011; Devlin Barrett, "U.S. Intensifies Bid to Defund Hezbollah," *Wall Street Journal*, December 16, 2015.

the Lebanese Soci t  Generale de Banque au Liban. Some of the individuals and entities associated with this illicit network have also variously been subject to financial sanctions and law enforcement investigations in the United States.²⁶

Toys-for-Drugs BMPE Scheme

According to U.S. and international reports, in the late 2000s, owners of the Los Angeles-based toy wholesaler Woody Toys, Inc. received millions of dollars in cash payments generated from Colombian and Mexican narcotics trafficking and laundered such funds in a BMPE scheme. The cash payments reportedly were placed directly into the company’s bank account from multiple locations in small deposits that were consistently under \$10,000 to avoid reporting requirements (i.e., structuring). The toy company used the cash deposits to purchase toys from China, which, in turn, were exported to Colombia. The Colombian pesos generated by the toy sales in Colombia were used to reimburse the Colombian drug traffickers through the BMPE. Some of the employees of Woody Toys had previously worked for Angel Toy Company, whose owners had also been implicated in a similar toys-for-drugs BMPE scheme. The law enforcement investigation into this case benefitted from an information sharing arrangement between the United States and Colombia on trade data through the Trade Transparency Units (TTUs) established in both countries (see section below on “U.S. Department of Homeland Security’s Trade Transparency Units”).²⁷

Trade Finance and *Hawala* Networks

According to the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body, another scheme to launder funds derived in the early 2000s from multiple major international drug traffickers involved cash couriers, money transfer services, alternate value transfer systems (e.g., *hawala*), and formal mechanisms of trade finance, managed and directed by an Indian national living in Dubai.²⁸ The individual involved operated numerous businesses in Dubai as well as numerous affiliates in Europe, Asia, Africa, and the United States.

In Dubai, the individual opened letters of credit (LCs) through his different companies for various importers. These LCs were opened to benefit various affiliated exporters in India and other locations and were in amounts substantially higher than the market value of the exports. In opening the LCs, the individual used his businesses’ connections with certain issuing and advising banks to transmit the LCs to the affiliated exporters in India. The individual also arranged for bogus trade documents that reflected the inflated value of the exports to satisfy the issuing and advising banks. The LCs, with inflated export values, along with drug trafficking funds, were remitted to the exporters in India, essentially moving money through the financial

²⁶ Asia/Pacific Group on Money Laundering (APG), *APG Typology Report on Trade Based Money Laundering*, July 20, 2012; Jo Becker, “Beirut Bank Seen As Hub of Hezbollah’s Finances,” *New York Times*, December 13, 2011; Sebastian Rotella, “Government Says Hezbollah Profits from U.S. Cocaine Market Via Link to Mexican Cartel,” *ProPublica*, December 13, 2011; “Prosecutors Say Hezbollah Laundered Millions of Dollars into U.S.,” *Associated Press*, December 15, 2011; Devlin Barrett, “U.S. Intensifies Bid to Defund Hezbollah,” *Wall Street Journal*, December 16, 2015.

²⁷ See APG, *APG Typology Report on Trade Based Money Laundering*, July 20, 2012; U.S. Immigration and Customs Enforcement (ICE), “Co-Owner of Los Angeles-Area Toy Company Sentenced in Drug Money Laundering Case,” press release, May 6, 2013, at <https://www.ice.gov/news/releases/co-owner-los-angeles-area-toy-company-sentenced-drug-money-laundering-case>.

²⁸ APG, *APG Typology Report on Trade Based Money Laundering*, July 20, 2012.

system in the guise of trade financing. Once in India, the exporters distributed the drug proceeds to the various affiliates and sold the exports at market value.

In addition, that same Indian national used various techniques to move funds offshore through *hawala* operators. In one scheme, he facilitated trade in banned goods by falsifying trade documents through his network of businesses in India to export banned goods from India. To circumvent the restrictions, the goods were falsely described and valued in the trade documents. *Hawala* operators were used to settle the difference between the true value of the exported goods and the fraudulent value of the goods.²⁹

Selected Policy Responses

Several of the primary U.S. government policy responses and tools to address TBML include U.S. participation in the international Financial Action Task Force; a number of Treasury Department regulatory responses; and use of the Department of Homeland Security's Trade Transparency Units, which are discussed below.

U.S. Participation in the Financial Action Task Force

FATF was organized to develop and promote AML/CFT guidelines.³⁰ It currently comprises 34 member countries and territories and 2 regional organizations.³¹ Although FATF has no enforcement capabilities, it relies on a combination of annual self-assessments and periodic mutual evaluations on the compliance of its members to FATF guidelines. It can suspend member countries that fail to comply on a timely basis with its guidelines. Since its inception in 1989, FATF was charged with examining money laundering techniques and trends, reviewing actions already taken, and setting out the measures to be taken to combat money laundering. In 1990, FATF issued a new report containing 40 recommendations,³² which provided a comprehensive plan of action to fight against money laundering.

The Treasury Department's Office of Terrorist Financing and Financial Crimes (TFFC) leads the U.S. interagency delegation to the FATF, advancing the FATF's global efforts in combating money laundering, terrorist financing, and other illicit financing threats that pose a risk to the integrity of the international financial system.³³ The United States has been a strong supporter of

²⁹ Ibid.

³⁰ For additional information on the FATF, please see CRS Report RS21904, *The Financial Action Task Force: An Overview*, by (name redacted) .

³¹ FATF members are Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, India, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, People's Republic of China, Portugal, Russian Federation, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States; the two international organizations are the European Commission, and the Gulf Cooperation Council. The following organizations have observer status: Asia/Pacific Group on Money Laundering; Caribbean Financial Action Task Force; Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures; Eastern and Southern Africa Anti-Money Laundering Group; Financial Action Task Force on Money Laundering in South America; and other international organizations, including the African Development Bank, Asia Development Bank, European Central Bank, International Monetary Fund, Organization of American States, Organization for Economic Cooperation and Development, United Nations Office on Drugs and Crime, and the World Bank.

³² FATF, *International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation: The FATF Recommendations*, adopted on February 16, 2012, and updated in 2013 and 2015.

³³ Kook, Sabina, *Financial Action Task Force (FATF) Evolving in its Effort to Combat Money Laundering and Terrorist Financing*, Department of Treasury, Treasury Notes, March 23, 2013, at <https://www.treasury.gov/connect/> (continued...)

the FATF. Treasury staff members chair the U.S. delegation to the FATF, and it has been an important organizational resource in centralizing efforts to combat money laundering and terrorist financing. The delegation includes members of the Departments of State and Justice, the National Security Council, and federal financial regulators. It develops U.S. positions; represents the United States at FATF meetings; and implements actions domestically to meet U.S. commitments to the FATF.

In February 2012, FATF members adopted a revised set of the FATF 40 Recommendations (subsequently updated again October 2015), which integrated CFT guidelines into the core set of recommendations and added the proliferation of financing of weapons of mass destruction to FATF's areas of surveillance. The new mandate is intended to

- deepen global surveillance of evolving criminal and terrorist threats;
- build a stronger, practical, and ongoing partnership with the private sector; and
- support global efforts to raise standards, especially in low capacity countries.

In addition, the revised recommendations address new and emerging threats, while clarifying and strengthening many of the existing obligations. The new standards strengthen the requirements for higher-risk situations and allow countries to take a more focused approach to areas where high risks remain or where implementation could be enhanced. The standards also address transparency requirements related to the adequate, accurate, and timely information on the beneficial ownership and control of legal persons and arrangements to address tax transparency, corporate governance, and various types of criminal activity.

Recommendations specifically to counter TBML, however, are not included in the current set of FATF 40 Recommendations, despite recognition that the rapid growth and complexity of the international trade and financing system has multiplied the opportunities for abuse of this system by money launderers and terrorist financiers. FATF, however, has occasionally issued stand-alone reports that address TBML and best practices.³⁴

Surveys conducted by the FATF indicate, however, that there is no comprehensive data set on the extent and magnitude of the TBML issue. In part, the FATF determined that this lack of data reflected the fact that most jurisdictions do not identify TBML as a separately identifiable activity under the general topic of money laundering and, therefore, did not collect data on this specific type of activity. The FATF also concluded that most jurisdictions do not offer training specifically related to TBML activities that would assist trade and finance specialists in identifying TBML activities.³⁵ As part of its efforts to promote best practices regarding training for detecting TBML, the FATF recommended that jurisdictions develop training programs that are specific to TBML and could focus on financial and trade data analysis for identifying trade anomalies and identifying criminal activities, among other reforms.³⁶

(...continued)

blog/Pages/Financial-Action-Task-Force-%28FATF%29-Evolving-in-its-Effort-to-Combat-Money-Laundering-and-Terrorist-Financing.aspx.

³⁴ FATF, *Best Practices on Trade-Based Money Laundering*, June 20, 2008.

³⁵ *Ibid.*

³⁶ *Ibid.*

U.S. Department of the Treasury Regulatory Actions

Central to the Treasury Department's efforts to combat TBML is FinCEN, which issues advisories and geographic targeting orders and applies special measures to jurisdictions determined to be of primary money laundering concern.

What is the Financial Crimes Enforcement Network?

The Financial Crimes Enforcement Network (FinCEN) is a bureau within the U.S. Department of the Treasury whose mission is to safeguard the financial system through the collection, analysis, and dissemination of financial intelligence to law enforcement. FinCEN's director is appointed by the Secretary of the Treasury and reports to the Under Secretary of the Treasury for Terrorism and Financial Intelligence. FinCEN also acts as the U.S. financial intelligence unit (FIU), one of the more than 100 FIUs that comprise the Egmont Group, an international body focused on information sharing and cooperation among FIUs.³⁷ FinCEN receives data, such as suspicious activity reports (SARs) from banks and other financial firms, analyzes the data, and disseminates it to law enforcement. It also cooperates with foreign FIUs in exchanging information, largely through its membership and participation in the Egmont Group. FinCEN exercises regulatory functions primarily under the Currency and Financial Transactions Reporting Act of 1970,³⁸ as amended by Title III of the USA PATRIOT Act of 2001³⁹ and other legislation, together commonly referred to as the Bank Secrecy Act (BSA). The BSA is the United States' first and most comprehensive Federal AML/CFT statute. It authorizes the Secretary of the Treasury to issue regulations requiring banks and other financial institutions to establish AML programs and to file reports on financial activity that may have relevance for criminal, tax, and regulatory investigations or for intelligence or counterterrorism.

Advisories

In general, a FinCEN advisory red flags for financial institutions activities that may be indicative of certain types of money laundering, in line with recent investigations, to assist financial institutions in filing SARs. FinCEN first highlighted TBML in November 1997 and then again in June 1999 with advisories on BMPE.⁴⁰

In February 2010, FinCEN issued an advisory on TBML, based on law enforcement experience involving U.S. trade with Central and South America.⁴¹ The advisory was to aid financial institutions in reporting suspicious activity related to TBML. The advisory noted the basic schemes behind TBML and offered more specific red flags. It further noted that reporting on suspected TBML was inconsistent and requested that financial institutions include the abbreviation TBML or BMPE on SARs.⁴² FinCEN also described substantial delays in reporting suspected TBML activity.⁴³

³⁷ A financial intelligence unit (FIU) is a national agency responsible for receiving (and, as permitted, requesting), analyzing, and disseminating to the competent authorities disclosures of financial information concerning suspected proceeds of crime and potential financing of terrorism or as otherwise required by national legislation or regulation, in order to combat money laundering and terrorism financing. See FinCEN, "What We Do," at https://www.fincen.gov/about_fincen/wwd/.

³⁸ 31 U.S.C. 5311 et seq.

³⁹ P.L. 107-56.

⁴⁰ The two early FinCEN advisories on TBML were also followed in 2005 by additional sections in the Federal Financial Institutions Examination Council (FFIEC) BSA/AML Examination Manual, issued in collaboration with FinCEN, aimed to provide bank examiners more guidance on assessing the adequacy of bank systems on risks associated with trade finance activities. See http://www.ffiec.gov/bsa_aml_infobase/pages_manual/manual_online.htm.

⁴¹ FinCEN, *Advisory to Financial Institutions on Filing Suspicious Activity Reports Regarding Trade-Based Money Laundering*, advisory, FIN-2010-A001, February 18, 2010.

⁴² *Ibid.* Of the approximately 17,000 SARs between January 2004 and May 2009 that FinCEN determined may have indicated TBML activity, only 24% of them clearly identified TBML as the suspected activity. The remaining 76% (continued...)

In May 2014, FinCEN issued an updated TBML advisory on increased TBML activity involving funnel accounts following the restrictions on U.S. currency in Mexico.⁴⁴ A funnel account is an individual or business account in one geographic area receiving multiple cash deposits, often below the jurisdiction's cash reporting threshold, and from which the funds are withdrawn in a different geographic area with little time elapsing between the deposits and withdrawals.⁴⁵ The advisory provides several specific red flags associated with such activity conducted by Mexican criminal and drug trafficking organizations.

Geographic Targeting Orders

In recent years, FinCEN appears to have also begun to rely more heavily on Geographic Targeting Orders (GTOs), a tool that was first authorized in 1988. A GTO imposes additional, but time-limited, recordkeeping and reporting requirements on domestic financial institutions or nonfinancial businesses in a particular geographic area to assist regulators and law enforcement agencies in identifying criminal activity. In the absence of extensions, GTOs may only remain in effect for a maximum of 180 days. Violators may face substantial civil or criminal liability. Several recent GTOs have been used to enhance U.S. efforts to combat TBML.

- In April 2015, FinCEN issued a GTO that lowered cash reporting thresholds and triggered additional recordkeeping requirements for certain financial transactions for about 700 Miami-based electronics exporters.⁴⁶ The GTO required targeted businesses to file forms with FinCEN reporting any single transaction or related transactions in which they receive more than \$3,000 in cash—a stricter standard than the ordinary \$10,000 filing threshold for cash transactions imposed pursuant to BSA. FinCEN stated that the new reporting requirements are aimed at combating complex TBML-related schemes employed by the Sinaloa and Los Zetas drug and transnational crime organizations. In October 2015, FinCEN renewed the GTO for an additional 180 days.⁴⁷
- In October 2015, FinCEN issued a similar GTO that also lowered cash reporting to \$3,000 and triggered additional recordkeeping requirements. This GTO targeted businesses in the Los Angeles Fashion District in an effort to frustrate suspected Mexican and Colombian drug traffickers who had been exploiting fashion industry businesses to engage in BMPE schemes.⁴⁸

(...continued)

were identified by FinCEN based on complex queries, including *trade* and other terms derived from various red flags.

⁴³ Ibid. For example, 14% of suspected TBML activity reported in SARs in 2004 occurred in 2004. However, 30% of such activity was not reported by financial institutions until 2009, five years after the activity occurred.

⁴⁴ FinCEN, *Update on U.S. Currency Restrictions in Mexico: Funnel Accounts and TBML*, advisory, FIN-2014-A005, May 28, 2014.

⁴⁵ Ibid.

⁴⁶ FinCEN, *Geographic Targeting Order*, April 15, 2015; see also FinCEN, “FinCEN Targets Money Laundering Infrastructure with Geographic Targeting Order in Miami: ‘GTO’ Addresses Trade-Based Money Laundering Activity Involving Drug Cartels,” press release, April 21, 2015.

⁴⁷ FinCEN, *Geographic Targeting Order*, October 20, 2015; see also FinCEN, “FinCEN Renews Geographic Targeting Order (GTO) Requiring Enhanced Reporting and Recordkeeping for Electronics Exporters Near Miami, Florida,” press release, October 23, 2015.

⁴⁸ FinCEN, *Geographic Targeting Order*, September 26, 2014; see also FinCEN, “FinCEN Issues Geographic Targeting Order Covering the Los Angeles Fashion District as Part of Crackdown on Money Laundering for Drug Cartels,” press release, October 2, 2014.

Special Measures

Pursuant to BSA, as amended by the USA PATRIOT Act, FinCEN may require financial institutions and agencies within U.S. jurisdiction to take certain regulatory special measures against a foreign jurisdiction, foreign financial institution, class of transaction, or type of account determined to be of “primary money laundering concern.”⁴⁹ The enumerated five special measures, which may be imposed individually, in any combination, and in any sequence, range from requiring enhanced due diligence to prohibiting the opening or maintaining of correspondent or payable-through accounts. In some cases, such action corresponds with other administrative actions taken by the Treasury Department, including by the Office of Foreign Asset Control (OFAC), which is responsible for administering financial sanctions that target specially designated foreign nationals and entities. Among the eight active cases, two were designated for their involvement in TBML, including the Halawi and Rmeiti Exchanges.

In April 2013, FinCEN separately designated two Lebanese exchange houses, Halawi Exchange and Rmeiti Exchange, as financial institutions of primary money laundering concern. According to U.S. government information, both exchange houses facilitated transactions associated with a large-scale TBML scheme, involving the purchase of used cars in the United States for export to West Africa. Moreover, U.S. authorities claim that both exchange houses had been providing money laundering services for an international narcotics trafficking and money laundering network linked to Hezbollah.⁵⁰

U.S. Department of Homeland Security’s Trade Transparency Units

Within the U.S. Department of Homeland Security (DHS), Immigration and Customs Enforcement’s Homeland Security Investigations (ICE/HSI) established the first Trade Transparency Unit in Washington, DC, in 2004. Using a specialized computer system called the “Data Analysis and Research for Trade Transparency System,” TTUs examine trade anomalies and financial irregularities in domestic and foreign trade data to identify instances of TBML, customs fraud, contraband smuggling, and tax evasion that warrant further law enforcement investigation. Often with funding support from the Department of State’s Bureau for International Narcotics and Law Enforcement Affairs (INL), HSI and Treasury have stood up or established relationships with TTUs in the countries listed in **Table 1**, below.

Table 1. Foreign Countries with Trade Transparency Units as of June 2016

Countries with TTUs	Year TTU Established
Australia	2012
Argentina	2006
Colombia	2005
Dominican Republic	2013
Ecuador	2011

⁴⁹ 31 U.S.C. 5318A, as added by Section 311 of Title III of the USA PATRIOT Act (P.L. 107-56), and subsequently amended.

⁵⁰ FinCEN, *Notice of Finding that Halawi Exchange Co. is a Financial Institution of Primary Money Laundering Concern*, April 23, 2013; FinCEN, *Notice of Finding that Kassem Rmeiti & Co. For Exchange is a Financial Institution of Primary Money Laundering Concern*, April 23, 2013.

Countries with TTUs	Year TTU Established
Guatemala	2012
Mexico	2008
Paraguay	2007
Panama	2010
Peru	2016
Philippines	2013
Uruguay	2016

Source: State Department response to CRS, June 15, 2016.

Notes: State Department funds assisted in either establishing or furthering the TTUs listed above.

According to the State Department, these TTUs form the basis of broader plans to develop an international network of TTUs, similar to the Egmont Group of FIUs.⁵¹ The 2007 *National Money Laundering Strategy* established attacking TBML at home and abroad as a national goal and specifically called on the deployment of ICE-led TTUs to facilitate the exchange and analysis of trade data among trading partners. The State Department further reports that “the number of TBML investigations emerging from TTU activity continues to grow.”⁵² According to one estimate, more than \$1 billion has been seized since the creation of the U.S.- and foreign-based TTU effort.⁵³

Issues for Congress

The 114th Congress has addressed TBML specifically in several hearings that have explored TBML links with respect to specific terrorist groups, such as Hezbollah, and regional security priorities, particularly in Latin America. It has also addressed TBML in more general hearings focused on policy responses to address anti-money laundering and terrorist financing. A list of these hearings (prior to the publication of this CRS report) appears in the **Appendix**. Several hearing witnesses have questioned the effectiveness of and challenges confronting U.S. and international efforts to combat TBML, in particular the role of and resources allocated to TTUs. Others have questioned whether U.S. trade policy, including negotiations related to free trade agreements, could be linked to mutual commitments to combat TBML and also relevant financial information and trade data, potentially through the establishment and maintenance of TTUs.⁵⁴

The 114th Congress has been particularly interested in links between TBML and terrorist financing. The Treasury Department, in its June 2015 national risk assessments on money laundering and terrorist financing, appeared to downplay the relationship between terrorism and TBML. Yet some policymakers remain concerned about such links, often pointing to various examples that implicate Hezbollah in TBML schemes, among others.

⁵¹ U.S. Department of State, *INCSR*, vol. 2, March 2015, p.11.

⁵² *Ibid.*, p.7.

⁵³ John Cassara, *Trade-Based Money Laundering: The Next Frontier in International Money Laundering Enforcement* (Hoboken, NJ: John Wiley & Sons, 2016).

⁵⁴ John Cassara, prepared statement for a hearing of the House Financial Services Committee Task Force to Investigate Terrorism Financing on “Trading with the Enemy: Trade Based Money Laundering is the Growth Industry in Terror Finance,” February 3, 2016.

In December 2015, the 114th Congress enacted the Hizballah International Financing Prevention Act of 2015,⁵⁵ which directed the President to apply additional financial restrictions on Hezbollah-linked foreign financial institutions with U.S. correspondent or payable-through accounts. It also required the President to report to selected congressional committees on various aspects of Hezbollah’s financing operations—including its use of TBML as a method for raising and transferring funds; and requires the Secretaries of State and Treasury to periodically brief congressional committees on Hezbollah’s assets and financing activities.

On April 15, 2016, OFAC issued a final rule for implementing the Hizballah International Financing Prevention Act of 2015. President Barack Obama has stated that his Administration is “committed to continuing to take strong action, such as imposing sanctions, to counter the activities of Hizballah operatives and supporters, wherever they are located.”⁵⁶ In June 2016 testimony, the Treasury Department stated that it intends to implement the Hizballah International Financing Prevention Act of 2015 “robustly, but in a manner that is consistent with preserving the strength and health of the Lebanese financial system.”⁵⁷ Congress may seek to continue to monitor the implementation of the Hizballah International Financing Prevention Act of 2015 and other financial tools available to address TBML.

⁵⁵ P.L. 114-102.

⁵⁶ White House, “Statement by the Press Secretary on the Hizballah International Financing Prevention Act of 2015,” December 18, 2015.

⁵⁷ U.S. Department of the Treasury, Assistant Secretary for Terrorist Financing Daniel Glaser, prepared statement for a joint hearing of the House Foreign Affairs Subcommittee on Terrorism, Nonproliferation, and Trade, and the House Armed Services Subcommittee on Emerging Threats and Capabilities,” June 9, 2016.

Appendix. 114th Congress Hearings That Included Discussion of Trade-Based Money Laundering

The following list includes hearings in the 114th (as of publication) in which trade-based money laundering (TBML) was discussed in testimony or during the question and answer sessions. One hearing, *Trading with the Enemy: Trade-Based Money Laundering is the Growth Industry in Terror Finance*, dealt specifically with the topic of TBML.

House Armed Services Committee, Subcommittee on Emerging Threats and Capabilities and House Foreign Affairs Committee, Subcommittee on Terrorism, Nonproliferation and Trade, *Stopping the Money Flow: The War on Terror Finance*, June 9, 2016.

<https://armedservices.house.gov/legislation/hearings/joint-hearing-stopping-money-flow-war-terror-finance>.

House Financial Services Committee, Task Force to Investigate Terrorism Financing, *The Enemy in our Backyard: Examining Terror Funding Streams from South America*, June 8, 2016.

<http://financialservices.house.gov/calendar/eventsingle.aspx?EventID=400715>.

House Financial Services Committee, Task Force to Investigate Terrorism Financing, *Stopping Terror Finance: A Coordinated Government Effort*, May 24, 2016.

<http://financialservices.house.gov/calendar/eventsingle.aspx?EventID=400670>.

House Homeland Security Committee, Subcommittee on Counterterrorism and Intelligence, *Current Terrorist Financing Trends*, May 12, 2016.

<https://homeland.house.gov/hearing/following-money-examining-current-terrorist-financing-trends-threat-homeland/>.

House Financial Services Committee, Task Force to Investigate Terrorism Financing, *Preventing Cultural Genocide: Countering the Plunder and Sale of Priceless Cultural Antiquities by ISIS*, April 19, 2016.

<http://financialservices.house.gov/calendar/eventsingle.aspx?EventID=400550>.

House Financial Services Committee, *The Annual Testimony of the Secretary of the Treasury on the State of the International Financial System*, March 22, 2016.

<http://financialservices.house.gov/calendar/eventsingle.aspx?EventID=400462>.

Senate Armed Services Committee, United States Strategic Command, United States Northern Command, and United States Southern Command programs and budget in review of the Defense Authorization Request for Fiscal Year 2017 and the Future Years Defense Program, March 10, 2016.

http://www.armed-services.senate.gov/imo/media/doc/16-29_3-10-16.pdf.

House Financial Services Committee, Task Force to Investigate Terrorism Financing, *Helping the Developing World Fight Terror Finance*, March 1, 2016.

<http://financialservices.house.gov/calendar/eventsingle.aspx?EventID=400338>.

House Financial Services Committee, Task Force to Investigate Terrorism Financing, *Trading with the Enemy: Trade-Based Money Laundering is the Growth Industry in Terror Finance*, February 3, 2016.

<http://financialservices.house.gov/calendar/eventsingle.aspx?EventID=400192>.

House Foreign Affairs Committee, Subcommittee on Terrorism, Nonproliferation, and Trade, *Terrorist Financing: Kidnapping, Antiquities Trafficking, and Private Donations*, November 17, 2015.

<http://docs.house.gov/meetings/FA/FA18/20151117/104202/HHRG-114-FA18-Transcript-20151117.pdf>.

Senate Judiciary Committee, Oversight of the Administration's Misdirected Immigration Enforcement Policies: Examining the Impact on Public Safety and Honoring the Victims, July 21, 2015.

<http://www.judiciary.senate.gov/meetings/oversight-of-the-administrations-misdirected-immigration-enforcement-policies-examining-the-impact-on-public-safety-and-honoring-the-victims>.

House Homeland Security Committee, Subcommittee on Border and Maritime Security, *The Outer Ring of Border Security: DHS's International Security Programs*, June 2, 2015.

<https://homeland.house.gov/hearing/subcommittee-hearing-outer-ring-border-security-dhs-international-security-programs/>.

House Financial Services Committee, Task Force to Investigate Terrorism Financing, *A Dangerous Nexus: Terrorism, Crime and Corruption*, May 21, 2015.

<http://financialservices.house.gov/uploadedfiles/114-27.pdf>.

House Financial Services Committee, Task Force to Investigate Terrorism Financing, *A Survey of Global Terrorism and Terrorism Financing*, April 22, 2015.

<http://financialservices.house.gov/uploadedfiles/114-15.pdf>.

House Judiciary Committee, *Immigration and Customs Enforcement Oversight Issues*, April 14, 2015.

https://judiciary.house.gov/wp-content/uploads/2016/02/114-27_94183.pdf.

Senate Homeland Security and Governmental Affairs Committee, *Securing the Border: Assessing the Impact of Transnational Crime*, March 24, 2015.

<http://www.hsgac.senate.gov/hearings/securing-the-border-assessing-the-impact-of-transnational-crime>.

House Foreign Affairs Committee, Subcommittee on Western Hemisphere and Subcommittee on Middle East and North Africa, *Iran and Hezbollah in the Western*

Hemisphere, March 18, 2015.

<http://docs.house.gov/meetings/FA/FA07/20150318/103177/HHRG-114-FA07-Transcript-20150318.pdf>.

House Financial Services Committee, *The Annual Testimony of the Secretary of the Treasury on the State of the International Financial System*, March 17, 2015.

<http://financialservices.house.gov/uploadedfiles/114-7.pdf>.

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Acknowledgments

The authors wish to thank Gabriele Masetti for his contribution to this report.

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