



Committee on  
**HOMELAND SECURITY**  
Chairman Peter T. King

**Opening Statement**

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**Statement of Chairman Patrick Meehan (R-PA)  
Subcommittee on Counterterrorism and Intelligence**

**"Terrorist Financing Since 9/11: Assessing an Evolving al-Qaeda  
and State Sponsors of Terrorism"**

**May 18, 2012  
Remarks as Prepared**

The September 11<sup>th</sup> hijackers used U.S. and foreign financial institutions to hold, move, and retrieve their money. They deposited money into U.S. accounts via wire transfers and deposits of cash or travelers checks brought from overseas. They kept funds in foreign accounts, which they accessed through ATMs and credit card transactions here in the homeland. According to the 9/11 Commission, the plot cost al-Qaeda somewhere in the range of \$400,000 - \$500,000, of which approximately \$300,000 passed through the hijackers' bank accounts in the United States.

After the attacks, the U.S. publicly declared that the fight against al-Qaeda financing was as critical as the fight against al-Qaeda itself. The charge of the U.S. intelligence and law enforcement communities was clear: if we choke off the terrorists' money, we limit their ability to conduct mass casualty attacks.

Within months of the attacks, the Department of Defense, the FBI, the CIA, and perhaps most importantly the Department of the Treasury, launched a

swift and unprecedented crackdown on domestic and international terrorist financing.

Since then, Treasury's Office of Terrorism and Financial Intelligence has played a critical intelligence and enforcement role against terrorist financing through its dual aims of safeguarding the U.S. financial system against illicit use and combating rogue nations, terrorist facilitators, money launderers, drug kingpins, and other national security threats.

The Department of the Treasury and the Intelligence Community's successes against al-Qaeda financing and fundraising is without question. In 2005, the 9/11 Commission issued a "report card" that evaluated progress the government had made in implementing the group's recommendations. It gave the government an "A-" in combating terrorist financing – the best mark on the report card.

Despite our successes, we must not become complacent. Al-Qaeda and its affiliates continue to expand their geographic reach worldwide. State sponsors of terrorism like Iran and Syria are highly sophisticated and continue to take advantage of the U.S. and international financial systems in order to skirt international sanctions.

Since U.S. military and counterterrorism efforts have largely decimated core al-Qaeda leadership in Afghanistan and Pakistan, and the group is under significant financial strain and is struggling to secure steady financing to plan and execute attacks against the U.S. Homeland and Western interests.

The terrorist enemies we now face are more diverse, diffuse, and decentralized than ever. Al-Qaeda and their affiliates have concluded that to bring America down they will attack us with quote "smaller, but more frequent operations in what some may refer to as the strategy of a thousand cuts. The aim is to bleed the enemy to death."

This was the aim with the AQAP cargo bomb plot of October 2010, where the group boasted that the overhead cost for the attack was only \$4,200 and would provoke the U.S. and Western countries to respond with "billions of dollars in new security measures."

In June 2011, the Obama Administration released a National Strategy for Counterterrorism, where the evolution of terrorist financing were document: AQAP receiving charitable donations in Yemen; FARC and Taliban drug

trafficking, Hezbollah's drug and criminal activities, AQIM's links to drug trafficking and kidnapping, and the role of Boko Haram and al-Shabaab in kidnapping for ransom and extortion.

Hezbollah facilitators are particularly savvy in skirting U.S. restrictions on terrorist financing and have been charged in a number of high profile criminal schemes. As a former U.S. Attorney in Philadelphia, I initiated investigations into Hezbollah's fundraising activities that included attempts to transport stolen laptop computers, passports, and Sony PlayStation systems. A separate intricate Hezbollah scheme illustrates the interconnectedness of these networks, where a Lebanese bank laundered money from Colombian drug cartels and mixed it with proceeds from used cars bought in the U.S. and then sold in Africa where the cash was moved back to Lebanon and poured into Hezbollah's coffers. Clearly these groups are highly innovative and motivated and we must be up to the challenge.

Terrorist groups and state sponsors of terrorism turning to criminal activities to set up additional networks, to acquire logistical support, and to raise financial resources is another evolving trend which could point to the future of terrorist financing.

Given this shifting trend, and the relatively low amounts of money required to undertake an attack, the U.S. government may need to recalibrate some of its tactics and examine how the Intelligence and law enforcement communities will adapt their strategies in order to address remaining vulnerabilities in combating terror financing.

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