



**Statement of Subcommittee Chairman Peter King (R-NY)
Counterterrorism and Intelligence Subcommittee**

*Following the Money: Examining Current Terrorist Financing Trends and the Threat to the Homeland
May 12, 2016*

Remarks as Prepared

In 2005, the 9/11 Commission gave the U.S. government an “A-” in combating terrorist financing. As the U.S. built additional safeguards into the financial system to identify and disrupt the flow of funds to terrorists, we have scored some significant victories.

Despite our successes, however, we must not become complacent. Terrorist organizations have evolved, adopting new strategies and tactics, leveraging social media and encryption technology to recruit the next generation of jihadis, and plot attacks.

Recent terror attacks and plotting have demonstrated that terrorist organizations can have global impact at very little cost. While the cost of financing the 9/11 attack was estimated at \$400,000 to \$500,000, AQAP’s 2010 cargo bomb plot reportedly cost only \$4,200. The January Paris attacks cost only \$10,000 and the 2015 Charlie Hebdo attackers allegedly sold counterfeit sneakers and clothing to fund their activity.

As we have hardened our defenses, our enemies have adapted as well, seeking to wear down our resolve with smaller scale, more frequent plots conducted by U.S. and European citizens who have fought on the battlefields of the Middle East and Asia, or who have been radicalized to take action at home.

While ISIS’ ability to hold territory in Iraq and Syria has provided it with access to resources that have allowed to finance its terror campaign internally, the success of coalition airstrikes targeting ISIS’ oil production, has forced the group to seek revenue through other activities, including human trafficking, taxing the local population, and robbing antiquities from world renowned cultural and historical sites.

ISIS facilitators have also encouraged recruits to resort to petty crime to fund travel to Syria and homegrown violent extremism. The alleged head of the Brussels ring that conducted the Paris attacks doled out cash and presents to the wayward youths he recruited as thieves and prospective fighters. They were then trained to target train stations and tourists, stealing luggage, even shoplifting for their cause.

I am eager to hear from today’s witnesses how terrorist groups and state sponsors of terrorism have been turning to criminal activities to develop new sources of funds, evade detection, and acquire logistical expertise moving and laundering funds, as well as how supporters may be changing tactics to evade current laws to detect illicit funds moving to designated terror groups.

Hezbollah facilitators have been shown to be particularly savvy in circumventing U.S. laws on terrorist financing. The Lebanese Canadian Bank case, where bank officers engaged in laundering money from Colombian drug cartels, and mixed it with proceeds from used cars bought in the U.S., illustrates the sophistication and motivation of Hezbollah to finance its terrorist operations, and the close ties between

terrorist and criminal networks. These organizations are highly innovative and motivated and our government must remain nimble in the laws and authorities it provides to our intelligence and law enforcement agencies to meet this challenge.

When examined over time, several fundamental lessons emerge: first, a wide range of terrorist organizations have sought to draw upon the wealth and resources of the United States to finance their organizations and activities; second, just as there is no one type of terrorist, there is no one type of terrorist financier or facilitator; and third, terrorist financiers and facilitators are creative and will seek to exploit vulnerabilities in our society and financial system to further their unlawful aims.

I would like to welcome our expert panel. Your input is critical to the Subcommittee's understanding of the current trends in terror financing and how the U.S. government can build stronger partnerships with the public and private sectors to identify funds being diverted to terrorist organizations and disrupt and dismantle the criminal and money laundering rings.

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