

***Assessment of Vice Chairman Robert Pittenger
on the Financial Services Committee
Task Force to Investigate Terrorism Financing
Congressional Delegation to Latin America***

By Congressman Robert Pittenger

Aggregated with additional notes from LTC Christopher L'Heureux

Goal: News reports indicate that Iran, Hezbollah, and other illicit financiers remain active in Latin America, and we are concerned that criminal money laundering capabilities will continue to grow in the region without American expertise and countermeasures. The “tri-border region” of Argentina, Brazil, and Paraguay, in particular, remains a prime area for money laundering, drug trafficking, and other cross-border criminal behavior. Our goal was to investigate these issues and gain an understanding of the methods by which terrorist and criminal organizations operate within the region. Further, we explored various policy initiatives which would deny or disrupt their ability to pursue criminal financing.

Colombia

Overview: Met with U.S. Embassy officials; Ambassador Kevin Whitaker; Minister of Finance Mauricio Cardenas; Vice Minister of Justice Carlos Medina; Director of the Financial Intelligence Unit (UIAF) Edmundo Suarez.

Synopsis: Our delegation began in Colombia, where discussions were held with the U.S Embassy staff about their policy planning and strategic in-country goals. As result of our Embassy's efforts in conjunction with the Colombian government, FARC and ELN (Colombia's two terrorist guerilla groups) entered into peace negotiations with Colombia. This was largely due to Colombian military pressure. However, the FARC/ELM peace process remains a concern. As a part of ongoing negotiations, however, the Colombian government has instituted a policy of no cocoa crop eradication by air, which previously was a highly successful program. This policy change remains a concern for the U.S. government.

The DEA and State highlighted their intelligence gathering efforts against narco-trafficking. American intelligence operations are successful because of the ease of obtaining warrants from the Colombian legal system. DEA passes actionable intelligence to JIATF-South, a subordinate interdiction organization within SOUTHCOM, however only 10% is acted upon due to lack of SOUTHCOM assets available.

Each entity we met with in Colombia insisted that America should increase interoperability of data and communications systems within the country. UIAF is using 'big data' to find anomalies in the trade and financial systems. Additional data sharing will increase this AML/CTF tool.

Panama

Overview: Met with U.S. Embassy officials; Ambassador John D. Feeley.

Synopsis: Our stop in Panama was brief, but similar to briefings in Colombia, Embassy and DoD officials mentioned SOUTHCOM's ability to only prosecute about 10% of actionable intelligence due to limited assets. The Panama Embassy Team said the legal structure for AML/CTF efforts is effective, but enforcing those laws and regulations is not. This lack of enforcement capability is due to limited human capital, poor education, and a rigorous class structure that devalues public service.

Paraguay

Overview: Met with U.S. Embassy officials; Ambassador Leslie Bassett; President Horacio Cartes; Foreign Minister Eladio Loizaga; Central Bank President Carlos Fernandez; Director of the Financial Intelligence Unit Raquel Cuevas; Minister of Interior Francisco de Vargas; Attorney General Javier Diaz Veron.

Synopsis: In our meetings, it became clear that Paraguay's weak regulatory system and lack of modern enforcement technology inhibits their ability to track illicit finance efforts. This, coupled

with widespread corruption, has created a significant underground, unregulated economy that represents 40-60% of the overall economy.

On the bright side, the Paraguayan Congress has taken positive steps to make fighting terrorism financing a priority. Recently, their Congress passed a law to include terrorism as one of the purposes behind AML policies. While the Paraguayan government lacks experience, institutional knowledge, and technology, it is clear they have the political will and momentum to cooperate and assist America in AML/CTF efforts.

Argentina

Overview: Met with Central Bank President Lucas Llach; Deputy Cabinet Chief Mario Quintana; Secretary of Finance Luis Caputo; Deputy Secretary for Finance Santiago Bausili; President of Financial Information Unit Mariano Federici; National Coordinator to Combat Money Laundering and Terrorist Financing Juan Felix Marteau; Senator Rudolfo Urtubey; Deputy Alejandro Grandinetti; and Deputy Eduardo Amadeo.

Synopsis: The delegation concluded in Argentina, our strongest and most capable ally in Latin America. The dialogue reflected a country moving in the right direction. Argentina has passed significant reform policies with its new government.

Of note, there are some very capable individuals in Argentina who are implementing reforms in the criminal justice system. The President of their Financial Intelligence Unit, Mariano Federici, is one example, and he will join me in our next Intelligence-Security forum in Vienna for Members of Parliament coming from over 25 countries.

Key Takeaways:

We have strong allies who understand our challenges and concerns with terrorism financing in Latin America, with Argentina our strongest and most capable ally on the counter terrorism financing front.

However, each country we visited faces challenges including, but not limited to:

- Limited technology capabilities, specifically an inability to interface with FinCEN; and
- Inadequate criminal justice systems, particularly an inability to investigate and prosecute threats due to resource constraints.

Every effort should be made to provide adequate resources for these countries to be effective. As stated by Argentina's Financial Intelligence Unit, Mariano Federici, terrorists do not need to be in any specific country to utilize its financial networks.

Next step:

Following this CODEL, I intend to meet with FinCEN and the Office of Technical Assistance to determine future plans and interest in supporting the technical capabilities of our allies.



The “tri-border region” with Brazil to the upper left, Argentina to the upper right, and Paraguay at the bottom