

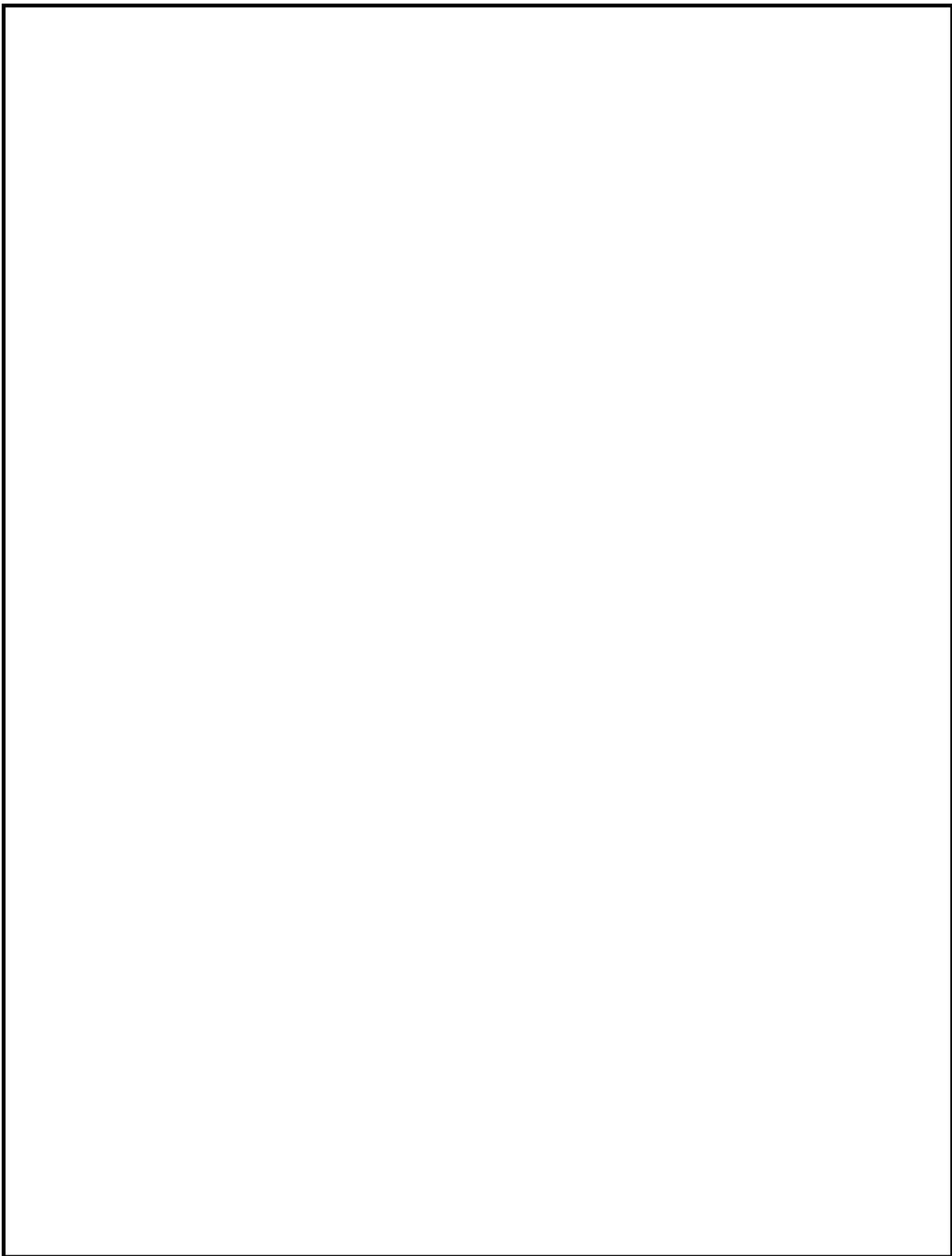


**CONGRESSIONAL TASKFORCE ON
TERRORISM AND UNCONVENTIONAL WARFARE**

6th Parliamentary Intelligence Security Forum

Buenos Aires, Argentina

November 21, 2016





THE HONORABLE ROBERT M. PITTENGER
Chairman

FOR MORE INFORMATION:
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6th Parliament Intelligence Security Forum

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Event Co-Hosts Representative Robert Pittenger and Mariano Federici, President, Argentine Financial Intelligence Unit

Congress of the United States
Washington, DC 20515

Dear Colleague:

When I served as Vice Chairman of the Financial Services Committee's Taskforce to Investigate Terrorism Financing, many of our Committee's expert witnesses described the problems of illicit finance in South America and how those dollars often support global terror activities. Rule of law is absent in many areas in Latin America, and widespread corruption remains.

With that in mind, Members of our Taskforce reached out to several Latin American government officials in an effort to improve collaboration and strengthen regional financial security. As you may know, over the past several years I have hosted several international security forums where we have assembled senior legislators, ambassadors, and government officials to discuss issues relating to financial security. On November 21, 2016, I co-hosted our first Regional Parliamentary Intelligence Security Forum, held in Buenos Aires, Argentina.

Mariano Federici, President of the Financial Intelligence Unit of Argentina, co-hosted this important event. Mr. Federici has been a dedicated partner on anti-money laundering and terror finance issues, and his work has made Argentina a regional leader on financial regulatory reform.

During our event, participants discussed a variety of security topics related to South America, including terrorist group financing, countering narcotic-trafficking and human-trafficking, information sharing, and developing state institutions to combat money laundering. Over 20 U.S. government Treasury Department officials attended this event to show support for Argentina and Mr. Federici.

Enclosed you will find an official event agenda, a list of international participants, and an official summary of events.

Thank you for your continued interest in our forums, and we look forward to working with you in the future.

Sincerely,



Robert Pittenger
Member of Congress
Chairman, Congressional Taskforce on
Terrorism and Unconventional Warfare



Rep. Pittenger with Argentine
Senator Federico Pinedo

Agenda – Buenos Aires Regional Parliamentary Intelligence Security Forum

November 21, 2016

Venue: Argentine Senate, Buenos Aires, Argentina

Time Schedule:

Check-In: 8:30am

Opening: 9:00am

- Welcome Speeches:
 - **Emilio Monzo** (Member of Parliament, Argentina)
 - **Mariano Federici** (President of the FIU, Argentina)
 - **Mario Eugenio Quintana** (Secretary of Inter-Ministerial Coordination, Argentina)
 - **Robert Pittenger** (Member of Congress, USA)
 - **Federico Pinedo** (Senator, Argentina)

- Panel I:
 - **Daniel Glaser** (Assistant Secretary for Terrorist Financing, U.S. Department of the Treasury)
 - **Barry Rider** (Professor, Center for Development Studies, University of Cambridge)
 - **Mariano Federici** (President of the FIU, Argentina)
 - **Santiago Otamendi** (Secretary of Justice, Ministry of Justice and Human Rights, Republic of Argentina and Vice President, FATF).

- Panel II:
 - **Jamal El-Hindi** (Acting Director, FINCEN)
 - **Javier Cruz Tamburrino** (Director, FAU Chile)
 - **Sergio Espinosa Chiroque** (Director, FIU Peru)
 - **Gustavo Rodrigues** (Director, FIU Brazil)
 - **Oscar Boidanich** (Minister of the Seretariat for the Prevention of Money Laundering, Paraguay)

- Lunch: 12:45pm – 1:30pm

- Panel III:
 - **Joseph Myers** (Vice President, Risk Assessment Global Compliance Programs, Western Union)
 - **Dave Stewart** (Director of Financial Crimes and Compliance, SAS Corp.)
 - **Kristin Reif** (Director of Illicit Trade Strategies and Prevention, Phillip Morris International)
 - **Claudio Cesario** (President, Argentine Banks Association)

- Panel IV:
 - **Roberto De Michele** (Modernization of the State Principal Specialist, Institutional Capacity of the State Division, Inter-American Development Bank)
 - **Esteban Fullin** (Regional Advisor for Latin America and the Caribbean, Financial Integrity Group, International Monetary Fund)
 - **Marconi Melo** (Executive Secretary, Financial Action Task of Latin America)
 - **Jose Antonio Monreal Hurtado** (President, Monreal & Partners)
 - **Zenon Biagosch** (President, FIDESnet)

- Panel V:
 - **Eduardo Amadeo** (MP, Argentina)
 - **Robert Pittenger** (MC, USA)
 - **Joseph Humire** (Executive Director, SFS)
 - **Eber Osvaldo Ovelar Benitez** (MP, Paraguay)
 - **Clark Fonda** (Deputy Chief of Staff, Congressman Robert Pittenger)

- Closing Remarks: 5:30pm – 6:15pm
 - **Rodolfo Urtubey** (MP, Argentina)
 - **Patricia Bullrich** (Secretary of Security, Argentina)
 - **Santiago Pena Palacios** (Secretary of the Treasury, Paraguay)
 - **Alfonso Prat Gay** (Secretary of the Treasury, Argentina)

International Principal Participants

Agustín Amado Florentín Cabral, Paraguay

Andrés Horacio Daer, Office of the Public Ministry, Argentina

Ciro Zabala Canedo, Bolivia

Clark Fonda, Deputy Chief of Staff, Rep. Robert Pittenger

Claude Maurice Mulder Bedoya, Perú

Claudio Cesario, Argentine Banks Association

Cornelia Schmidt, Argentina

Daniel Glaser, U.S Treasury Department

David Emond, Regional Attaché, Southern Cone of the Americas - Department of Homeland Security. Homeland Security Investigations (HSI)

David Stewart, SAS Corporation

Dr. Javier Cruz Tamburrino, UAF Chile

Eber Osvaldo Ovelar Benitez, Paraguay

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Eduardo Amadeo, Argentina

Eduardo Petta, Paraguay

Emilio Monzó, Argentina

Esteban Fullin, IMF Assesor for Latin America and the Carribean

Federico Pinedo, Argentina

Gabriel Pérez Barberá, Federal Prosecutor

Graciela Bianchi Poli, Uruguay

Guillermo Snopek, Argentina

Gustavo Arrighi, Argentina

Gustavo Ramón Domínguez, Gerdarmerie, Argentina

Gustavo Rodrigues, President of Financial Control Division, Brazil

Horacio Alonso, Argentina

Hugo Damián Alegre, Gerdarmerie, Argentina

Jamal El-Hindi, U.S. Treasury Department

Joao Bacelar, Brasil

Joel Vaisman, Argentina

Jorge Ramón Avalos Mariño, Paraguay

José Antonio Monreal Hurtado, President, Monreal & Partners

José Patiño, Argentina

Joseph Humire, Executive Director SFS

Joseph Myers, Western Union

Julia Lusquiños, Argentina

Kristin Reif, Director of Illicit Trade Strategies and Prevention, Phillip Morris

Lopez Keonig, Argentina

Luis Caputo, Secretary of Finance

Marconi Melo, Executive Secretary, GAFILAT

María Eugenia Talerico, Vice President, UIF Argentina

María Laura Roteta, Prosecutor of Economic Crimes and Money Laundering,
Argentina

Mariano Federici, President, UIF Argentina

Mario Eugenio Quintana, Secretary of Interministerial Coordination, Argentina

Maximiliano Rotundo, Argentina

Natalio Francisco Cima, Gerdarmerie, Argentina

Nestor Pedro Braillard Pocard, Argentina

Oscar Boldanich, Secretary of Money Laundering Prevention, Paraguay

Pamela Fernanda Daniel, Gerdarmerie, Argentina

Parnaldo Giuzzio, Paraguay

Professor Barry Rider, University of Cambridge

Ramón Vásquez, Undersecretary of Administrative Coordination, Argentina

Robert Pittenger, United States Member of Congress

Roberto de Michele, BID

Santiago Otamendi, Secretary of Justice, Argentina

Sergio Espinosa Chiroque, UIF Perú

Silvana Cid, Argentina

Víctor Souza, Perú

Virgilio Hernández, Ecuador

Wenceslao Gozalez Day, Argentina

Zenón Blagosch, President, FIDESnet



Subject: Regional Parliamentary Intelligence Security Forum in Buenos Aires, Argentina:

1. Congressman Pittenger joined officials from approximately a dozen South American countries to discuss the modern challenges of fighting terrorism financing and money laundering. The panelists were comprised U.S. and international experts in combating illicit terror financing and money laundering. The day began with officials from both the executive and legislative branches of Argentina to convey a message of cooperation and information sharing between agencies.

Mario Quintana, the Secretary of Interministerial Coordination, called for a formal war against narcotics traffickers, which provide a large portion of the illicit funding to terrorist groups. Federico Pinedo, Interim President of the Argentine Senate, also joined the panel. Senator Pinedo stressed the challenges of globalization in fighting terror financing, and stated that cooperation between nations is now essential. Especially in Argentina, the terrorist groups and narcotic traffickers attempts to undermine democracy presents a unique challenge to their government. Law enforcement authorities in Argentina have failed to secure several areas within the country, such as the tri-border area in the North. Mariano Federici, the head of UIF in Argentina, expressed his gratitude for the well-attended event.

Congressman Pittenger joined the panel with a message of cooperation between countries, stating that in the fight against terror we are only as strong as our weakest link. He discussed how banking regulations within the U.S. contribute to the lack of American banks in Buenos Aires. Less American influence contributes to the growing informal economy in Argentina, which makes up about 40% of the transactions.



2. Panel II focused specifically on the means that terrorist groups use to acquire funding. Daniel Glaser, the Assistant Secretary for Terrorist Financing at the Treasury Department, presented his agency's findings on ISIS. According to Assistant Secretary Glaser, ISIS is a unique terror organization because most of its funding is derived from the territory it controls. Through oil, taxation, and bank seizures, ISIS has become the wealthiest terrorist organization in the world. Assistant Secretary Glaser suggested that while eroding the territory that ISIS controls is the best strategy to limiting their funding, governments must also focus on blacklisting currency exchange markets that allow for these illicit funds, as well as cutting off banks within ISIS territory.

Jamal El-Hindi, Acting Director at Fincen, discussing South American money laundering with regional experts

University of Cambridge Professor, Barry Rider, offered a change of pace and a different viewpoint to the effectiveness of FIUs working in conjunction with banks. He suggested that banks are burdened with compliance in regards to information sharing regulations, and may not be effective as

sources of information. As an alternate path, he cited a potential British policy which forces individuals to demonstrate their source of “unaccountable wealth” in order to assure those funds are not going to terrorist organizations.

In response to Professor Rider’s comments regarding the effectiveness of FIUs, Mr. Federici offered insight into the possible reasons for the failures of some FIUs. Mr. Federici first stated that the first priority in relation to terrorism financing is formalizing the economy. Since most of the crime in Argentina is done in cash, moving to a more banking based economy is essential to fighting terrorism. Mr. Federici also pointed to a lack of political will, instead of a broader state strategy, to combat money laundering and illicit financing. As the President of the FIU, he believes terror financing issues should not be subject to political winds.

3. Mrs. Maria Eugenia Talerico serves as the Vice President to the Argentine FIU. Stressing the importance of information gathering and sharing, Mrs. Talerico stated that the challenge comes when disseminating information, as well as privacy concerns on how to use that information.

One of the key agencies in the fight against terrorism finance is the Treasury Department’s Financial Crimes Enforcement Network (Fincen). Jamal El-Hindi, Fincen’s Acting Director, explained that the role of the agency was to use support from law enforcement and financial institutions to disseminate information that can be crucial to recognizing illicit financing operations. Mr. El-Hindi expressed his support for privacy and civil liberties, but also stated that transnational borders are the biggest barriers in tracking and stopping illicit financing. Therefore, he considered information sharing between nations to be the focus of his presentation.

Much of the discussion in the forum revolved around the issues facing developing nations in regards to the formal economy and respect for the rule of law. Javier Cruz Tamburrino, the director of the Financial Analysis Unit in Chile, stated that the biggest achievement to strive for is respect for the rule of law within his country.

Mr. Sergio Espinosa Chiroque was the next panelist. Serving as the Director of the Financial Intelligence Unit of Peru, he stated that Peru and other countries may have all of the necessary laws in place, but the implementation and effectiveness may be lacking. He criticized bilateral agreements between neighboring countries as being mostly ineffective, because a criminal organization can simply move to another country in the area while keeping the same supply lines, blocking any access or tracking to the data that may have been available if there was a multilateral agreement. He also stated the need to clarify communication to lawmakers and the general public to keep the message and mission clear.

Gustavo Rodrigues started his presentation by stating that the UIFs in South America are “institutional babies”. As the Director of the Financial Control Agency in Brazil, he compared UIFs in South America to safety measures on a car. He stated that at this point UIFs are a seat belt and not much else. In order for UIFs to keep up with the times, they must have more tools at their disposal. He also stated that a lot of the issues in dealing with anti-money laundering have to do with the age of these departments. Brazil’s UIF is the oldest in South America and is not even 20 years old.

The Secretary of the Money Laundering Prevention Agency, Oscar Boidanich, represented Paraguay at the Forum. He focused on public will as the key to prevention of terrorism finance and narco-trafficking.

4. Mr. Meyer, the Vice President of Risk Assessment and Global Compliance Programs, represented Western Union. The frequency of international financial transactions was the opening theme of Mr. Myer's presentation. Western Union's data showed 31 financial transactions per second, which were reported to 46 different FIUs. Mr. Myers also committed Western Union to being a partner of information sharing with countries that are trying to build up their financial intelligence to prevent illicit activities.

Also featured on this panel were some of the organizational challenges that the private sector faces when dealing with information sharing issues. As the Director of Financial Crimes and Compliance at SAS, Mr. Stewart stressed the importance of big data sharing between the public and private sector. He also stated that institutions in government who compete for relevancy obstruct the sharing of information to maintain their status.

Many different sources of income go into funding terror organizations. Illicit tobacco represents the 3rd largest amount of money spent on illegal trade, behind only drug and human trafficking. Kristin Reif, the Director of Illicit Trade Strategies and Prevention from Phillip Morris presented regarding the amount of money flowing to terrorist organizations from illicit tobacco trade. According to the data given, about \$200,000-\$300,000 per week went to fund organizations such as Al Qaeda, Hamas, and Hezbollah.

The recent administration change in Argentina signaled a change in attitude toward financial institutions in the country. The Argentina Bankers Association was represented at the forum by Claudio Cesario, the president of the organization. He spoke to the attendees regarding this change of attitude, and struck a conciliatory tone, stating that the public and private sectors are on the same team against illicit trade.

5. The next panel featured different organizations tasked with helping build government institutions to counter money laundering and other illicit financial activity.

In an effort to modernize the financial intelligence capabilities of different countries in the Americas, the Inter-American Development Bank started the Institutional Capacity of the State Division, led by Roberto de Michele. The Inter-American Development Bank provides monetary, technical, and organizational help to nations trying to form a more robust institution to counter money laundering and illicit financial activity. Similarly, the IMF was represented by their Regional Assessor for Latin America and the Caribbean. The representative from the IMF echoed much of what Mr. de Michele



Sergio Espinosa Chiroque, President of Peru's Financial Intelligence Unit

presented, stating that the challenges with financial intelligence vary greatly due to the development of the country's institutional strength.

Two other organizations in attendance tasked with strengthening financial intelligence units in South America were GAFILAT – The Group for Financial Action in Latin America – and Monreal & Partners. Both of the panelists from these organizations emphasized the progress that they have seen throughout Latin America, especially regarding efforts to formalizing the economy. Conversely, the representative from FIDESnet stated that closer monitoring of financial habits could lead to a better profile of unusual behavior that could be a precursor to being involved with terrorist activity.

6. Security experts as well as legislators from South America and the United States comprised the final panel. Congressman Pittenger used the opportunity to reassure an uncertain audience about the incoming Trump administration, saying that he is committed to working with the President on terror finance issues, and he believes that the new President will be a great friend to Argentina and South America. Additionally, he stated that the foreign policy of the current administration was a feckless “lead from behind” policy that was only damaging to the counter terrorism cause. Joseph Humire, the Executive Director of the Center for a Secure Free Society (SFS), was also in attendance. He struck a similar tone to Congressman Pittenger, assuring the gathered officials that security would be a priority for the Trump administration.



Members of the fifth panel discussed legislative options related to financial security and foreign investment

Clark Fonda, a member of Rep. Pittenger's staff, discussed issues relating to foreign investment, specifically relating to China.

Legislators from Paraguay and Argentina closed out the final panel discussing one of the most heavily utilized drug trafficking areas in the world – the tri-border area between Argentina, Paraguay, and Bolivia. Both legislators agreed that more security and control over this area would improve law enforcement efforts in all three countries.

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