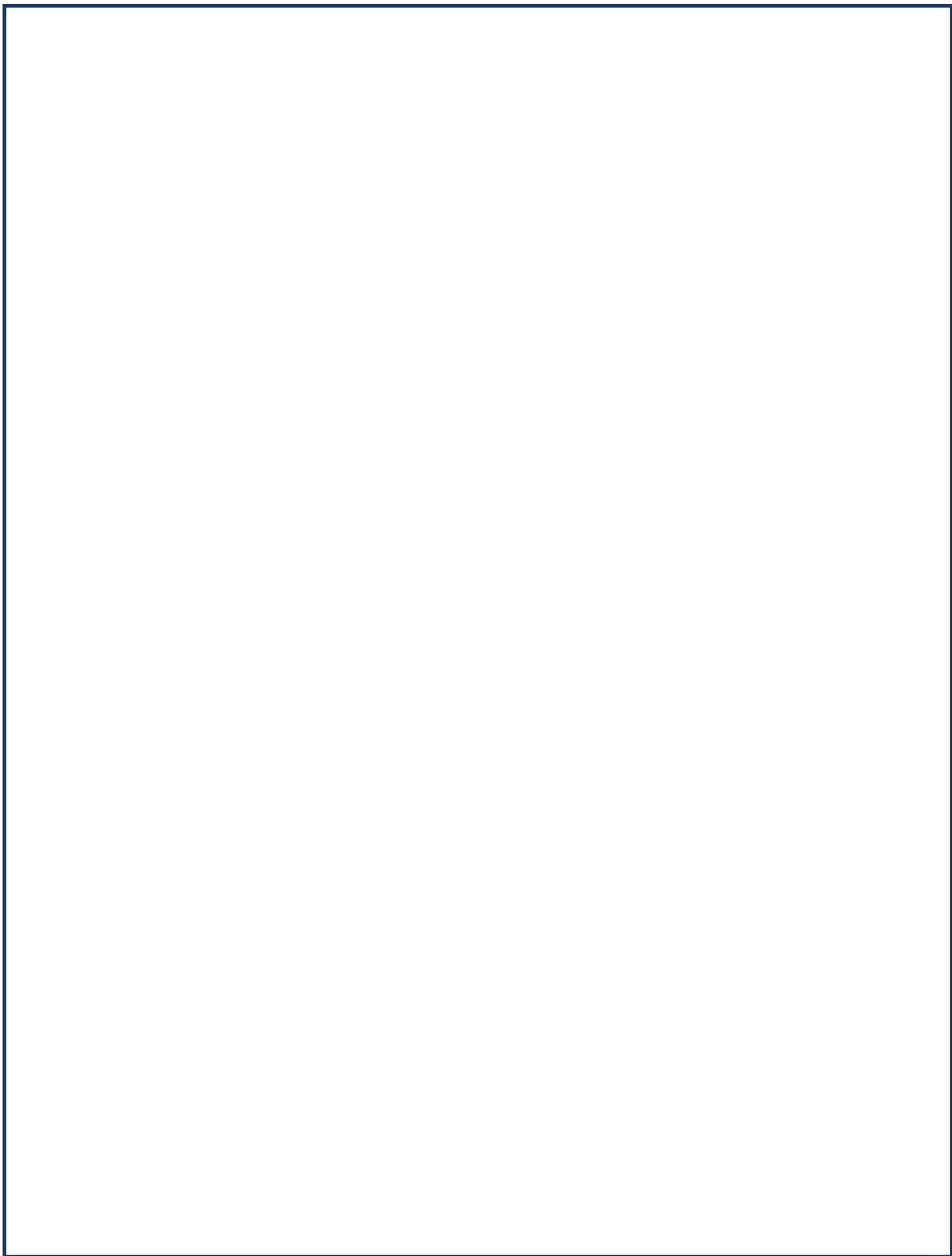




CONGRESSIONAL TASKFORCE ON TERRORISM AND UNCONVENTIONAL WARFARE

7th Parliamentary Intelligence Security Forum

Washington, D.C.
December 7, 2016



THE HONORABLE ROBERT M. PITTINGER
Chairman



FOR MORE INFORMATION:
(202)225-1976

7TH PARLIAMENTARY INTELLIGENCE SECURITY FORUM

Washington, D.C.
December 7, 2016



Jerome Beaumont from the Egmont Group of Financial Intelligence Units addresses the forum participants

Congress of the United States
Washington, DC 20515

Dear Forum Participants:

Over the past several years, with your assistance, I have co-hosted seven international Parliamentary Intelligence Security Forums. Five forums have been larger events with broad participation that we have held in Austria twice and in D.C. three times, and two forums, in Argentina and Germany, have been regionally based events with a more localized discussion. When combined, these seven events have seen participation from over 60 countries and well over 600 foreign Members of Parliament, Senators, Ambassadors, and government officials.

Those remarkable figures are a testament of the depth and importance of the discussions we have held together as a group. Your continued participation speaks volumes about the measurable progress we have made as allied countries in our shared battle against terrorism.

Enclosed you will find an official event agenda, a list of international participants, and an official summary of panel discussions. You will also find three addendums on relevant subject attached.

Global financial security and anti-money laundering initiatives require international cooperation and collaboration to be successful. Thank you for your continued interest and participation at our forums, and we look forward to working with you again in the future.



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

Agenda for the 5th Parliamentary Intelligence Security Forum

On the 7th of December 2016

Venue: Member's Room, Thomas Jefferson Building of the Library of Congress
Independence Avenue and First Street, SE, Washington, D.C.

Schedule:

Check-In: 8:30AM

Opening: 9:00AM

- Welcome speeches:
 - The Honorable Paul Ryan, Speaker, U.S. House of Representatives
 - The Honorable Robert Pittenger, Chairman, Taskforce on Terrorism and Unconventional Warfare
 - The Honorable Jeb Hensarling, Chairman, House Financial Services Committee
 - The Honorable Steve Scalise, House Republican Whip
 - The Honorable Joni Ernst, United States Senator
 - The Honorable Keith Rothfus, Financial Services Taskforce to Investigate Terrorism Financing

Panel I: 9:30AM

- The Honorable Bob Goodlatte, Chairman, House Committee on the Judiciary
- The Honorable Michael Chertoff, Former Secretary, U.S. Department of Homeland Security

Panel II: 10:45AM

- The Honorable Jamal El-Hindi, Deputy Director, U.S. Treasury Department's Financial Crimes Enforcement Network
- The Honorable Jerome Beaumont, Executive Secretary, Egmont Group of Financial Intelligence Units
- The Honorable Juan Felix Marteau, National Coordinator for Combating Money Laundering and Terrorist Financing, Republic of Argentina

Lunch Break: 11:45AM

Panel III: 1:00PM

- Mr. John Cassara, Federal Government Intelligence and Law Enforcement Professional
- Dr. Sebastian Gorka, Vice President & Professor of Strategy and Irregular Warfare at the Institute of World Politics

Panel IV: 2:00PM

- The Honorable Dennis Shea, Chairman, U.S.-China Economic and Security Review Commission
- The Honorable Mike Wessel, Commissioner, U.S.-China Economic and Security Review Commission

Panel V: 3:00PM

- The Honorable Elisebeth Collins, Member, Privacy and Civil Liberties Oversight Board

Panel VI: 3:30PM

- Mr. Jason Boswell, Head of Security, IT & Cloud Consulting Services, Ericsson North America
- Mr. J.R. Helmig, Chief Analytics Officer, SAS Federal

Panel VII: 4:30PM

- Ms. Kristin Reif, Director of Illicit Trade Strategies and Prevention, Philip Morris International
- Mr. Joseph Humire, Executive Director, Center for a Secure Free Society
- Dr. Emanuele Ottolenghi, Senior Fellow, Foundation for Defense of Democracies, Center on Sanctions and Illicit Finance

Closing Remarks: 5:30PM

- Rep. Robert Pittenger, Chairman, Taskforce on Terrorism and Unconventional Warfare

Reception: 6:00PM, Lincoln Room, U.S. Capitol

Attendance List – 5th Parliamentary Intelligence Security Forum

Albania - Arta Dade, MP

Albania - Mamica Toska

Andorra - Speaker Vicenç Mateu Zamora

Andorra - Eva Arasa

Andorra - Ambassador Elisenda Vives Balmana

Argentina - Minister Gerardo Diaz Bartolomé

Argentina - Minister Josefina Martinez Gramuglia

Argentina - Secretary Christian Hotton

Austria - Andreas Karlsböeck

Austria - Christian Brunmayr, Minister & Deputy Chief of Mission

Austria - Ambassador Waldner

Austria - Ulrike Zimmermann

Austria - Gregor Csoersz

Belarus - Pavel Shidlovsky, Embassy Chief of Mission

Belgium - Jean-Cédric Janssens de Bisthoven

Belgium - Brigadier General Johan Andries

Belgium - Mrs. Gäelle Powis de Tenbossche

**Bosnia and Herzegovina - Mr. Sifet Podzic, Chairman of Joint Committee
for Defense and Security**

Bosnia and Herzegovina - Mr. Borislav Bojić

Bosnia and Herzegovina - Mrs. Borjana Krišto

Bosnia and Herzegovina - Mrs. Ljiljana Milićević

Bosnia and Herzegovina - Mr. Zeljko Grubesic

Bosnia and Herzegovina - Ambassador Hris Hrle

Brunei - Ambassador Serbini

Brunei - Izzat Hayati Zakaria; Second Secretary

Brunei - Kenny Liew; Education Attache

Colombia – Mr. Carlos Augusto Monsalve

Colombia – Sen. Juan Carlos Restrepo

Croatia - Ms. Maja Čavlović; Natl Sec and Def advisor to the President of Croatia

Cyprus - Ambassador Leonidas Pantelides

Cyprus - Ms. Andrea Petranyi

Denmark - Ms. Trine Bramsen

Egypt – Minister Plenipotentiary

Egypt – Mr. Ayman Youssef

Egypt - Mr. Ahmed Nabil

Estonia –Mr. Ken-Marti Vaher

France - Dominique Dukaez, Deputy Homeland Security Attache

Georgia - Ambassador Archil Gegeshidze

Georgia – Mr. Giorgi Tskiolia

Georgia – Ms. Elene Khurtsilava

Germany - Mr. Christian Flisek

Germany - Ms. Linda Radau

Germany – Mr. Alexander Radwan, MP

Greece – Ambassador Haris Lalacos

Greece – Mr. Alexios Mitsopoulos

Greece – Mr. Dimitrios Angelosopoulos

Hungary – Ambassador Réka Szemerkényi

Hungary – Mr. Gábor Bacsó

Hungary - Dr. Péter Rada

**Ireland - Mr. Brendan Smith, Chairman of Joint Committee on Foreign
Affairs & Trade & Defence**

**Ireland - Mr. Noel Murphy, Clerk to the Joint Committee on Foreign
Affairs & Trade & Defence**

Jordan – Mr. Ahmad S. Habashneh

Latvia - Ms. Solvita Āboltiņa, Natl Sec Committee

**Latvia - Mr. Ainars Latkovskis, Chairman of the Defence, Internal
Affairs, and Corruption Prevention Committee**

Malaysia - Mr. Shaiful Anuar Mohammad, Charge d'Affaires

Malaysia Brigadier General Saadon Hasnan; Defense attache

Malaysia - Mr. Mohd Mohyiddin Omar; Counselor

Malaysia - Mr. Kathiravan Subramaniam; First Secretary

Malta - Dr. Angelo Farrugia, Speaker

Malta - Mr. Giovanni Miceli

Malta - Ambassador Pierre Clive Agius

Norway - Mr. Øyvind Halleraker

Norway - Ms. Liv Signe Navarsete

Norway - Mr. Kenneth Svendsen

Norway - Mr. Anders Werp

Norway - Mr. Ulf Leirstein

Panama - Ambassador Emanuel Gonzalez-Revilla

Panama - Franklin Morales

Panama - Carmen Mora

Paraguay - Mr. Ernesto Velazquez, Central Bank of Paraguay

Poland - Marek Opiola; Head of Committee on Special Forces

Portugal - Mr. Mário Centeno

Portugal - Mr. José Galrito

Serbia - Ms. Maja Gojković; President of Natl Assembly

Serbia - Mr. Igor Bečić; Head of Security Services Control Committee

Slovenia - Ambassador Bozo Cerar

Slovenia - Mr. Damir Devcic

Slovenia - Borut Žunič

Slovenia - Metka Urbas

Slovenia - Ms. Tjaša Tanko

Sweden - Stina Nordström

Sweden - Mr. Anti Avsan

Sweden - Mr. Arhe Hamednaca

Taiwan – Mr. Alan Yu

United Kingdom - Eleanor Scarnell

United Kingdom - John Spellar MP

United Kingdom - Col. Bob Stewart MP

United Kingdom - MP Madeleine Moon

United Kingdom - MP Phil Wilson

United Kingdom - MP Crispin Blunt

United Kingdom - MP Yvette Cooper

United Kingdom - MP Daniel Kawczynski



Congressman Pittenger introduces John Cassara and Sebastian Gorka.

Panel Summaries: 7th Parliamentary Intelligence Security Forum

Introductory remarks, offered by Speaker Paul Ryan, Congressman Robert Pittenger, Chairman Jeb Hensarling, Majority Whip Steve Scalise, Senator Joni Ernst, and Congressman Keith Rothfus, established common themes for forum discussions:

- Terrorism, both foreign and domestic, is on the rise.
- ISIS is the most sophisticated terrorist organization we have faced, but is one we must defeat.
- Any comprehensive strategy to combat radical Islamic terrorism recognizes its' global reach, and thus:
 - Collaboration between allies is critical, and
 - We must track financial transactions to intercept terrorist financing.

These shared ideas laid the groundwork for all subsequent discussions and provided a framework through which to build consensus.

Panel I

Chairman Goodlatte began remarks by mentioning the Judicial Redress Act, which helps promote personal privacy for Americans and Europeans, and therefore promotes trust between law enforcement and the people. Trust is crucial to encouraging information sharing, and information sharing is crucial to counter terrorism efforts.



Chairman Bob Goodlatte of the House Judiciary Committee.

He noted more than 7000 investigative leads have been given over to European partners by the U.S. Treasury Department. In addition, Chairman Goodlatte expressed the United States' support of information sharing between European Union countries to prohibit terrorists from freely moving in Europe and possibly traveling to the U.S.

Secretary Chertoff explained recent technology advancements are making it increasingly easier to move large amounts of money across borders. He also demonstrated how refugee programs are central to enabling terrorist communications. As soon as terrorists masked as refugees enter Europe, then they are able to move freely.

In pointing out the growing importance of social media, Secretary Chertoff noted more often than not, people who are about to carry out an operation often suggest or advertise their plans via social media. One of the difficult questions of the 21st century is how balance free speech and discourse with terrorist incitement, and properly monitor social media activity.

Panel II

The second panel focused on government efforts to combat terrorism through Financial Intelligence Units (FIUs). Jamal El-Hindi, Deputy Director of the U.S. Treasury Department's Financial Crimes Enforcement Network offered perspective from his work with the law enforcement, intelligence, financial, and regulatory communities to ensure the effective coordination of anti-money laundering (AML) and counter terrorism financing (CTF) initiatives.

Jérôme Beaumont spoke on his duties as Deputy Head of the International Division for the French FIU, Tracfin, where he has been involved with several AML/CTF evaluations.

In conclusion, Juan Felix Marteau, Argentina's National Coordinator for Combating Money Laundering and Terrorist Financing, shared his experience driving major reforms to Argentina's AML/CTF efforts. Although many South American countries are willing to partner with the U.S., most need additional resources and technical capabilities to maximize effectiveness.

Panel III

Dr. Sebastian Gorka, who was recently appointed as Deputy Assistant to the President of the United States, elaborated on the motivations of radical Islamic terrorism, specifically its roots in religious and ideological beliefs. Dr. Gorka argued that in order to defeat ISIS, we must first understand the true nature of the global jihadi movement.



Dr. Sebastian Gorka

John Cassara offered perspective from his extensive experience at the Treasury Department and expounded upon concept of international “Trade Transparency Units,” an innovative countermeasure to entrenched forms of trade-based money laundering and terrorist financing.

Panel IV

Chairman Dennis Shea and Commissioner Mike Wessel, both of the U.S. – China Economic and Security Review Commission both focused on threats the U.S. faces from strategic Chinese Communist Party operations.

Commissioner Wessel explained how the targeting and execution of cyber-attacks from China have become more sophisticated. For example, there is growing evidence that certain cyber-attacks may have been used to reduce the market value of U.S. corporations before they become acquisition targets. In essence, China identifies its targets, and through cyber-attacks, make them less attractive to others,

and finally buys the corporation at a reduced price. Some instances show they have reduced as much as 50% of the market value of a company prior to its acquisition.

Panel V



The Honorable Elisabeth Collins

Elisabeth Collins of the Privacy and Civil Liberties Oversight Board detailed two major reports generated after extensive study of disclosures made by Edward Snowden. The reports focused on section 215 and 702 programs, and precisely what information the NSA should have access to, and for what length of time they should have it.

She also discussed foreign intelligence surveillance (FISA) court, a meaningful check over the intelligence community which is rarely given proper credit because it operates in secret.

Panel VI

Representing the private sector, J.R. Helmig of SAS Federal and Jason Boswell of and Ericsson, spoke on the importance of private companies to take their own measures to protect their data.

Mr. Boswell expanded upon the simultaneous benefits and risks of today's hyper connected world, while also highlighting potential threats in the supply chain when security basics are sacrificed in the race to beat competitors to market.

Mr. Helmig focused on the needs for anti-money laundering efforts to be proactive, rather than reactive. Stressing the importance of thinking like adversaries, Mr. Helmig called for policy makers and private sector actors to ask how our adversaries will view future development of technologies and anticipate future trends.

Panel VII

The final panel included Kristin Reif from Philip Morris International. Tobacco is a \$60 billion industry and significant funding mechanism for foreign fights. Ms. Reif focused on public-private partnership efforts to combat illicit tobacco finance.

Joseph Humire, from the Center for a Secure Free Society, spoke on counter terrorism financing efforts in South America, noting Iran's continued terrorism financing operations through drug trafficking.

Dr. Emanuele Ottolenghi, from the Foundation for Defense of Democracies, touched on immigration and refugee issues and how they relate to national security. He argued for the need to promote stability abroad, as the erosion of rule of law and public security creates an environment conducive to terrorist activity.



Mr. Joseph Humire, Ms. Kristin Reif, and Dr. Emanuele Ottolenghi.

ADDENDUM:

US National Security Solutions Concept – Illicit Finance Options

February 2016

John Cassara

Introductory Remarks

As the Trump Administration pushes forth on a number of related U.S. national security priorities – improving security along the nation’s borders, strengthening immigration control, and tackling the threat of transnational organized crime (TOC) – a comprehensive suite of methods and approaches will be needed to truly and effectively accomplish these objectives. The core intent of this document is to help the U.S. national security community blunt the power of TOC – as well as stimulate thinking on novel ways to finance increased physical security on our Southwest border.

As clearly indicated in Presidential Executive Order on Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking signed on February 9th, 2017, the Trump Administration intends to refocus national efforts, energies, capabilities, and assets to combatting global criminality. With these new priorities in mind, this Solutions Concept white paper has been drafted to provide policy-makers with a viable option to help address these challenges.

This document has been developed by former U.S. government officials with broad and deep expertise in a range of national intelligence and federal law enforcement backgrounds, particularly in the areas of anti-money-laundering (AML), counter-threat finance (CTF), and other finance-related law enforcement disciplines. All materials used to draft this white paper are entirely unclassified and derive entirely from open sources.

Solution Option: Use Bulk Cash Seizures and Asset Forfeiture Funds to Pay for the Wall

Synopsis

In the discussion of pros and cons of building “the wall” along the U.S.-Mexico border, the focus has largely been on contraband and illegal immigrants going north. We largely ignore the other side of the equation; *i.e. illicit proceeds – mostly in the form of bulk cash – flowing south*. If we could recover just a few percentage points of the tens of billions of profits from the sale of drugs and other transnational crimes (such as counterfeit consumer goods and human trafficking) that annually flow south across the border, we could pay for the wall. Moreover, targeting the illicit proceeds should be palatable to both Mexico City and Washington DC, and may serve as a basis for enhanced U.S.-Mexican cooperation on illicit trafficking and related TOC.

Background Concepts

During the recent presidential campaign we heard that Mexico is going to pay for the wall. Taxes on certain goods imported from Mexico and/or fees on official remittances have been floated as possible revenue sources. Others ideas will assuredly surface. Here, a few considerations are important; one – Forcing the government of Mexico to pay would be perceived by Mexicans and many Americans as humiliating, and two – nobody wants to punish U.S. consumers or hard working migrants.

This White Paper suggests another alternative; use the proceeds of crime to pay for the wall. All sides should be able to agree to this solution. *Using criminally derived funds to pay for the wall will also drive home the lesson that criminal activity is the reason the wall is being built (or, in other words, that we have to refocus efforts and redouble resources to border security).* Finally, there is also a degree of poetic justice in having the proceeds of crime used to thwart future criminal behavior. This initiative also ultimately fulfills President Trump's campaign promise; most of the funding originates from Mexican transnational criminal organizations.

Greed – Fundamental Motivator

Sometimes lost in the discussion about transnational crime is the fact that criminal organizations are motivated by greed. Cartels do not traffic in drugs for the sake of trafficking in drugs. In fact, virtually every type of transnational criminal activity – from the sale of counterfeit goods to arms trafficking – is perpetrated with ultimate objective being to make money. And trafficking drugs is highly profitable. While estimates of U.S. narcotics sales vary widely, a 2010 White House study pegged the number at [\\$109 billion](#) annually.

It is important to note that analysts believe much of the money generated from these crimes is actually laundered in the U.S. In fact, illegal drug sales in the U.S. may generate as much as 20 million pounds of currency every year! As a result, drug traffickers and money launderers have a logistics problem. Gone are the days portrayed in *Miami Vice* where a money launderer could simply walk into a bank in the U.S. with a suit case full of cash and deposit it with no questions asked.

So, because of the logistics issues involved, coupled with mandated financial transparency reporting requirements imposed on financial institutions by the U.S. government, narcotics trafficking organizations have increasingly moved to smuggling bulk cash into jurisdictions such as Mexico. “Placing” their ill-gotten gains into financial networks in Mexico is much easier. Studies recently conducted by the U.S. government suggested that a substantial portion of [\\$18 billion to \\$39 billion](#) a year in the form of bulk cash is smuggled annually across our southern border.

How do they smuggle the cash? The techniques are only limited by the criminals' imaginations. Some of the most common methods include simply driving it across the border and using a nearly endless list of ways to conceal cash parcels. Bulk cash is sometimes

concealed in vehicles' spare tires, gasoline tanks, seat cushions, floor boards, and panels. Other uses include tanker trucks or similar vehicles that have false bottoms or altered gasoline or water tanks. Bulk currency is concealed in shipping containers, often secreted in cargo. Cash is also hidden in a variety of consumer goods such as boxes of cereal and other food stuffs, teddy bears, dolls, boxes of cigarettes, detergent, baked into bread, stuffed into air compressors, tools, furniture, sports equipment, flowers, produce, etc. And finally, bulk cash is smuggled by couriers simply taping money on their bodies, using special smuggling vests, or simply transported in suitcases and duffle bags.

Enforcement

So how have we done? Although a variety of law enforcement agencies play a role in detecting and intercepting bulk cash smuggling, namely Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI) and Customs and Border Protection (CBP). From 2005 to 2016, CBP officers reportedly seized a total of [\\$211 million](#) at the southern border. According to a 2011 GAO study, we are seizing [less than 1 percent](#) of the multi-billion in drug-trafficking proceeds smuggled across the border. Another study suggests that [\\$99.75 of every \\$100](#) the cartels ship south is getting through. Putting these numbers in perspective adds clarity – think of it this way: We seize only a George Washington quarter out of a \$100 Benjamin paper bill!

Of course, additional cash is being seized by other federal, state, and local law enforcement agencies sometimes in the interior of the country. In addition, Mexican law enforcement has also seized bulk cash on its side of the border. But even combining all seizures, it is still probably fair to say we are only recovering approximately one percent of the illicit cash. These statistics are even more sobering because bulk cash smuggling is the most straight-forward of anti-money laundering efforts or investigations. We are not talking about complex money trails layered via off shore havens, tracking trade-based laundering schemes, or tracing virtual currencies in cyber space. At its core, bulk cash is a physical commodity (money) that generally moves from point A (U.S. side of the border) to point B (Mexican side of the border). The cash shipments are hidden, often in complex ways – but the fundamental methodology is not complicated.

The consequences of bulk cash smuggling are devastating. The uncontrolled hemorrhage of billions of dollars of untaxed drug proceeds that flow into the coffers of TOC groups directly fuels massive crime, corruption, and violence in Mexico. But the impact of these crimes is not limited to Mexico. In fact, not only is drug-fueled instability in Mexico spreading to parts of the U.S., particularly in southwest border-states, but the murder carnage in places like Chicago is largely the end result of drug-related transnational criminality.

The U.S. government is fully aware of the problem. In fact, bulk cash smuggling was prominently featured in our last (2007) [National Money Laundering Strategy](#). The “action items” in the report, centered on traditional law enforcement countermeasures such as increased intelligence, coordination, border inspections, etc., have proved wholly inadequate. In 2013, the U.S. Senate Drug Caucus released an excellent [report](#) on improving U.S. anti-money laundering practices. The report notes that bulk cash smuggling continues to be a primary money laundering technique and that our counter-measures have been ineffectual.

Barriers

Law enforcement officials have long observed that if we put a barrier (in all its varied forms) in front of criminals they will try going around it. For example, after the Mexican government restricted the deposit of U.S. dollars in Mexican banks and currency exchange houses in 2010, law enforcement witnessed the money launderers using [“funnel accounts” and trade-based money laundering](#) to move money and value across the border. Some observers feel a recent drop in cash seizures could also be the result of new ways of moving money across the border such as prepaid cards. And, of course, criminals will try to go around, under, and over the border wall. So countermeasures must take the above into consideration.

Building Blocks

Despite criminals’ attempts at bypassing barriers, the numbers suggest tens of billions of cash still cross our southern border every year. Let’s use \$20 billion as a round number. With the construction of a wall and a few other steps, over a few years we should realistically increase our seizure rate to say 5% or \$1 billion a year. If that holds constant, [in 15 years](#) the recovered funds would pay for the wall.

What are the few other steps?

1. In designing the wall, we should have stopping bulk cash on the northern side of the border in mind as well as thwarting drugs and illegal immigrants coming from the south. The construction and placement of the physical wall should be done in such a way as will “funnel” currency smugglers to border crossings that will be heavily controlled and monitored. In other words, just like a successful tactical military maneuver, we will use terrain, barriers, and deploy our resources (technology and personnel) to force smugglers to use routes and border crossings we want them to use.
2. Increase border enforcement personnel including Border Patrol and Customs and Border Protection. The Administration has already endorsed this policy.
3. Use [data and advanced analytics](#) to better target bulk cash smugglers just like we target narcotics smugglers and other contraband traffickers.
4. Treasury’s FinCEN should issue a [long-delayed rule](#) that equates prepaid cards with monetary instruments for purposes of cross-border currency declarations.
5. Systematically crack down on [trade-based money laundering](#). Both the U.S. and Mexico have Trade Transparency Units (TTUs). With a small increase in personnel and software, these TTUs could be directed to increase their focus on U.S. /Mexican trade fraud and “black market peso” operations that are increasingly used by narcotics traffickers to avoid our traditional anti-money laundering countermeasures.

Final Remarks

Realistically, it will take a few years for the wall (or combined comprehensive border security measures and infrastructure) to be built and to implement the steps outlined above. And of course, initial funding will be needed to begin construction of the wall and/or enhanced security in place along the southwest border. And while congressional authorization of funds is expected, consideration could be given to using Department of Treasury and Department of Justice asset forfeiture funds to “prime the pump” and help finance border security efforts. Hundreds of millions of dollars of criminally derived proceeds should be available and using asset forfeiture money to fight criminal behavior is exactly why the funds were established.

All of the above countermeasures are entirely doable, particularly given recent and considerable U.S. government experience in employing similar methodologies and strategies to combat TOC, terrorism, and other threats globally. Not only do these approaches to combatting criminality adhere to our already-articulated national anti-money laundering strategy, but should be politically acceptable as they are self-funding and may go a long way to helping fund “the wall” and other enhanced border security measures.

ADDENDUM:

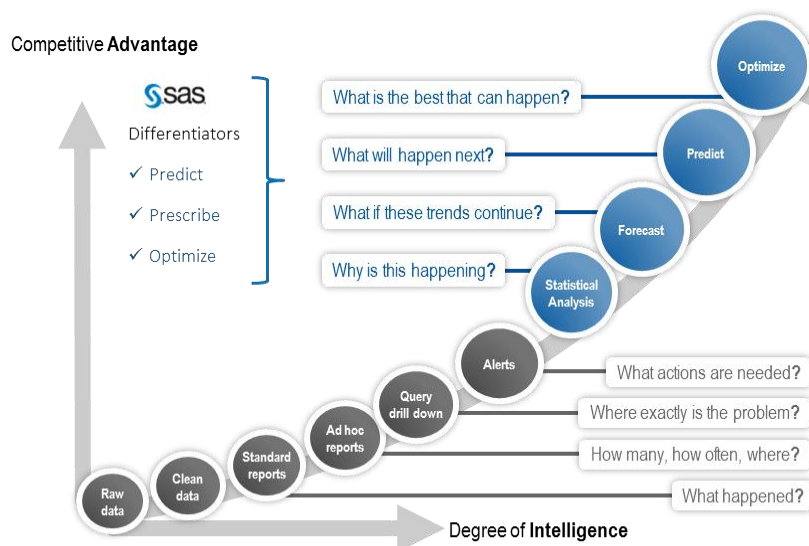
Using Advanced Analytics to Combat Terror Finance

By: J.R. Helmig, Chief Analytics Officer for Federal Programs, SAS

The Clearing House, an industry group that represents the biggest banks in the U.S., released a [report](#) on February 16 that highlighted several issues with the current framework to combat money laundering and terror finance. Focused on recommendations for improving the process, including how financial institutions can work more cooperatively with the U.S. government and law enforcement, the Clearing House's report included a key call-out to improve real-time information flow and analysis using modern data capabilities. This is also a major theme across other organizations focused on fighting terror finance, including the [Financial Action Task Force](#) and [The Wolfsberg Group](#), among others. As threats and impacts of illicit finance continue to grow, this needs to be a focal point for the government, as agencies hone their terror finance programs.

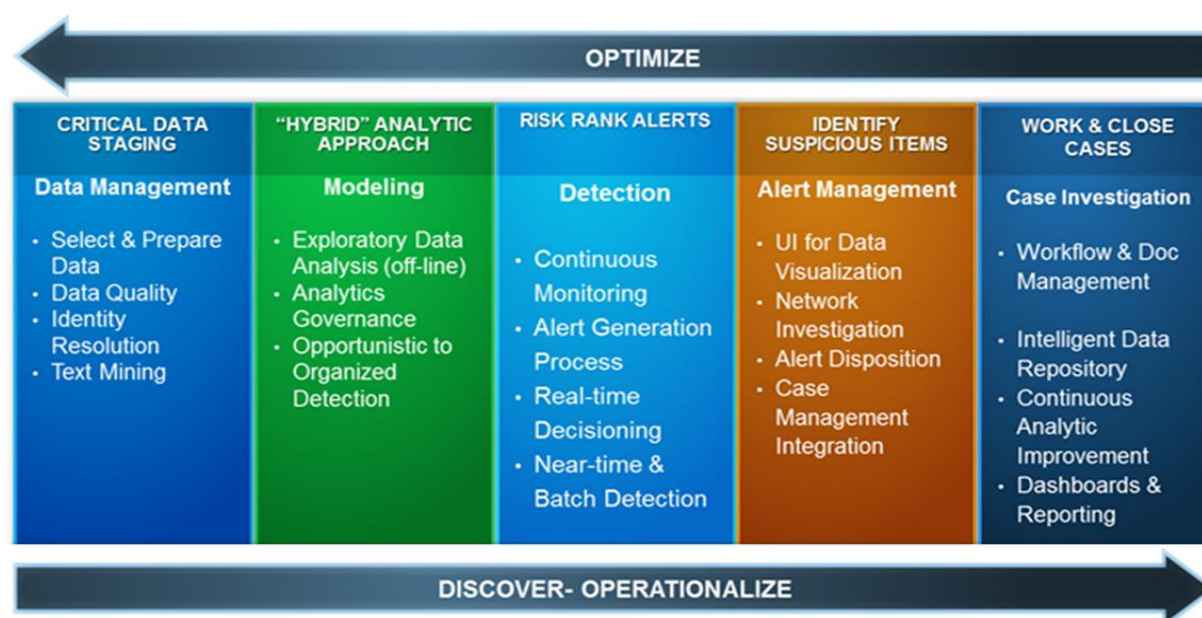
There are two major goals that agencies need to consider to successfully modernize efforts to combat terror finance. The first is blending innovation, tactical countermeasures, strategic analytics and legislative policies across dynamic, global and evolving ecosystems. The second includes planning for the future, proactively prepositioning capabilities and capacities for the time period in which they are expected to be used – across the entire lifecycle of the system. This means that a system built during 2018-2020 has to be prepared for, and cover everything through the next scheduled update, say in 2030. This is critical to ensure there are no gaps or reductions in operational efficacy. Both of these goals revolve around the ability to get the right information to the right people at the right time, improving the confidence and consistency in the results for better outcomes. A diagram showcasing how advanced analytics can lead to more intelligent decisions is below:

Evolution of Analytical Decision Making



By blending data, advanced analytics and more sophisticated methods across the entire ecosystem, agencies will have a more holistic view of their programs and greater situational awareness to identify illicit financing and stop fraudulent payments before they occur. This includes tracking and identifying both external and internal threats to these government programs – from low-level threats to criminal offenders to transnational organized crime. The ability to strategically use advanced analytics for anomaly detection, predictive modelling, social networking analysis, text mining and data matching – at any time throughout the screening/monitoring/review process – provides agencies and law enforcement a significant advantage.

This is accomplished by expanding beyond basic business intelligence or dashboards into more advanced analytics cycles, as indicated below:



This process results in a more agile, visual and accurate set of data for terror finance purposes. It also allows agencies to evolve into a more forward looking, collaborative, comprehensive and robust decisioning capability to foster a more effective investigative process into potential terror finance activities. As terrorists and transnational criminal organizations continue to evolve their strategies and tactics, the government needs to remain two steps ahead. Advanced analytics and the power it offers will serve as an important spoke in the proverbial wheel in the battle against terror and terror financing.

ADDENDUM:



COMPREHENSIVE LIST OF THE COMMISSION'S RECOMMENDATIONS

Chapter 1: U.S.-China Economic and Trade Relations

Section 2: State-Owned Enterprises, Overcapacity, and China's Market Economy Status

The Commission recommends:

1. Congress amend the statute authorizing the Committee on Foreign Investment in the United States to bar Chinese state owned enterprises from acquiring or otherwise gaining effective control of U.S. companies.
2. Congress direct the U.S. Government Accountability Office to prepare a report examining the extent to which large-scale outsourcing of manufacturing activities to China is leading to the hollowing out of the U.S. defense industrial base. This report should also detail the national security implications of a diminished domestic industrial base (including assessing any impact on U.S. military readiness), compromised U.S. military supply chains, and reduced capability to manufacture state-of-the-art military systems and equipment.
3. Congress require that under antidumping and countervailing duty laws, Chinese state-owned and state-controlled enterprises are presumed to be operating on behalf of the state and, as a result, do not have standing under U.S. laws against unfair trade to block a case from proceeding.

4. Congress create an office within the International Trade Administration whose sole purpose is to identify and initiate antidumping and countervailing duty cases to ensure a more effective and timely response to China's unfair trade practices.
5. Congress enact legislation requiring its approval before China—either the country as a whole or individual sectors or entities—is granted status as a market economy by the United States.

Section 3: China's 13th Five-Year Plan

The Commission recommends:

6. Congressional committees of jurisdiction hold hearings to:
 - Analyze the impact of China's state-directed plans such as the Made in China 2025 and Internet Plus on U.S. economic competitiveness and national security, and examine the steps Congress can take to strengthen U.S. high-tech and high-value-added industries such as artificial intelligence, autonomous vehicles and systems, and semiconductors.
 - Ensure that U.S. government agencies such as the U.S. Department of the Treasury, U.S. Department of Commerce, and the Office of the U.S. Trade Representative have sufficient personnel, funding, and Chinese-language capabilities to examine China's economic and trade policies and China's compliance with its bilateral and multilateral commitments, including the World Trade Organization.
 - Examine U.S. access to China's domestic market, particularly for services and high-tech sectors. This hearing should assess how U.S. government agencies such as the U.S. Department of Commerce and the Office of the U.S. Trade Representative are seeking to increase market access for U.S. firms and explore what additional policy options could be pursued.
7. Congress direct the U.S. Department of the Treasury to prepare a report analyzing U.S. exposure to China's financial sector and the impact of China's financial sector reforms on the U.S. and global financial systems. This report should also identify the policies the U.S. government is or should be adopting to protect U.S. interests in response to this changing environment.

Chapter 2: U.S.-China Security Relations

Section 2: China's Force Projection and Expeditionary Capabilities

The Commission recommends:

8. Congress require the U.S. Department of Defense to conduct a study identifying the risks and gains associated with the United States pursuing a burden sharing

strategy that utilizes emerging People's Liberation Army expeditionary capabilities to help stabilize the Asia Pacific region during a crisis or to counter a shared threat such as the spread of terrorism in Southeast Asia.

Section 3: China's Intelligence Services and Espionage Threats to the United States

The Commission recommends:

9. Congress direct the U.S. Department of State to develop educational materials to alert U.S. citizens living and traveling abroad about recruitment efforts by Chinese intelligence agents, and to make these materials available to U.S. universities and other institutions sending U.S. students to China. Congress should also direct the U.S. Department of Defense to develop and implement a program to prepare U.S. students studying in China through Department of Defense National Security Education Programs to recognize and protect themselves against recruitment efforts by Chinese intelligence agents.
10. Congress direct the Federal Bureau of Investigation to provide a classified report to Congress on what risks and concerns have been identified as associated with information systems acquired by the U.S. government, and how those risks are being mitigated. This report should identify information systems or components that were produced, manufactured, or assembled by Chinese-owned or -controlled entities.

Chapter 3: China and the World

Section 2: China and Taiwan

The Commission recommends:

11. Members of Congress and Congressional staff seek opportunities to advance U.S.-Taiwan economic, political, and security relations, support Taiwan's participation in international organizations, and draw attention to Taiwan's democratic achievements and contributions to the international community.
12. Congress urge the executive branch to make available to Taiwan, consistent with the Taiwan Relations Act, defense articles and services required to address the continuing shift in the cross-Strait military balance toward China.
13. Congress direct the U.S. Department of State to reexamine its policy guidelines on reciprocal visits by senior U.S. and Taiwan military officers and civilian officials with the aim of increasing high-level exchanges.
14. Congress request briefings by the Office of the U.S. Trade Representative (USTR) on the status of the Trade and Investment Framework Agreement negotiations with Taiwan and direct the USTR to identify enhanced negotiating

procedures to resolve outstanding issues and ensure an accelerated path to conclude such talks.

Section 3: China and Hong Kong

The Commission recommends:

15. Congress express that China's apparent abduction and detention of five Hong Kong and foreign national booksellers based in Hong Kong for selling banned books to customers in mainland China violates its commitments to maintaining a "high degree of autonomy" in Hong Kong under the "one country, two systems" framework. In addition, members of Congress in their meetings in China should continue to express support for human rights and rule of law in Hong Kong.
16. Congress continue to renew annual reporting requirements of the U.S.-Hong Kong Policy Act of 1992, in an effort to ensure policymakers have the most up-to-date and authoritative information about developments in Hong Kong.
17. Congress direct the U.S. Department of State to prepare a report that assesses whether Hong Kong has maintained a "sufficient degree of autonomy" under the "one country, two systems" policy, due to the deterioration of freedom of expression in Hong Kong and Beijing's increasing encroachment.

Section 4: China and North Korea

The Commission recommends:

18. Congress require the U.S. Department of State to produce an unclassified report assessing China's compliance with UN resolutions on North Korea.

Chapter 4: China and the U.S. Rebalance to Asia

The Commission recommends:

19. Congress express support for more frequent U.S. freedom of navigation operations in the South China Sea in conjunction with U.S. allies and partners.
20. Congress direct the U.S. Department of Defense to include a permanent section in its Annual Report on Military and Security Developments Involving the People's Republic of China on the role and activities of China's maritime militia and the implications for U.S. naval operations.