

**TESTIMONY
OF
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DEPARTMENT OF HOMELAND SECURITY**

**BEFORE THE
HOUSE COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT EFFICIENCY AND FINANCIAL
MANAGEMENT
SUBCOMMITTEE ON TECHNOLOGY AND INFORMATION POLICY AND THE
CENSUS**

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I. Introduction

Good morning Chairman Putnam and Chairman Platts. It is a privilege to appear before you to discuss the ongoing law enforcement efforts and accomplishments of the Department of Homeland Security's (DHS) Bureau of Immigration and Customs Enforcement's (BICE) Financial Investigations Division. BICE Financial Investigations is committed to protecting the integrity of America's financial systems against the exploitation by money launders and those who finance terrorism. I would like to begin by commending Congress for its decisive and immediate enactment of the USA PATRIOT Act, enabling law enforcement to more effectively investigate money laundering and terrorist finance activities in order to protect the financial systems of this Nation.

DHS fully support this mission and BICE's efforts. Secretary Ridge demonstrated this commitment by participating in the rollout of BICE's Cornerstone initiative in July 2003, which I discuss later in my testimony. BICE is pleased to have the Department's full support in conducting these significant

investigations and in working cooperatively with the private sector to help reduce the vulnerabilities of the financial system to exploitation.

Financial investigations continue to be a key BICE priority. BICE brings a unique assembly of over 30 years of financial investigative expertise, powerful statutory authorities, and cutting edge investigative techniques in the conduct of money laundering and terrorist finance investigations. The enactment of the USA PATRIOT Act serves to further enhance these investigative techniques available to law enforcement. The enactment of the Money Laundering and Financial Crimes Strategy Act in 1998, which mandated the annual Money Laundering Strategy served as a blue print for addressing investigative financial priorities.

BICE, and the former U.S. Customs Service, has time and again demonstrated its expertise in the kinds of complex large-scale and high-impact investigations that BICE continues to investigate today. For example, BICE led investigations in such cases as the Bank of Commerce and Credit International (BCCI) in Tampa; Operation Greenback in South Florida; Operation Casablanca in Los Angeles; Operation Wirecutter in New York; Operation Green Mile in Phoenix; and the BICE led New York El Dorado Task Force. In these cases and initiatives alone, BICE, in conjunction with other federal, state and local law enforcement, has seized approximately \$900 million dollars in criminal proceeds.

I would like to take a moment to highlight the ongoing success of the El Dorado Task Force. The El Dorado Task Force was created in 1992 and is the largest and most prominent interagency money laundering task force in the

country. One recent El Dorado investigation led to the guilty plea of Broadway National Bank for violations of the Bank Secrecy Act (BSA) and a \$4 million fine, the most significant BSA-related prosecution in many years. This task force has since been the model for the establishment of other money laundering task forces throughout the law enforcement community. It also served as a template for the creation of the High Intensity Financial and Related Crimes Areas (HIFCA's) that were created as part of the National Money Laundering Strategy.

II. BICE Financial Investigations Division

In response to the events of September 11, 2001, BICE through the former Customs Service established Operation Green Quest. Operation Green Quest was an interagency task force designed to augment existing counter-terrorism efforts by targeting financial networks through the application of a "systems-based" approach to "follow the money." Operation Green Quest was committed to the identification, disruption and dismantling of organizations which served as sources of terrorist funding. In connection with the consolidation within DHS, in May 2003, a memorandum of agreement was reached between DHS and DOJ to clarify the roles and responsibilities for terrorist financing investigations.

BICE adopted the successful methodology embodied in Green Quest into the new financial initiative called "Cornerstone", which was launched in July 2003. As part of this initiative, BICE has expanded the longstanding working partnerships with the financial and trade sectors in an effort to identify and

eliminate vulnerabilities that can be exploited by criminal and terrorist organizations.

Through Cornerstone, and its predecessors, BICE has achieved great success in identifying systems that have been misused by narcotics traffickers, arms traffickers and terrorist networks to finance their activities. These systems include trade-based violations, such as the Black Market Peso Exchange (BMPE), the largest known trade-based laundering system in the Western Hemisphere, the smuggling of bulk cash, the misuse of money service businesses, and the exploitation of charities and non-government organizations. Since October 25, 2001, the combined efforts of Green Quest and Cornerstone resulted in the seizure of approximately \$35 million, and have led to 172 search warrants, 233 arrests, 163 indictments and 94 convictions.

With the integration of the statutory authorities and investigative tools from the former Customs Service and the former Immigration & Naturalization Service, BICE is able to more effectively target vulnerabilities that facilitate illegal activities. Cornerstone systematically and strategically examines financial systems that may be susceptible to abuse and seeks to prevent their exploitation. In addition, Cornerstone relies on the worldwide network of 37 BICE Foreign Attaché offices, which have established and continue to maintain critical relationships with corresponding law enforcement and government entities in the host country.

III. Investigative Successes

I noted earlier a number of ICE investigative successes and would like to provide a brief outline of a few of our significant ongoing investigations:

- In Northern Virginia as a result of the BICE, IRS, and FBI ongoing investigations of charities and non-government organizations, Soliman Biheiri was convicted for various Immigration violations. In addition, Abdurahman Alamoudi was arrested and indicted for violations of immigration law, money laundering, structuring, transactions with the government of a state that supports terrorism, and the International Emergency Economic Powers Act (IEEPA). It is alleged that these individuals and their organizations were financing terrorist groups around the world.
- In Miami, BICE detained and seized approximately \$5.6 million dollars in assets belonging to a high-ranking Nicaraguan government official who is alleged to have embezzled and laundered in excess of \$100 million. This investigation was conducted by the BICE led Foreign Political Corruption Unit, in coordination with the BICE Attaché Panama and the Nicaraguan government.
- In Seattle, 13 individuals were indicted for transferring \$12 million to Iraq in violation of money laundering laws and IEEPA. To date, the primary subject of this investigation has been convicted of money laundering and additional prosecutions are pending.

- In the New York/Newark Metropolitan area, BICE, together with IRS and other law enforcement agencies, conducted joint investigations, which targeted money service businesses operating without a license. These investigations identified the illegal transfer of over \$100 million to countries of interest. To date, these investigations resulted in 14 arrests, 12 indictments, and 6 convictions for failure to register as a money service business and for other violations.

Through these investigations BICE has demonstrated the benefits derived from the USA PATRIOT Act, specifically to the statutory changes related to unlicensed money service businesses, bulk cash smuggling, and the expanded authority to identify accounts belonging to suspects.

The BICE Financial Division has continuously evolved to match its investigative priorities with the critical concerns of this Nation. Since March 2003, BICE Financial and Strategic Investigative Divisions have deployed four teams of BICE Special Agents to the Iraqi Theater of Operations in support of Operation Iraqi Freedom. BICE Special Agents are conducting investigations relative to violations of U.S. law to include Weapons of Mass Destruction, illegal procurement of U.S. origin technology, and money laundering. BICE has established an Iraq Task Force in Washington, D.C. to review and analyze documents and financial records that have been obtained throughout the world to identify violations of U.S. laws. To date, BICE Special Agents have been

responsible for the recovery of \$32 Million in cash hidden in Iraq by the former regime and are attempting to determine the source of these funds.

As part of the DHS initiative to promote a partnership with private financial industries, BICE in coordination with the U.S. Secret Service will hold semi-annual Systematic Homeland Approach to Reducing Exploitation (SHARE) meetings. SHARE meetings will promote an exchange of information between government and executive members of the financial and trade communities that are impacted by money laundering, identity theft, and various other financial crimes. In support of SHARE, Cornerstone publishes "Tripwire," a quarterly newsletter that BICE provides to the financial sector to address law enforcement concerns, emerging, trends, patterns, and typologies in the money laundering and terrorist finance arena.

IV. Conclusion

In conclusion, I would like to thank the Chairmen for the opportunity to testify before you today and to highlight the investigative efforts and successes of the Bureau of Immigration and Customs Enforcement. I would also like to thank the joint Subcommittees for their continued interest and support. It would be my pleasure to answer any questions you may have.