

NEWS FROM:

International Terrorism and Nonproliferation Subcommittee



U.S. Rep. Ed Royce, Chairman

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Royce Statement on Starving Terrorists of Money

Cutting off terrorist financing is key to winning the global war on terror

WASHINGTON, D.C. - - Today, the International Terrorism and Nonproliferation Subcommittee (ITNP) teamed up with the Financial Services Oversight and Investigations Subcommittee to hold a joint hearing on terrorist financing entitled "Starving Terrorists of Money: The Role of Middle Eastern Financial Institutions." ITNP Chairman U.S. Rep. Ed Royce (R-CA-40) issued the following opening statement at the hearing:

"I appreciate the fact that we are holding this hearing today jointly. As the Members know, this is unusual for us to come together like this, across committees. In fact, I can think of few times in which it has happened. That shows the paramount importance of the issue we are facing.

"The 9/11 Commission recommended that tracking terrorist financing 'must remain front and center in U.S. counter-terrorism efforts.' Terrorist organizations such as al-Qaeda have allegedly used a variety of methods to finance their operations that stretch across the globe, including: Islamic charities, wealthy donors, *hawalas*, financial institutions, drug trafficking, conflict diamonds and other commodities. Tracking terrorist financing has proven an effective way not only to disrupt terrorist plots and organizations, but also to glean intelligence on terrorist operatives. However, because of its complexity and variety of methods, terrorist finance has been a 'hard target' for the U.S.

"As we will hear today, there has been progress in the fight against terrorist financing. For instance, the Administration reports that funds flowing to Hamas have seen a 'substantial reduction.' However, there is a long road ahead, and terrorists are constantly changing their financing tactics.

"The larger challenge is checking the ideology fueling terrorism. Charities continue to provide a variety of important functions in the region. A major goal of some of these charities, however, is to spread radical Wahhabi beliefs and culture. Thus, Gulf State charities have funded *madrasas* in Africa, Europe and South, Southeast and Central Asia.

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Statement of ITNP Chairman Royce

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"I have spoken with local leaders who have identified the local *madrassa*, backed by foreigners, as the source for radicalization of their young. It is these radical *madrassas* that are fueling the next band of *ihadists*, and perpetuating a generational struggle. Experts I have spoken with measure the amount of spending to support the building of *madrassas* worldwide in hundreds of millions, if not billions, annually. Much of this is our own petro-dollars. This has to be a part of our dialogue with countries in the region at every level. This is just as much an issue of public diplomacy as it is terror finance.

"Of course, those who are working to spread this ideology of terror are often depending on Muslims seeking to fulfill the *zakat* requirements of their faith. We need to do everything we can to shine the light on those who seek to prey on fellow Muslims who are simply seeking to fulfill their religious obligations. Protecting the charitable community from terrorist abuse is of paramount importance.

"Significant international cooperation, through bilateral relationships and multilateral institutions, will be key to stem the flow of money to terrorist groups and extremist causes. Countries in the region have taken some first steps. Yet, many still do not have terrorist financing laws or have established financial intelligence units. Some have put laws on the books, but enforcement remains in question.

"These issues will require our constant engagement. While progress has been made, I think there is little question that our enemies have a large lead."

Royce is a senior member of the House Financial Services and International Relations Committees. In 2004, along with Congresswoman Sue Kelly (R-NY), Royce co-founded the Congressional Anti-Terrorist Financing Task Force, which works to strengthen and build upon efforts in the fight against the funding of terrorism.

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