

Special Session of the Financial Action Task Force (FATF)

Washington, D.C., 29 October 2001

Remarks by Mr. [Ronald K. Noble](#), Secretary General of INTERPOL

Good Morning. Let me first thank you, Madam President, and let me also thank my friend Patrick Moulette for the opportunity to make brief remarks at the beginning of your extraordinary plenary session.

All international organizations are being challenged, as never before, as a result of the [terrorist attacks of 11 September](#). As I have said before, these attacks may have occurred on US soil, but they were actually attacks against the entire world as evidenced by the fact that citizens from 80 countries were murdered on that date.

These twin towers were chosen as targets because together they were called the World Trade Center and thus represented the world by name; they were chosen because they symbolized the heart of the world's financial centers, and they were chosen because they attracted over 150,000 visitors per day. It had to be clear to the terrorists that these attacks would be felt worldwide and that with these attacks, the reach of terrorism would be demonstrated to have no geographical limits and no national boundaries.

As a result of these attacks, nations, international organizations tasked with fighting serious crime and citizens throughout the world are reexamining what they can do to prevent or minimize the likelihood of future terrorist acts. In this regard, INTERPOL and the [FATF](#) have complementary roles to play.

This morning, I would like to provide you with some background on how both INTERPOL and the FATF are being forced to adapt and adjust to changing circumstances. I also would like to share some thoughts on how INTERPOL and the FATF might work together to address the new expectations and requirements.

As some of you may know, I had the honor of serving as President of the FATF six years ago. During my term, the FATF revised the first set of forty recommendations thereby expanding the focus of money laundering beyond drugs as well as mandating the reporting of suspicious transactions. We also initiated the financial services forum, made adjustments in the typologies exercise, and expanded our regional initiatives. For example, we took what was then considered an extraordinary step. We sanctioned the Seychelles after they widely publicized a desire to attract money to its financial institutions – even if the money was dirty. They promised to shield dirty money, and the FATF spoke out clearly against the Seychelles' plan. The FATF's voice was heard and the plan was dropped.

Jean Spreutels of Belgium and my colleague at [FinCEN](#), Stan Morris, who is now my Director of Cabinet at INTERPOL, created the Egmont Group during this period. Finally, and perhaps most importantly, we selected Patrick Moulette as the second Executive Director of the FATF. In Patrick and the FATF Secretariat, embracing Michele, John and Casey, we have smart dedicated individuals who devote whatever hours are necessary in order to ensure that the FATF produces the finest quality product, and it does. For all of these reasons, I consider my time with the FATF as one of the most satisfying periods of my professional career.

Much has changed in the past six years. Each year the FATF is gaining more and more responsibility and notoriety. You are now launched on another revision of the recommendations and will be consulting private financial institutions in this effort. I commend the FATF in its ability to adapt to changing needs

while maintaining its fundamental principles and an unbelievably modest budget. Also, your controversial effort at identifying non-cooperating jurisdictions has resulted in significant momentum to putting in place a truly worldwide anti-money laundering program.

This is a delicate process that must be carefully and fairly administered if the FATF wishes to avoid being unfairly called a private and exclusive club that punishes only those who are not members. In addition, one must be careful not to isolate countries in such a way that they are encouraged to provide financial services to those whom would do us harm. Striking the correct balance between punishment and forced reform of non-complying countries is a difficult matter.

Nonetheless, I believe that the FATF is up to the challenge. Indeed, the FATF's prestige has never been higher. It is for this reason that your member nations are asking you again to consider expanding your mandate into new territory. As usual, the FATF was wise in its planning because less than a year ago in Oslo, you addressed the financing of terrorism in your typologies exercise. Many of the issues you will be addressing over the next two days were considered at that time.

The most significant issue you will confront is whether the FATF recommendations should be extended beyond money laundering. Addressing the financial channels of terrorism presents different issues for us. Some of what we know about the September 11 terrorist attacks suggests that the financial channels of terrorism are not the same as traditional money laundering practices where illegally derived funds are placed, layered and integrated through financial institutions. The regulatory and law enforcement tools available to identify unusual patterns of financial activity may not work as well in this area. But, the record-keeping, know-your-customer and beneficial owner requirements will discourage such activity.

Clearly, we need to know more before we propose Draconian requirements for financial institutions. The FATF has thus always worked carefully and deliberately. We still must provide better guidance to the world's financial institutions and their employees. Trillions of dollars pour through banks and financial institutions on a daily basis. Tracking people's pre-crime activity through financial transactions is a daunting task. Without close cooperation and trust between governments and the world's financial institutions in designing a sensible response to the threat of terrorism, I fear we will fail.

We must also realize that non-traditional remittance systems have for too long operated underneath the radar screens of our traditional protection programs. These systems may be or become the weak link to funding terrorist activity unless they are part of the solution. INTERPOL will be issuing a study on one aspect of this problem this week.

It is also clear that the resources to carry out terrorism do not necessarily require the large amounts of cash that we are often accustomed to when dealing with profit based criminal activity. Wire transfers between accounts and account activity may be perfectly consistent with non-criminal activity. Despite these difficulties, there are important contributions to be made by the FATF in studying the problem and proposing sensible solutions. INTERPOL thus supports expanding the FATF's role to address terrorism.

Standing at Ground Zero in New York on Friday and attending the memorial service in New York yesterday, surrounded by the expressions of grief for the dead and missing citizens of 80 nations, including scores of police officers and hundreds of fire fighters has further strengthened my resolve. INTERPOL will do whatever it takes to help protect the world's citizens in the future. At INTERPOL, we also had planned changes before 11 September to make it a better partner with the FATF.

Those changes were implemented on 11 September when INTERPOL Headquarters became a 24-hour, 7-day week operational international police agency on that very day. Never again will the lights be out or the doors locked at our headquarters in Lyon. This is important to the FATF and its member countries which have a global presence.

INTERPOL also reorganized its staff and transferred resources in order to develop a much stronger regional base. The old FOPAC unit is gone. In its place is a Financial and High Tech Crimes Sub-Directorate with Luciano Guglielmini serving as its senior money laundering expert. Of equal importance, five new

Assistant Directors have been appointed for each region of the world under a Director of Regional and National Police Services. Each of these Assistant Directors will have a money laundering expert. These regions are a close parallel with your own, i.e. Europe, the Americas, Asia/Pacific, Africa, and North Africa and the Middle East (essentially, the Arab World.)

This structure will not only help INTERPOL but also the FATF by bringing the expertise of a worldwide police organization to address money laundering and other serious crime issues. Furthermore, it will tie our money laundering expertise more closely to the criminal activities that generate illicit proceeds around the world.

At INTERPOL we are also engaged in rethinking how we collect data and from what entities such data should be collected. For example, we are moving towards establishing a database of stolen or counterfeit identity documents, which will serve as a way to make it more difficult for terrorists to move themselves and their money freely around the world. We also want Member States' own databases of fugitives and suspected terrorists to be made available to INTERPOL and to one another.

As it relates to the FATF, we want to build bridges to the Egmont Group. With the Egmont Group's 56 nations and INTERPOL's [179 Member States](#) working on operational matters, we can provide the FATF with valuable and current data on the financing of terrorist activity within our Member States.

I know that next month, the FATF will hold a typology session in Wellington, New Zealand. We will propose a way to coordinate with that effort, and to coordinate a plan of our own with the FATF, to bring experts from around the world to examine the financial channels of terrorism with a view to providing guidance to financial institutions. INTERPOL's initiative is complementary to your efforts because INTERPOL's symposium will include many non-FATF countries, as well as non-governmental representatives from academia and the private financial community.

Just last week, our [16th symposium on international terrorism](#) held in Lyon, began to frame the issues for such a special meeting. By working with the FATF, we can better coordinate our initiatives. Duplication and overlap accrue only to the benefit of terrorists and other criminals.

Let me close with one parting thought. What we are being asked to undertake is a very difficult and, as I said, daunting task. Attempting to understand the financial channels of terrorism and designing programmes that prevent financial institutions from unwittingly being used by terrorists is more difficult than anything we have undertaken in the past. It requires an understanding of financial patterns more complex than the issues we have been dealing with over the past 12 years.

We must approach this task with humility. We must also break down the barriers that too often have impeded effective cooperation. Those barriers exist between government agencies and between law enforcement organizations. They exist between the government and the private sector. They exist between countries.

It is now time to rededicate ourselves to building bridges and opening new channels of communication with those embarking on the same journey to fight terrorism. I pledge to you that INTERPOL will be your partner as you undertake your journey, and I again thank you for having given me the honor of addressing you this morning.