

**Date: October 16, 2001**

**To: Members of the U.S. House of Representatives**

**From: Edward L. Yingling, Executive Director, Government Relations**

**RE: ABA Supports H.R. 3004, the Financial Anti-Terrorism Act of 2001**

The American Bankers Association strongly supports H. R. 3004, the "Financial Anti-Terrorism Act of 2001," which was favorably reported by the House Financial Services Committee on October 11. H.R. 3004 is scheduled to be considered by the full House later this week, and the ABA urges passage of this important legislation. The banking industry has a long history of working to combat money laundering. In view of the terrible events of September 11, the industry has redoubled its efforts, and bankers across the country are working closely with law enforcement officials to track the flow of terrorist money and to freeze assets wherever requested by the Treasury Department. In addition, the ABA has supported the bipartisan efforts in the Committee to quickly review existing laws on money laundering in order to strengthen those laws and to expand their scope where needed to cut off the financial resources of terrorists and their supporters.

Importantly, H.R. 3004 extends the reach of current laws applicable to banks to other sectors of the financial system. As has been well documented, terrorist financing often moves outside the banking system, and it is critical that this hole in our money laundering efforts be addressed. In addition, the legislation focuses on the need to aggressively bring foreign countries and their financial systems into the battle against the financial support for terrorism. ABA believes these efforts are of highest priority if we are to be successful in fighting terrorism.

This is complicated legislation affecting often sophisticated and complex financial transactions. The financial flows that will be subject to the increased scrutiny under this legislation are huge – for example, it is estimated that over two trillion dollars a day moves through U.S. banks. To take such complicated and technical legislation from the initial hearing, through Committee, and to the House floor quickly has been a difficult task. Nevertheless, the ABA supports House passage of this legislation as quickly as possible. There has developed a broad consensus within Congress, the Administration, regulators, and the banking industry on the need for legislation and on the issues that it should address. Members of the Committee and their staffs have worked tirelessly to develop strong legislation which will be effective now, but which also provides sufficient flexibility to the Treasury to address new problems that may arise in the future.

Therefore, the ABA strongly supports H.R. 3004. We pledge to work with Congress and the Administration to enact and implement the new legislation to enhance our country's anti-money laundering laws as expeditiously as possible. The banking industry remains committed to doing everything it can to aid in the fight against terrorism.

Finally, the ABA wishes to express its appreciation to Chairman Oxley, Representative LaFalce, and the rest of the Financial Services Committee for the leadership the Committee has demonstrated on this important aspect of the fight against terrorism.