



PROXIMAL CONSULTING

One The Parade Mews Marlborough Wiltshire SN8 1NE

Place du Bourg-de-Four 25 1204 Genève Switzerland

Tel: +44 (0) 1672 516725

Fax: +44 (0) 1672 516759

e-mail:proximal@bluemail.ch website:www.proximalconsulting.com

THE MONEY LAUNDERING MITIGATION FIRM

due diligence *training *asset tracing *compliance & assurance *investigations *strategic advice *research

MONEY LAUNDERING & BUSINESS CRIME NEWSLETTER ISSUE 9 OCTOBER 2001

This newsletter is published regularly and delivered to clients and contacts of Proximal Consulting by e-mail

The awful events that happened on 11 September in New York, Washington and Pittsburgh still seem like a bad nightmare, from which one will eventually wake up. Sadly this is not the case – and thus our sympathies, condolences and solidarity must go out to those relatives and friends who have lost loved ones in this catastrophic, almost indescribable, tragedy.

Whilst the military build-up by the United States and their allies continues, it has now become clear that one key strategy in any war on terrorism is to identify and close down routes of funding. In the end, "Follow The Money" might be the most effective method to eradicate terrorism. Traditionally (although not exclusively) money laundering has been seen as relating to criminal activities, rather than terrorism. The events of the last weeks have permanently altered this focus. Since the atrocities of 11 September we have had numerous requests from clients, contacts and the media with regard to how terrorists launder money and what can be done to identify and prevent such activities. We have thus prepared this newsletter to provide background information on this topic and related issues, together with providing advice on what practical steps can be taken to tackle this problem.

Peter Lilley
1 October 2001

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MONEY LAUNDERING BY TERRORISTS

The laundering of terrorist funds is nothing new, in fact in the United Kingdom much of the enforcement effort regarding money laundering originated in the late 1980s to prevent the washing of IRA funds. However in recent years whilst the anti-money laundering effort has intensified, the subject of terrorism in relation to it is being perceived as less important. We cannot help but think that the recent efforts to include tax evasion under the money laundering banner are now, in retrospect, misguided – as such energies could have been far better used fighting organized crime and terrorism. To confuse matters, some of the material that has surfaced in the media since 11 September is essentially old information repackaged – but that in itself raises serious issues as to why, if so much information was already available, no decisive official action was taken previously against Osama Bin Laden, his Al-Qaida group and its network of associates.

The Traditional Money Laundering Model

The traditional money laundering model of placement, layering and integration only partially explains money laundering by terrorists. We prefer to see money laundering as a "robust, corrosive, all consuming dynamic activity that has far reaching consequences and effects" ("Dirty Dealing" Peter Lilley published by Kogan Page). Two examples of the laundering of terrorist funds will demonstrate that there is no simple linear description of washing of funds in this respect:

- We must presume that the suicide hijackers were financed by those ultimately responsible for the atrocities. Whilst we understand the amounts involved were not massive; living expenses for a considerable period of time would have to be paid for ten people (at the very least). Press reports have referred to investigations of withdrawals made by the hijackers at cash dispenser machines and the use of credit cards by them. However to do this the hijackers would have to, as a minimum, open bank accounts (many of which were in false names). Thus whilst the ultimate aim of traditional money laundering is to totally disassociate the final cleaned cash from its criminal origin (achieving integration of the dirty funds), the perpetrators of the WTC outrage and their backers had to go through this traditional money laundering process, knowing that ultimately the cleaned funds would immediately be associated with terrorism in the investigations following the outrage. Simultaneously the funding of the suicide pilots, out of necessity, should have been separate to the more substantial funding stream of the Al-Qaida group (if we presume that this group or associated cells were responsible). If no disassociation was made then the terrorists risk discovery and freezing of their main assets by investigations identifying them as a

result of tracing backwards from the suicide pilots. Of course it is still fairly simple to open bank accounts in a false names particularly where only small amounts are being paid in. Moreover it is entirely possible to open a bank account in a Middle Eastern country (where banking secrecy is more prevalent), obtain a multi-purpose card (with credit, debit and cash dispenser facilities) and utilize that card anywhere across the world. Reports have also suggested that the suicide hijackers held checking accounts at a US bank – and none of them had any suspicious transaction patterns.

- The claims that A-Qaida have been involved in short selling of stocks immediately prior to the WTC atrocity is an example of terrorists following the traditional money laundering process. Whilst we have no way of knowing whether the claims of short selling is true, what now appears to be certain is that Bin Laden has been involved in share dealing in the past. To do this it must be presumed that various offshore entities or other kinds of front companies have been used. The ultimate aims of such corporate structures is to totally dissociate the companies dealing in the world's financial markets from the ultimate beneficial owner(s) of the funds used. Implicit in this process must be the utilization of not only financial institutions but also professional advisors such as lawyers, accountants and company formation/management providers

The final morbid irony is that a key element of the funds laundered by the Al-Qaida group (or any others responsible) will almost certainly have been funnelled through firms in the World Trade Center or surrounding area that were decimated on 11 September 2001. A further, more philosophical irony, is that such an attack on the symbols of capitalism is almost rendered meaningless in any fundamental religious sense when one appreciates that the terrorists themselves receive direct (and substantial) financial benefits from their investments in the capitalist system that they seek to destroy.

SOURCES OF TERRORIST FUNDING

To starve terrorists of money can be achieved in a variety of ways – one key way is to try and identify and eradicate the original sources of funding. In the case of Bin Laden, much intelligence has been available for the last few years about how his operations are funded. These sources include:

CHARITIES

The Philippine Daily Inquirer (in August 2000) reported that the Islamic Relief Organisation (IIRO) was set up in 1992 by Bin Laden as a front for funding terrorist activities. The IIRO worked under the Muslim World League, an organization supported by the Saudi Arabian Government. This relief organization is alleged to have provided Bin Laden funds for acquiring weapons under the guise of giving charitable donations to Muslim communities. Various other so called charities are now suspected of being fronts for Bin Laden's operations – at least three of which are named on the US Executive Order freezing assets on such entities.

DONATIONS BY SAUDI BUSINESSMEN

It is now certain that business executives in Saudi Arabia have made substantial donations for at least five years to Bin Laden, estimates of the amount involved go up to \$50 Million. Allegations have surfaced that such donations were made by bank transfer to New York and London banks into the accounts of the Islamic relief Organization and Blessed Relief

Organization. It is hotly debated as to whether such payments were voluntary donations or "protection" money.

OPIUM EARNINGS

Allegations abound that Bin Laden handles the multibillion dollar opium earnings of the Taliban. In addition to this are various accusations of groups close to Bin Laden being involved in narcotics trading.

STATE SPONSORSHIP

The position of Saudi Arabia is one of the many interesting and controversial aspects of the funding question. Yossef Bodansky, Chief of Staff for a key congressional committee on counter terrorism has recently commented that "There's government money being laundered in the interest of keeping Bin Laden away from Saudi Arabia", thus implicitly stating that the government of Saudi Arabia has been funding Bin Laden, to keep him away from the country. Other allegations have been made that suggest that disgruntled members of the Saudi Royal Family are amongst Bin Laden's financial sponsors. There are also many rumours and accusations concerning the possible involvement of other rogue states.

"GENUINE COMPANIES"

Bin Laden and his associates have operated various "legitimate" businesses, such as:

- WADI al-AQIQ, a fertilizer wholesaler
- A Sudanese road contracting firm
- Road Construction companies
- Agricultural companies
- Currency exchange companies

When Bin Laden was based in Sudan in the early 1990's to all intents and purposes he operated his empire like a "normal" business.

LINKS WITH ORGANIZED CRIME

Just as it is now accepted that separate organized crime groups work together with one another (for example, the Russian "Mafia" and Colombian drug cartels) it is obvious that terrorists and organized crime groups have mutual interests and also co-operate. Terrorist groups have always been implicated in the international narcotics trade. Robust and well substantiated claims have been made for a number of years concerning the involvement of the PLO, IRA, KLF and ETA in such activities. Criminal groups also have a key role to play in the terrorist acquisition and transport of arms and weapons. Another area of co-operation between terrorists and organized crime gangs is the spiralling problem of human trafficking. The possibilities offered by a global economy have been embraced by both criminals and terrorists. Sadly the equivalent has not happened, until now, by individual countries and their co-operation with one another. The level and extent of international co-operation on money laundering issues at an investigative and enforcement level has been woeful – if not non-existent. A senior official at an international law enforcement agency recently commented that, "The problem is that this is a phenomenon that respects no borders. The organized crime groups and the terrorist organizations are far more attuned to the realities of the globalist century than Western governments are."

INHERITANCE

There have been various claims made about the scale of Osama Bin Laden's inherited fortune: upto \$300 million has been quoted. This figure has also been utilized as the total figure available to him (from all sources). The scale of Bin Laden's wealth enabled him to pursue the course that he has because of his independent means; simultaneously because no one knows how much money he has, it will be almost impossible to know if any funds identified and frozen comprise the majority of his assets or just a small part. Previous trials of alleged accomplices have presented conflicting evidence – some witnesses talk of bank accounts with multi million dollar balances at various financial institutions in the Middle East, the United States, Europe and Asia; other witnesses give copious examples of operations being run on a shoestring.

USE OF THE WORLD'S BANKING SYSTEM BY TERRORISTS

It is inconceivable that Osama Bin Laden is sitting in a cave somewhere in Afghanistan surrounded by mailbags labelled "swag". He must make extensive use of the world's financial systems – this is notwithstanding the stories of his associates travelling round the globe with suitcases full of cash. Such tales are almost certainly true – to operate as Al Qaida does, without being discovered, requires an approach that embraces diversity and multiplicity when it comes to managing and moving money. The Guardian in the UK commented that "City sources suggest that few financial jurisdictions will be untouched by Bin Laden's operations and that many banks have inadvertently allowed his money, or that of his associates, to pass through their operations" (17 September). Even before recent events, various pieces of intelligence had surfaced that show the extent of Al Qaida's financial network:

- Allegations surfaced in April of this year that Bin Laden holds bank accounts in Nicosia, Cyprus and also uses the Island as a transit point for exports.
- Claims have been made in the past that Bin Laden operates a substantial amount of business through companies registered in Luxembourg and Amsterdam with unconnected people paid to act as front men
- Over the years, information has surfaced concerning alleged large transfers of funds to Bin Laden from the National Commercial Bank – Saudi Arabia
- The US State Department have in the past confirmed reports that Bin Laden funnelled funds through the Dubai Islamic Bank in Dubai, which is controlled by the United Arab Emirates.
- Immediately after the attacks "The Sunday Times" (UK) claimed that an account at Barclays in London operated by Khalid al-Fawwaz under the title of "The Advice and Reformation Committee" was a front for part of Bin Laden's operations
- In recent days new rumours have been emerging regarding accounts and facilities in London, Switzerland, the Cayman Islands and Panama (to name but a selection).

To operate such worldwide facilities Bin Laden must have effective and secret communication facilities. It is known that he has a satellite phone (telephone number 00873 682505331) and this has been used extensively in the past. Somewhat unsurprisingly this phone is now switched off. The hi-tech aspect of his communications (which includes other encrypted mobile phones and faxes) is supplemented by his personal emissaries who travel the world to conduct his business in person.

HAWALLA AND HUNDI BANKING

Media coverage of money laundering by Al Qaida has made copious mention of the Hawala or Hundi banking systems. In India, Pakistan and the Middle East these systems create significant money laundering problems. One difficulty is being able to distinguish between legitimate transactions and those involving money laundering. Such systems are not designed to deal with "official transactions": they provide complete confidentiality and no paper trail. They are essentially based on trust, and involve no physical transfer of funds. For example, a hawala broker in one country instructed by his client arranges for a broker in another country to make a payment to the intended beneficiary. Increasingly the funds to be "transferred" are paid in gold to the brokers, who have later to rationalize their own 'inter-banking' levels and fund flows. The 'transfers' are between the brokers and so will consist of both legitimate transactions and money laundering. The money laundering risks inherent in such systems have long been identified: the only new twist is the awful realization as to just how effective such systems are, and what the end product can be used for.

OFFICIAL ACTION AGAINST TERRORIST MONEY LAUNDERING

The American Media have (under the circumstances) been highly critical of the US efforts in the past to halt and identify domestic money laundering. The Executive Order signed on 24 September by President Bush is not primarily aimed at the United States, but banks in other countries that are involved in the funding of terrorist organizations. The message is clear: "If you do business with terrorists, if you support or sponsor them, you will not do business with the United States" commented Bush "We're putting banks and financial institutions around the world on notice, we will work with their governments and ask them to freeze or block terrorist ability to access funds in foreign accounts. If they fail to help us by sharing information or freezing accounts, the Department of the Treasury now has the authority to freeze their banks' assets and transactions in the United States."

Simultaneously the American Administration is seriously examining their long term response to tax havens – some official sources have referred to offshore banking secrecy being "history". This in turn raises serious issues about the privacy of the individual and civil liberties.

In the United Kingdom the Government have already confirmed that British laws against money laundering and underground banking would be strengthened. The UK government has also called on the international community to close loopholes that allow terrorists the access to legitimate channels to finance their activities. Additionally the crime bill currently going through parliament will be amended to give the government the power to instruct financial institutions to monitor accounts that are suspected of being linked to terrorism. Gordon Brown (UK Chancellor) has also called on FATF to press all countries to report suspected transactions.

However one underlying thread that has consistently appeared, is that even in Western countries the official bodies that deal with money laundering enforcement are underfunded and resourced, and as mentioned earlier, have difficulties with international co-operation.

INDIVIDUALS AND ENTITIES KNOWN TO BE ASSOCIATED WITH BIN LADEN

Whilst there have been various claims made of companies, charities and individuals associated with Bin Laden the most reliable lists are those published by the American Government (and of course it is on these lists that any action will be taken by the US administration). We list below the names detailed on the executive order signed by President Bush, and the list of the hijackers released by the FBI. Where appropriate (and known) we also provide additional information on those named. However it should be noted that these names are only in relation to the outrage at the WTC: a complete list of known terrorists identified by the US authorities (and against who sanctions exist) has been in existence for a number of years.

Al Qaida/Islamic Army

Founded in Afghanistan in the early 1990s – but has the perfect terrorist group structure of a loose network of small cells working independently

Abu Sayyaf Group

A group that claims it is fighting for Muslim independence in the southern area of the Philippines. Intelligence suggests links to Bin Ladin. Regarded as mere bandits by the

Government of the Philippines. One key tactic is taking hostages, several of who have been American.

Armed Islamic Group (GIA)

An Algerian group with ties to Bin Laden. Did the origins of the WTC attack lie in an operation on Christmas Eve 1994 when GIA hijacked an Air France Plane, intending to blow it up over Paris. The plane was stormed in Marseilles and three people were killed.

Harakat ul-Mujahidin (HUM)

Previously known as Harakat-ul Ansar (Movement of Helpers), and changed its name to its current variation (which means Movement of Holy Warriors) when the US declared it a terrorist organization. HUM are fighting in Indian Kashmir and have strong links to the Taliban.

Al-Jihad (Egyptian Islamic Jihad)

Second main partner in Bin Laden's International Front. The group was behind the 1981 assassination of Egyptian President Sadat

Islamic Movement of Uzbekistan (IMU)

Seeks to install an Islamic fundamentalist regime in Uzbekistan. There are reports that Bin Laden has named the group's leader, Juma Namangani as his deputy head of military operations.

Asbat al-Ansar

A group led by a Palestinian fundamentalist, but previously not thought to have an international reach

Salafist Group for Call and Combat (GSPC)

Algeria's most radical insurgency movement led by Hassan Hattab

Libyan Islamic Fighting Group

Little known Libyan fundamentalist group, which claimed responsibility for 1996 failed assassination attempt against Gaddafi. Previously thought to have been crushed by Gaddafi.

Al-Itihaad al-Islamiya (AIAI)

Aka The Islamic Union. Alleged to be seeking independence and Islamic rule for Ogaden in the east of Ethiopia.

Islamic Army of Aden

The Aden-Abyan Islamic Army, affiliated to the Islamic Jihad movement, has been implicated in acts of violence with the stated goal to "hoist the banner of al-Jihad, and fight secularism in Yemen and the Arab countries."

Osama bin Laden

Muhammad Atif (aka, Subhi Abu Sitta, Abu Hafs Al Masri)

Egyptian, commander of the military wing of the Islamic Army for the Liberation of Holy Sites which claimed responsibility for the 1998 bombing of US embassies in Kenya and Tanzania. One of his daughters is married to a son of Bin Laden.

Sayf al-Adl Shaykh Sai'id (aka, Mustafa Muhammad Ahmad)

Believed to be a low ranking member of Egyptian Islamic Jihad.

Abu Hafs the Mauritanian (aka, Mahfouz Ould al-Walid, Khalid Al-Shanqiti)

Operations planner of Bin Laden, often described as Bin Laden's "right hand man".

Ibn Al-Shaykh al-Libi

Abu Zubaydah (aka, Zayn al-Abidin Muhammad Husayn, Tariq)

Allegedly a senior aide of Bin Laden: a Palestinian who carries an Egyptian passport and is believed to be living in Pakistan or Afghanistan. He was sentenced to death in absentia in Jordan for conspiring to carry out terrorist attacks against the US and Israeli targets during millennium celebrations in the country.

Abd al-Hadi al-Iraqi (aka, Abu Abdallah)

Ayman al-Zawahiri

Leader of the Egyptian Jihad and one of Bin Laden's top aides; he is blamed for the assassination of President Sadat.

Thirwat Salah Shihata

The deputy of al-Zawahiri in Egyptian Jihad. Sentenced to death (twice) in absentia by Egypt.

Tariq Anwar al-Sayyid Ahmad (aka, Fathi, Amr al-Fatih)

High ranking Egyptian Jihad member. Sentenced to death in absentia by Egypt.

Muhammad Salah (aka, Nasr Fahmi Nasr Hasanayn)

Another high ranking Egyptian Jihad member. Sentenced to death in absentia by Egypt.

Makhtab Al-Khidamat/Al Kifah

Means "The struggle" in English. This group recruited fighters during the Afghan war against the Soviets.

Wafa Humanitarian Organization

Based in Saudi Arabia – operations include food distribution and construction of a clinic in Kabul. On various occasions has claimed to be a charity.

Al Rashid Trust

Based in Karachi, Pakistan – claims to be a charitable organization providing bread to needy Afghans. They promote the same strand of Islam as the Taliban.

Mamoun Darkazanli Import-Export Company

A somewhat strange entry – a wholesaler of televisions and electronic equipment that has been trading since 1993. The owner of the company (which is actually a one man firm) denies any involvement in terrorism, but admits that he has done previous business with some of the alleged terrorists.

Details of Flights Released By The FBI:

American Airlines #77Boeing 757

8:10 am departed Washington Dulles for Los Angeles/9:39 am crashed into the Pentagon

1) Khalid Al-Midhar - Possible residence (s) : San Diego, California and New York, New York; Visa Status: B-1 Visa, but B-2 Visa had expired.

2) Majed Moqed - No information available.

3) Nawaq Alhamzi - Possible residence (s) : Fort Lee, New Jersey and Wayne, New Jersey and San Diego, California.

4) Salem Alhamzi - Possible residence (s) : Fort Lee, New Jersey, and Wayne, New Jersey.

5) Hani Hanjour - Possible residence (s) : Phoenix, Arizona and San Diego, California. Believed to be a pilot.

American Airlines #11 Boeing 767

7:45 am departed Boston for Los Angeles/ 8:45 am crashed into North Tower of the WTC

1) Satam Al Suqami - Date of birth used: June 28, 1976; Last known address: United Arab Emirates.

2) Waleed M. Alshehri - Dates of birth used: September 13, 1974/January 1, 1976/ March 3, 1976/ July 8, 1977/ December 20, 1978/ May 11, 1979/ November 5, 1979; Possible residence (s) : Hollywood, Florida/ Orlando, Florida/ Daytona Beach, Florida; Believed to be a pilot.

3) Wail Alshehri - Date of birth used: July 31, 1973; Possible residence (s) : Hollywood, Florida, and Newton, Massachusetts; Believed to be a pilot.

4) Mohamed Atta - Date of birth used: September 1, 1968; Possible residence (s) : Hollywood, Florida/ Coral Springs, Florida/ Hamburg, Germany; Believed to be a pilot.

5) Abdulaziz Alomari - Date of birth used: December 24, 1972 and May 28, 1979; Possible residence: Hollywood, Florida; Believed to be a pilot.

United Airlines #175 Boeing 767

7:58 am departed Boston for Los Angeles/ 9:05 am crashed into South Tower of the WTC

1) Marwan Al-Shehhi - Date of birth used: May 9, 1978; Possible residence: Hollywood, Florida; Visa Status: B-2 Visa; Believed to be a pilot.

2) Fayed Ahmed - Possible residence: Delray Beach, Florida.

3) Ahmed Alghamdi - Possible residence: Delray Beach, Florida.

4) Hamza Alghamdi - Possible residence: Delray Beach, Florida.

5) Mohald Alshehri - Possible residence: Delray Beach, Florida.

United Airlines #93 Boeing 757

8:01 am departed Newark, New Jersey, for San Francisco/10:10 am crashed in Stony Creek Township, Pennsylvania

1) Saeed Alghamdi - Possible residence: Delray Beach, Florida.

2) Ahmed Alhaznawi - Date of birth used: October 11, 1980; Possible residence: Delray Beach, Florida.

3) Ahmed Alnami - Possible residence: Delray Beach, Florida.

4) Ziad Jarrahi - Believed to be a pilot.

SUGGESTED STEPS FOR BANKS AND COMPANIES TO PREVENT AND IDENTIFY MONEY LAUNDERING BY TERRORISTS

In the short term banks, financial institutions, professional advisors and other organizations will be carrying out detailed checks on the above names to identify any associations they may have with any of the above persons and /or entities. However that is the easy part – the more difficult equation is where we go from here.

Our view is that if it was easy to identify terrorist associated accounts then banks would never open them, and the US authorities (and other national bodies) would have already blocked accounts and obtained relevant information. That though, is hardly the point, the US has now put organizations on notice that if they assist terrorists they run the risk of not only severe reputational damage but an embargo on their dealings with the United States. Moreover press reports in the UK on 30 September floated suggestions that banks handling the funds of terrorists would face extensive legal action from the victims of those terrorists.

Our recommendations for steps to be implemented to prevent money laundering by terrorists and terrorist linked organizations are:

NOTE: IN THE CURRENT CIRCUMSTANCES OUR ADVICE IS THAT THESE RECOMMENDATIONS DO NOT SOLELY APPLY TO BANKS, BUT ANY RELEVANT COMPANY AND/OR PROFESSIONAL ADVISOR (LAWYER, ACCOUNTANT, CONSULTANT)

1. KNOW YOUR CUSTOMER – DUE DILIGENCE PROCEDURES

There will be very little defence for an organization if due diligence procedures are not followed when an account or relationship is established. However even rigid adherence to set procedures will not ensure that suspect accounts are avoided. If fundamental groups can persuade people to make martyrs of themselves, it is totally logical that individuals (who have no discernible terrorist connections) will be willing to operate as front men to open and operate accounts, companies or other key relationships. Thus the ultimate beneficial owner is completely obscured. Moreover there is substantial evidence that terrorists are utilizing false identities – either of living or dead persons, who have no connection with terrorism. Even with all of these caveats, the importance of due diligence at the beginning of a relationship (or during it, if suspicions are aroused) cannot be underestimated – if only to give some protection to the organization by showing that it took all reasonable steps possible.

2. MONITOR SUSPICIOUS TRANSACTIONS

Again, an essential element of any money laundering control strategy. But once again the monitoring of transactions does have drawbacks – based on initial information the bank accounts of the suicide pilots do not appear to have exhibited any characteristics that would lead to suspicions being raised.

3. REPORT SUSPICIONS TO RELEVANT AUTHORITIES

This becomes a very important requirement both to frustrate terrorism and ensure that the reporting organization has fulfilled its legal requirements. Additionally it is worth remembering that however horrendous the WTC outrage was, at some stage in the future some kind of normality may return. At this time, the spotlight will also turn to traditional money laundering and launderers – so any reports to the relevant authorities must not only include suspected terrorist launderers but also “mainstream” washers of dirty money.

4. OBTAIN & ANALYSE AVAILABLE INFORMATION

The Executive Order issued by President Bush is by no means the sole listing of suspected terrorist organizations and individuals. There are various other US government listings and information supplied by other National administrations. It is not particularly easy to keep up with such information – particularly when some media reports linking organizations and individuals to terrorism are not necessarily correct. However, based on our previous experience, we think that an organization or professional advisor would have severe difficulties defending their position if it involved a relationship with an individual or entity that had been linked to terrorism. The obvious way to ensure that this does not happen is to monitor events and intelligence, and if it is discovered that you may have a possible link to anyone named then report your suspicions to the relevant authorities.

5. TRAIN STAFF

The necessity of training staff to identify suspicious accounts and transactions (and equally what is not suspicious) is now paramount. Moreover the need to circulate relevant information, guidance and listings of suspect organizations and individuals is crucial.

6. DON'T UNDERESTIMATE THE PROBLEM – BUT SIMULTANEOUSLY DON'T OVER REACT

Now is not the time to panic – one of the great difficulties of reporting suspicious transactions or customers to the authorities is that there now exists a strong possibility that such reports, if they refer to innocent individuals, could result in legal action against you by those individuals. Moreover a “Know your customer”/due diligence policy too rigorously applied could result in no customers whatsoever. A sensible, robust policy applied in a systematic and logical way is what is now required – not a set of knee jerk reactions.

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