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# Saudi Arabia and the United States

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## Take Joint Action Against Terror Financing



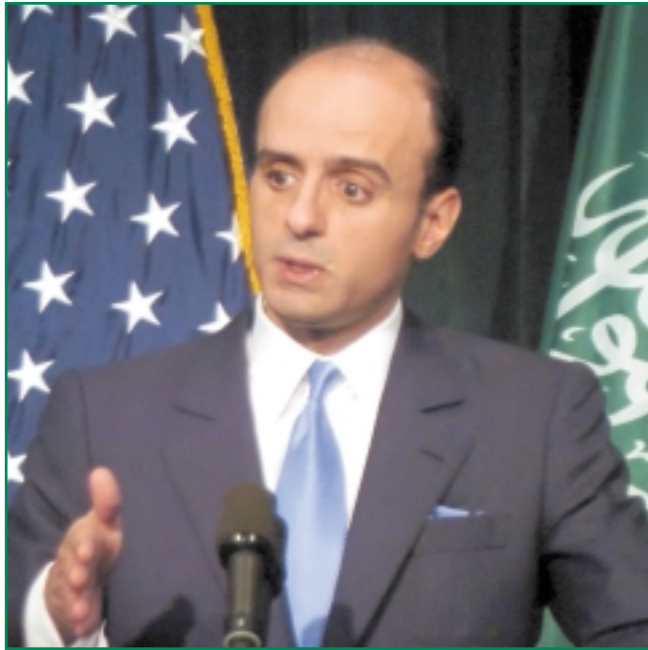
Royal Embassy of Saudi Arabia, Washington, D.C.

From Left to Right: Earl Anthony Wayne (Assistant Secretary, Bureau of Economic and Business Affairs, U.S. Department of State), Adel Al-Jubeir (Foreign Affairs Advisor to Crown Prince Abdullah), Juan Carlos Zarate (Deputy Assistant Secretary, Executive Office of Terrorist Financing and Financial Crime, U.S. Department of Treasury).

*“I take it as another sign the Saudis are extremely serious about terrorist issues and terrorist finance issues and are making serious, important and good-faith efforts to deal with the problem.”*

John W. Snow, United States Treasury Secretary, June 3, 2004

# THE KINGDOM OF SAUDI ARABIA



**Prepared Remarks of Adel Al-Jubeir,  
Foreign Affairs Advisor to the Crown Prince**

Just over a year ago, I stood at this podium to talk to you about the horrific Al-Qaeda attacks in Riyadh. While the threat of terrorism was not new to Saudi Arabia, for us, May 12, 2003 was a turning point. From that day forward, Saudi Arabia and its people have been galvanized in the fight against terrorism as never before. As we have seen from the attacks in Al-Khobar this past weekend, Al-Qaeda is trying to destabilize our economy and our government. But their barbaric actions, grow more desperate while the resolve of our people to uproot them grows stronger. We have no doubt that we will, God willing, prevail.

We are fighting this war on three fronts.

- First, we are going after the terrorists. We are pursuing them relentlessly. Over the past year, we have captured or killed many of their leaders, seized their weapons, and uncovered their arms caches. Hundreds of their members are in custody. Our leaders have vowed to pursue them until we rid our nation of these deviant individuals, regardless of how long it takes. Our security forces continue to do heroic work, and many have given their lives to protect the innocent. And for that they have our eternal gratitude.
- Second, we are going after the mind-set that foments and justifies acts of terror. Our religious scholars continue to speak out forcefully about the true nature of our faith, which is one of peace and tolerance, not hatred and violence. We are revitalizing our educational system and are training imams at our mosques to ensure there is no room for incitement and intolerance.
- Third, we are working to identify and shut down the financial sources that support terrorism. We have audited our charities and reorganized charitable work abroad to ensure that funds reach their intended recipients. We have established a new entity through which all private relief work abroad will be channeled. All existing entities and committees that used to operate abroad, including Al-Haramain, will be dissolved or will have their international operations and assets folded into the Saudi National Commission for

Charitable Work Abroad. This new entity will be subject to strict financial legal oversight, and will operate according to clear policies to ensure that charitable funds intended to help the needy are not misused.

*“We are fighting this war on three fronts... First, we are going after the terrorists. We are pursuing them relentlessly... Second, we are going after the mind-set that foments and justifies acts of terror... Third, we are working to identify and shut down the financial sources that support terrorism.”*

Charitable giving is a requirement of our faith. It defines who we are as Muslims. We are proud of the generosity and charity of our people. Through their donations over the years, millions of hungry people have been fed, tens of thousands of orphans provided for, thousands of wells drilled in arid parts of the world, shelters built for refugees in many parts of the world plagued by wars, and projects developed in areas to help alleviate poverty. Generous support for others in need is noble. But to guard against people taking advantage of our generosity, we have to ensure that the mechanisms for charitable work cannot be manipulated or misdirected by anyone.

Saudi Arabia has examined this issue very seriously and we have taken bold and decisive action. We have:

- put in place world class regulations and financial control mechanisms and we have implemented the FATF’s 40 recommendations on money-laundering and 8 recommendations on terror financing.
- frozen bank accounts, seized funds and designated organizations and individuals under UN Security Council Resolution 1267.
- continued to work with many nations, including the United States, to exchange information and expertise that can help us all combat terrorism and terror-financing.
- even gone so far as to end the collection of cash contributions in mosques and public places.

These actions are part of a comprehensive and ongoing program. Recently, The Financial Action Task Force of the G-8 reviewed our systems and procedures in the financial area and their findings attest to the seriousness and effectiveness of the measures put in place by Saudi Arabia. Few countries have accomplished as much in this area as Saudi Arabia. Today, Saudi Arabia and the United States are taking joint action by designating five entities under UN Security Council Resolution 1267.

A year ago, at this podium, I said, “Don’t just listen to our words; watch our actions.” I believe any fair-minded observer will see that the actions Saudi Arabia has taken over the past year have been comprehensive, bold and decisive. And they have been effective. And God willing, they will help rid our world of the scourge of terrorism.

Thank you.

# U.S. DEPARTMENT OF THE TREASURY

## Prepared Remarks of Juan Carlos Zarate, Deputy Assistant Secretary, Executive Office of Terrorist Financing and Financial Crime, U.S. Department of the Treasury

Thank you very much, Adel, for inviting us here today to make this important announcement.

I am pleased to announce that, once again, the United States and Saudi Arabia have joined forces to identify and choke off additional channels of terrorist financing.

Today, the U.S. and Saudi Arabia are designating five additional branches of the Saudi-based charity, Al-Haramain, located in Afghanistan, Albania, Bangladesh, Ethiopia and the Netherlands. We will jointly be submitting these names to the United Nations 1267 Committee for listing by the United Nations. In doing so, we are calling on the U.N. to designate these groups as well, which will bring to bear the full weight of the international community and require the freezing of any accounts or transactions now or in the future. This is another important joint step with the Saudi government – steps that began in March 2002 – to designate known supporters of terrorism.

The United States is also announcing today the designation of Al Haramain's former leader, Aqeel Abdulaziz Al-Aqil, and will be submitting his name to the United Nations for designation as well.

These entities and this individual have provided financial, material and logistical support to the al-Qaida network, Usama bin Laden or the Taliban, fueling and facilitating their efforts to carry out vile acts against innocent individuals and the civilized world.

***“I am pleased to announce that, once again, the United States and Saudi Arabia have joined forces to identify and choke off additional channels of terrorist financing.”***

The terrorist attacks this past weekend in the Kingdom demonstrate again that we are engaged in a global battle against terrorism – a battle that affects Saudi Arabia directly on a daily basis. As we have seen over the course of Al Qaida's history, it terrorizes and kills victims around the world of every race, creed and color.

These terrorists and their sympathizers have abused charities not only as a means of raising funds but also to provide logistical support and cover for terrorist operations. That is the case with the branches and activities of Al Haramain we have designated. It was under the cloak of charity that Aqeel al Aqil used the al Haramain organization to benefit himself and al Qaida – to support al Qaida-related groups like Al Ittihad Al Islamiya and al Qaida trained fighters. Mr. Aqil has attempted to evade Saudi controls on his finances, and we have worked with the Saudi government to ensure that he can no longer wield control over Al Haramain and its resources.

The use of charities for terrorist financing is not a new phenomenon, nor do we think it will stop with these actions. That is why we are pleased that the Saudi government has taken even more aggressive structural and regulatory steps to deal with the abuse of charities within the Kingdom. With the announcement of the Saudi National Commission for Relief and Charity Work, the Saudi government is signaling again its long-term commitment to reform in this sector.



We will continue to work with our international partners and the charitable community to protect the sector from terrorists, who mock the very notion of charity and use it to fuel their hate-filled agendas.

The Bush Administration is committed to rooting out terrorism – root and branch – through all possible means. Our worldwide effort to attack the financial infrastructure of terror has made it more difficult for al Qaida and other terrorist groups to underwrite terror and has forced them to resort to less secure methods to move dollars.

With today's action, 374 individuals and entities have been designated under President Bush's Executive Order aimed at freezing the assets of terrorists and their supporters. Nearly \$140 million in terrorist-related assets has been frozen as a result of efforts by the United States and its allies.

***“...we are pleased that the Saudi government has taken even more aggressive structural and regulatory steps to deal with the abuse of charities within the Kingdom.”***

Though our struggle against terrorism is not over, actions like today's can foil the short-term goals of terrorists while thwarting their long-term ambitions – leading to the ultimate dismantling of terrorist networks.

Continued collective efforts by Saudi Arabia and our international allies, like today's, will lead to further successes in the financial war on terror. We will not tire in these efforts – we will continue to cut off channels of financing, we will ostracize those who supporter or facilitate terrorism, we will continue to capture or kill operatives and facilitators and we will bring to justice those who seek to do us harm. The civilized world has rallied against terrorism, and we remain resolute in our efforts.

Thank you very much.



*“And what we are doing today with the United States in terms of the joint designations is another example of the close cooperation between the two countries. It is an example of the determination of both countries to rid the world of terrorism and to hold those who finance terrorism accountable.”*

*“We are determined to go after those who finance it, or those who condone it or justify it in any way, shape or form.”*

Adel Al-Jubeir,  
Foreign Affairs Advisor to the Crown Prince

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*“Indeed, today's Charity Commission announcement with Saudi Arabia is going to mark a clear step in the direction of increasing accountability and transparency in an area which, unfortunately, has been abused; where many well-intentioned people thought they were doing good things with their money.”*

*“It's an ongoing effort, it's a tough effort, but we're committed to keep at it and to work with our partners and to build that partnership and make it more concrete in the weeks and months ahead.”*

Earl Anthony Wayne, Assistant Secretary,  
Bureau of Economic and Business Affairs,  
U.S. Department of State

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*“I will tell you that we work very closely with the Saudi government on suspicions that arise, and we work with them to garner as much information as possible not only with respect to entities, but with respect to individuals who may be supporting Al-Qaeda.”*

*“But I think the significant announcement today on the part of the Saudis should not be lost. The fact that they are folding in all of their charities into one centralized charitable organization is a major step forward, and we're looking forward to seeing the implementation of that.”*

Juan Carlos Zarate, Deputy Assistant Secretary,  
Executive Office of Terrorist Financing and  
Financial Crime, U.S. Department of Treasury

# U.S. DEPARTMENT OF STATE

## Remarks of Earl Anthony Wayne, Assistant Secretary, Bureau of Economic and Business Affairs, U.S. Department of State

MR. WAYNE: Thank you. I thought I might add a little bit of perspective to today's actions.

First, the actions against the branches of Al-Haramain and the former leader of Al-Haramain Foundation are part of a long-term effort. Just to recall, in March of 2002, we jointly designated the Bosnian and Somali branches of this organization. In December of 2003, we designated the Bosnian branch, which had renamed itself under a new name and continued to operate. In January of this year, we designated the Indonesian, Pakistani, Tanzanian and Kenyan branches of this organization.

Now of course, this is all part of a much larger effort to fight the financing of terrorism.

Our objectives include changing people's behavior; making it more difficult for the terrorists to get hold of funds that they need to operate and that they need to sustain and increase their ranks. By designating these names, and taking other steps, we are creating an environment where people are likely to think twice before they send funds to questionable institutions, organizations and individuals, because they understand there's a price to be paid, and they understand that some of these institutions and channels have been misused and abused.

This year alone we have made a number of other designations around the world. And just a brief reminder; in January we designated and submitted to the United Nations and they designated a key spokesman for Al-Qaeda. In February, a key supporter of Al-Qaeda from the Middle East was designated by the United Nations. In March, Italy submitted 10 names of an organization related to Al-Qaeda that had been operating in that country. In April, Germany submitted four names from a group tied to Al-Qaeda that had been involved in the kidnapping of terrorists in Algeria. In May of this year, the United States submitted to the U.N. three Bosnian-based charities which had also been linked to Al-Qaeda and abused. And today, of course, as was just mentioned, we are submitting to the United Nations the names of these branches of the Al-Haramain Foundation, and the name of the former leader of the foundation. We are working on other public actions like this, and you will see additional designations in the months ahead.

I think that all in all, it is clear that we have made it — through these efforts and through many non-public efforts — a lot harder to raise and move funds around through regular banking channels. At the same time, there are other vulnerable areas that we're working on. Today we mentioned charities. But in addition, there's the challenge of cash couriers, people that carry money across borders. There's the challenge of cash transfer services, known in the Middle East as "hawalas." All of these are challenges that we and our international partners need to take on. Different countries have taken different approaches. And in doing this, we're developing a set of best practices and good, practical partnerships around the world to deal with these challenges.

Indeed, today's Charity Commission announcement with Saudi Arabia is going to mark a clear step in the direction of increasing accountability and transparency in an area which, unfortunately, has been abused; where many well-intentioned people thought they were doing good things with their money.



But we aren't just working with the government of Saudi Arabia. We're talking to the government of Russia, the government of Turkey, governments in South Asia, governments in Latin America and in Europe to increase our opportunities to identify new practical steps to take on the financing of terrorism. We're working very closely, for example, with the European Union and their new counterterrorism coordinator to come up with a number of steps that we can put into practice this year to make our mutual cooperation more effective in cutting off the flow of funds to terrorism.

As was mentioned earlier, the Financial Action Task Force has played a vital role multilaterally in helping set standards and raise practical standards and legislative — legislation in place to new levels. The Philippines, Indonesia and Nigeria have been among those countries that have upgraded their legislation and their practices, as Saudi Arabia has recently, to reflect the FATF standards. And the mandate of the Financial Action Task Force has just been reviewed, reflecting its very successful efforts to fight money laundering and to take on terrorist financing.

Another part of this that I just want to emphasize is the practical training and effort that goes on at building the capacity of countries around the world. So regulators around the world, so officials around the world can benefit from the lessons learned elsewhere. Certainly we have worked closely with many Saudi officials, but this is going on in many key countries, and we're working with our G-8 partners to this end.

There's much progress that we still need to make in cutting off the flow of funds to terrorism, and we need to assure that we continue to aggressively pursue all the kinds of steps and actions that we've mentioned today. It's an ongoing effort, it's a tough effort, but we're committed to keep at it and to work with our partners and to build that partnership and make it more concrete in the weeks and months ahead.

Thank you.



ROYAL EMBASSY OF SAUDI ARABIA  
INFORMATION OFFICE

**FOR IMMEDIATE RELEASE**

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**SAUDI ARABIA TO FOLD AL-HARAMAIN AND OTHER CHARITIES  
INTO NATIONAL COMMISSION; AND WITH THE UNITED STATES JOINTLY MAKES  
FIVE DESIGNATIONS TO THE UNITED NATIONS UNDER UNSCR 1267 OF 1999**

[Washington, DC] [June 2, 2004] – The governments of Saudi Arabia and the United States once again have come together to make designations to the United Nations 1267 Sanctions Committee to add five entities to its consolidated list of financiers of terrorism. The five designated organizations are located in the Netherlands, Albania, Afghanistan, Bangladesh, and Ethiopia and are offices or former offices of the Al-Haramain Islamic Foundation. In addition, the Saudi government is dissolving the Riyadh-based Al-Haramain Islamic Foundation, along with other Saudi charities and committees which used to operate abroad. The assets of these entities will be folded into the Saudi National Commission for Relief and Charity Work Abroad. The National Commission, which will be a non-governmental body, will take over all aspects of private overseas aid operations and assume responsibility for the distribution of private charitable donations from Saudi Arabia.

According to Adel Al-Jubeir, Foreign Affairs Advisor to the Crown Prince: “The humanitarian work undertaken by Saudi charities has helped millions of needy individuals. Charitable giving is a requirement of our faith, and a noble undertaking. We are very proud of the generosity and charity of our people, and their concern for those less fortunate. The National Commission is being established to ensure that all charitable donations abroad reach their intended recipients, and to protect charitable donations from possible abuse.”

Saudi Arabia has put in place world class regulations and mechanisms to guard against money laundering and the financing of terrorism. An in-depth external audit (mutual evaluation) recently completed by the G-8’s Financial Action Task Force (FATF) attested to their viability.

According to Al-Jubeir: “Few countries have done more than Saudi Arabia to combat terror financing, and the FATF findings attest to that.”

Today’s act of designation is the result of ongoing efforts to combat terrorism. In August 2003, Saudi Arabia and the United States established a joint task force in Riyadh aimed at combating the financing of terrorism.

Al-Jubeir stated: “Saudi Arabia is working with other countries to identify and stop individuals and organizations that finance terror. Protecting innocent people from the inhuman acts of terrorism is the responsibility of all peace-loving nations and can only be accomplished through international cooperation.”

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