

MONEY LAUNDERING AND TERRORISM AS A GLOBAL THREAT AND A COMPARISON BETWEEN UNITED STATES AND TURKEY

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ABSTRACT

This study underlines the significant increase of Money laundering crimes and terrorist attacks worldwide and it also offers solutions on how those crimes and attacks can be taken under control.

Keywords: *Money laundering, terrorism, FATF, Al-Qaeda attacks, September 11, World Trade Center and Pentagon attacks, The importance of off-shores on anti-money laundering regimes, United Nations Security Council*

Without doubt, organized crime is the most threatening factors to human security and and to developments of states^[1]. It reflects the effects on drug trafficking, Money laundering, smuggling of migrants, etc. For fighting against two of these, terrorism and Money laundering, Countries and financial institutions should organize a set of anti Money laundering and combating of financing of terrorism measures^[2]. Without doubt, those set of rules should be compatible with international standards which are implemented by international organizations^[3]. However, even the western countries were not showing the adequate effort on dealing with Money laundering and they were having difficulties with fitting to international standards^[4]. There has been a significant increase on enforcement of regulations over the past years^[5]. This increasement is mainly on Money laundering regulations which is more recent when compared to other types of crime^[6]. Moreover, At september 11, 2001, United States and therefore the World was beated by the terrorist attacks both to Pentagon and World Trade Center. These attacks were resulted to tragical deaths of more than 3.000 people^[7]. Those attacks caused an urgent ratification on existing laws, basicly on those which regulates punishment against terrorism crimes. After these attacks United Nations and other international organizations have taken urgent measures and have updated their existing regulations. As a result, the world faced with two major problems which are threatening states unities. This paper aims to give a perspective about Money laundering and terrorist financing and combating against them with giving existing organizations and procedures of United States, as being focused by states and organizations all ove the world.

Money Laundering can be defined as a criminal act which is to legalize illicit sourced profit by concealing its nature in the way that is less likely to attract attention^[8]. Most likely it can be defined as a process in which proceeds

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- [1] United Nations Office on drugs and crimes, UNODC and organized crime, <<http://www.unodc.org/unodc/en/organized-crime/index.html>>accessed 3 may 2011
- [2] Louis de Koker, 'Money Laundering Control and Suppression of Financing of Terrorism " Some Thoughts on the impact of customer due dilligence measures on financial exclusion"(Centre fort he study of Economic Crime, University of Johannesburg) 2
- [3] Ibid.
- [4] Peter Lilley, *Dirty Dealing: The untold truth about global Money laundering, international crime and terrorism*(Kogan Page, 2006), 148
- [5] Margaret E. Beare(ed), *Critical Reflections on Transnational Organized Crime, Money laundering and corruption*(University of Toronto Press, 2003) 256
- [6] Ibid.
- [7] Kris Hinterseer, 'Criminal Finance"The Political Economy of Money Laundering in a Comperative Legal Context"(Kluwer Law, 2002) 403
- [8] FATF-GAFI, What is Money Laundering? <http://www.fatf-gafi.org/document/29/0,3746,en_32250379_32235720_33659613_1_1_1_1,00.html>accessed 15 April 2011

of crime are transformed into assets as having a legal origin^[9]. More legally, U.S Senate Report defined Money laundering in its 1989 report as follows: " The conversion of profits from illegal activities, into financial assets which appear to have legitimate origins". To reach its aim, to show the financial assets as having legitimate origin has its own procedure. This procedure of Money laundering is known as the Money laundering process. The process of Money laundering has three stages which are; placement, layering and integration^[10]. At the placement stage cash is sourced directly from the criminal activity and then placed either in a financial institution or purchased as an asset^[11]. The second stage is the layering at which ownership of the funds are covered^[12]. The last stage is the integration which comes after a succesful layering stage so that it leads to unification of the assets with all other assets in the financial system^[13]. However, a very first stage can be added to these accepted stage at which Money Launderers seek to find the weakest points in the regulations of the weakest countries and the most ineffective financial institutions of those countries that they have already chosen^[14].

Over the past 30 years, the need for internationalize combatting Money laundering has dramatically increased. The deeper meaning of this increase is that national regulations are no longer adequate to fight against Money laundering^[15]. The main reason of the huge increase over the past years can be seen as the massive improvements on technology. Although the terminology of Money laundering is quite new, the problem is ongoing with its criminal behaviour^[16]. Without doubt, technology also gives power to fight against Money launderers however it also assists criminal business enterprises to launder their illicit profits^[17]. There are many international organizations dealing with Money laundering basicly aimed to provide international co-operation such as Interpol, Europol, the Basel Committee, the Bank for International Settlement, the Egmont Group and International Chamber of Commerce^[18]. Lastly, the Financial Action Task Force(FATF), which will be argued in an extensive

[9] Toby Graham, *International Guide to Money Laundering and Practise*, (Butterworth Publishing) 1

[10] *ibid*

[11] William, C., Gilmore ' Dirty Money: The evolution of Money laundering counter-measures', (Council of Europe Press, Strausburg, 1995) 32

[12] *İbid.*

[13] Toby Graham, (n9),2

[14] William C. Gilmore, (n11),36

[15] *İbid.*13

[16] *ibid* 29

[17] *İbid* 13

[18] SS Nelson, 'Regulating Money Laundering in the United States and Hong Kong: A Post 9-11 Comparison' *Wash. U. Global Stud. L. Rev.* 723, pg.730

way later, was established by the G7 summit in Paris in 1989. The aim for establishing FATF is to response increasing Money laundering problems in an internationally co-ordinated way^[19].

Money laundering is mostly used in the illicit drug trade in United States with estimated U.S sales \$100 billion annually^[20]. However, drug trade is not the only area that Money laundering is used in. United States is also dealing with white collar fraud cases in which funds are raised basically on jihad aimed terrorist groups^[21]. United States v. Sami Omar Al-Hussayen case can be given as an example for these kind of funds. IANA, Michigan based charity which was also known as the Islamic Assembly of North America has a mission to raise funds and was recruiting people for anti U.S violence. On february 12, 2003, Sami Al- Hussayen was accused by visa frauds and false statement offences. He, as being a Saudi citizen, was IANA's registered agent since May 11, 2002. According to the accusations, IANA website was posted an article which was suggesting the use of aircrafts as instruments of suicide attacks. Moreover, other websites which was related to Al- Hussayen contained statements calling for violent jihad. There were also unexplained funds costed \$300.000 from various bank accounts all controlled by Hussayen^[22].

Another recent example on American anti-money laundering regime was published in the newspapers, in 2010. This case is based on Money laundering globally and according to the Drug Enforcement Spokesman Douglas S. Collier, this case shows the global threat for the reason that Money launderers were moving \$200 million into Panama from Guatamala by plain, brief, globally. As this recent example shows there are millions in question in Money laundering^[23].

As OECD, The United Nations also plays an important role on anti Money laundering regimes worldwide. The first convention of United Nations to help anti Money laundering" UN Convention against Illicit traffic in Narcotic Drugs and Psychotropic substances was published in 1988^[24]. After that, In september 2003 and december 2005, The UN Convention against Transnational Organized

[19] FATF-GAFI, What is Money Laundering? <http://www.fatfgafi.org/document/29/0,3746,en_32250379_32235720_33659613_1_1_1_1,00.html>accessed 15 April 2011

[20] United States General Accounting Office, National security and International affairs division, 'Money Laundering' The U.S Government is Responding to the problem(May, 1991)

[21] Jeff Breinholt, Terrorist Financing, United States Department of Justice Executive Office for United States Attorneys Office of legal education(Washington DC, July 2003) 18

[22] Ibid.

[23] Chelsea Emery, 'US charges 18 in colombian Money, Reuters, 29 jun 2010, New York

[24] United Nations Instruments/ Conventions, <<http://www.imf.org/external/np/leg/amlcft/eng/aml4.htm>> accessed 1 may 2011

Crime and UN Convention against Corruption came into force respectively^[25]. UN suggests countries to apply these two conventions to all serious crimes. They both include supervision and regimes that should be applied in banks and other financial institutions. UN also published a convention to help the fight against terrorist financing with its International Convention for the suppression of the Financing of Terrorism in April, 2002. It includes measures for countries to protect themselves from terrorist activities.

Without doubt, as it is in many areas, anti Money laundering regime in US plays an important role in world for the reason that critical role of US in both economics and financial system^[26]. Besides, US Anti Money Laundering regime is taken as a model by other countries^[27]. It can be said that regulations to prevent Money laundering has started to come into affect by 1970's with Bank Secrecy Act. This act provides financial institutions to establish anti Money laundering programs^[28]. Core Financial institutions such as banks, security firms and insurance companies play important role in US Anti Money Laundering regime as they are required to report suspicious activity reports(SARs) to the US Treasury Department Financial Crimes Enforcement Network(FinCen), cash transaction reports (CTRs) to the internal revenue Service(IRS), and reports of International Transportation of Currency or other monetary Instruments(CMIRs) to the Customs Service^[29]. However, suspicious transactions which are less than \$5.000 are not required to be reported^[30]. There is a strict regulation for core financial institutions which is, if they fail to report or to fulfill AML regulations, they can be subject to administrative actions by regulators and they may have to come across to civil or criminal penalties^[31]. After the enactment of US Patriot Act in October 2001, many other types of financial institutions are incorporated^[32]. Things are different for non-core financial institutions in US regulations. Mostly, they are dealing with Money service businesses, which are working with travel cheques, Money transmission, and currency exchanges^[33]. The reporting process of non-core financial institutions are same with those

[25] UN Instruments and Other Relevant International Standards on Money-Laundering and Terrorist Financing, <<http://www.unodc.org/unodc/en/money-laundering/Instruments-Standards.html?ref=menu-side>> accessed 1 May 2011

[26] Peter Lauter, Edwin M. Truman, Chasing Dirty Money: The Fight Against Money Laundering (Peterson Institute for International Economics, 2004) 49

[27] *ibid*

[28] Minority Staff of the permanent subcommittee on investigations report on correspondent banking: A gateway for Money laundering (February, 2001)

[29] Peter Lauter, (n26) 54

[30] *ibid*

[31] *ibid* 55

[32] *ibid* 56

[33] *ibid.* 56

which applied to core financial institutions as mentioned before. However, the administrative supervision on non-core financial institutions is not strict as the supervision on core financial institutions^[34]. When it is time to mention Non-Financial businesses, US AML regime can be defined as less strict on them such as casinos and real estate agencies^[35]. However, casinos and card clubs are subject to CTR reportings if they have more than \$1 million revenue in gaming. Nevertheless, supervision on non-financial businesses is not much as it is on core-financial institutions^[36]. As a result, the relationship between financial institutions and law enforcement agencies is essential in anti Money laundering regimes worldwide^[37]. For instance, law enforcement authorities should have Access to any suspicious bank account to be able to identify the owner of the account, the amount of the transactions and they should also be able to retain the accounts if there are sufficient evidence exist^[38]. The second important law on anti Money laundering regime in U.S is Money Laundering Control Act, 1986, has also an importance worldwide for the reason that it was the first law to make Money laundering as an independent crime^[39]. This act is based on 'specified unlawful activities' and gives a list for specified unlawful activities including drug trafficking, fraud, theft and bribery^[40]. One of the recent development in US anti Money laundering, mostly focused on the importance of due diligence in banking is Bank secrecy act/anti Money laundering handbook, known as the OCC handbook, prepared by US department of treasury is to make provide a safe banking and to minimize Money laundering crimes. The other legislations addressing Money laundering in U.S are Anti Drug Abuse acts of 1986 and 1988 and Crime Control act of 1990^[41].

Another important actor in US anti Money laundering regulations is US Patriot Act which was identified by Chris Hammond as "*The Patriot Act requires all financial institutions to set up identification procedures to protect our country from terrorism and money laundering*". Patriot Act codified the international Money Laundering abatement and Anti-terrorist financing act of 2001, with

[34] Ibid 56

[35] Ibid.57

[36] Ibid.

[37] Linda M. Samuel, Challenges facing U.S Anti- Money Laundering efforts in Transnational Crime, Research Material Series, no 65, 55

[38] Ibid.

[39] Minority Staff of the permanent subcommittee on investigations report on correspondent banking: A gateway for Money laundering (february, 2001)

[40] Ibid.

[41] United States General Accounting Office, National security and International affairs division, 'Money Laundering' The U.S Government is Responding to the problem (May, 1991)

mostly dealing with banks^[42]. It's main role on Anti Money Laundering regime is making financial institutions more dependent to law enforcement authorities by extending the record keeping and reporting requirements to Informal Value Transfer Systems (IVTS) businesses and requiring IVTS businesses to register information with the Secretary of The Treasury^[43]. And its role on combatting terrorism is, It created new crimes and new punishments against terrorists^[44].

Another issue which is going to be discussed in this paper is terrorism financing. However, before moving on to terrorism financing, it is better to discuss terrorism to understand the concept better. Historically, the term "terror" goes back a long way to Latin and the languages of Roman Groups^[45]. Thus, it found an application area in European languages^[46] with the French Revolution by the executions of leaders of French revolutioners^[47]. After French Revolution, the most important event that attracted world's attention is September 11. The acts of September 11 internationally condemned as international terrorism^[48]. Security Council enacted new laws after september 11 attacks to make sure that terrorist attacks were all punished by the domestic laws of the states^[49]. The world realised the importance of punishing the acts of international terrorism after September 11 and for this reason Security Council started to publish resolutions to punish international terrorism^[50]. However, as a US judge complained, Are people able to be aware of terrorism when they face it?^[51] Searching the meaning of international terrorism has been described as "resembling the Quest for the Holy Grail"^[52]. The reason of difficultness in defining the international terrorism lies on the saying that "one person's terrorist is another's freedom fighter"^[53]. After these early steps to define international terrorism, the 1937 Convention for to coordinate states^[54] to prevention and punishment of terrorism defined terrorism as "all criminal acts directed against a state and intended or calculated

[42] SS Nelson, (n18).736

[43] *Ibid.*737

[44] Charles Doyle, The USA Patriot Act: A legal Analysis (April 2002)

[45] M.Zhdanov, I.Blisecenko, 'Terrorism and International Law' (Progress Publishing, 1984) pg.18

[46] *Ibid.*..18

[47] *Ibid.* pg.19

[48] Helen Duffy, The War on Terror and the Framework of International Law, (Cambridge Publishing 2005) pg.17

[49] *Ibid.*31

[50] *Ibid.*17

[51] *Jocabilis v. Ohio US* : 184, 197 also see Duffy, pg.17

[52] Helen Duffy, (n47),17

[53] *Ibid.*18

[54] Draft Convention on International Terrorism, Inventory of international nonproliferation organizations and regimes (centre for nonproliferation studies, 2010)

to create state of terror in the minds of particular persons or group of persons or the general public” and the convention rejected alternative definitions for international terrorism^[55]. However, the efforts were failed hence the convention was never implemented by the states^[56]. After this unsuccessful step of the league, in 1972, United Nations constituted a Draft Comprehensive Convention to come in to a definition which was based on the “national liberation movements”^[57]. However, even the 1972 convention was more succesful whem compared to 1937, it was not easy to reach a consensus on a interntionally accepted definition of international terrorism when the political differences are taken into consideration^[58]. After that, the 1999 convention came into affect which included definition and appropriate measures that should be taken to combat terrorism^[59]. However as it was being said before, it was not easy to reach a common definiton. Apart from those Pre- September 11 measures to terrorism, after the attacks, Security Council called on states to take urgent measures and reconstructe the existing conventions and according to the latest Draft Comprehensive Convention international terrorism is defined in Article 2 as: “unlawfully and intentionally causing death or serious bodily injury to any person, serious damage to public or private property including a state or government facility or such damage where it is likely to result in major economic loss”^[60].

As a result, From the American Law perspective, terrorist financing can be defined as providing something to persons or groups who are involved in a terrorist activity somehow^[61]. The crime was first officially accepted in 1994. Before 1994, any crime related to terrorist financing was subject to Money laundering regulations^[62]. United States Courts way of concepting terrorist financing has 3 elements. The first element is using financial analyzes to identify terrorists and their supporters^[63]. For instance, after september 11, FBI’s Financial Crimes Section Unit used financial techniques to identify movements on the accounts of 19 dead hijackers^[64]. The second element is to aiming at

[55] Ben Saul, The Legal Response of The League of Nations of Terrorism, Journal of International Criminal Justice, volume 4, issue 1, pg.78

[56] Helen Duffy, (n47)19

[57] İbid.19

[58] Galicki, Zdzislaw, International Law and Terrorism, Institute of International law, (university of wersav, poland, 747

[59] <http://www.un.org/law/cod/finterr.htm>

[60] Helen Duffy,(n47).21

[61] Jeff Breinholt (n21), 7

[62] İbid.

[63] İbid.8

[64] İbid.

known terrorists and their supporters with the help of financial crimes^[65]. The third element is to prosecuting the criminals of terrorist financing with U.S Code provisions which criminalizes “ the act of knowingly providing support ” or engaging in financial transactions with terrorists”^[66].

Without doubt, one of the most challenging areas is terrorist groups especially after September 11,2001, in the United States. After this date, terrorism has become a major problem to fight for the western world^[67]. Terrorist funding has been a challenging area for the reason that difficulty in recognising terrorist financing^[68]. The difficulty behind recognising terrorist funding can be enabled with the help of international terrorism suspect lists^[69]. The major problem of fighting against terrorism is that the terrorist cells work independently so that controlling over them is nearly impossible^[70]. The cells are financed independently in a small amounts so that they do not attract attention of authorities^[71]. Moreover, financing terrorist groups are hidden successfully by honey import and exports for the reason that smell and structure of honey makes it easier to hide weapons^[72]. By taking the difficulty to fight against terrorism, an elaborative discusson started all over the world since september,11, 2001. In this challenge some factors that asist terrorist activities are taken into consideration such as^[73]:

- The weakness of Money laundering laws
- The highness of the level of telecommunications
- US currency that is used at offshore centres
- The independency of the governments of offshore centres
- Large international banks having local subsidiaries at offshore centres
- The customer privacy as a major principle of financial institutions.

Prior to September 11, anti Money laundering practices were mainly focused on the criminal enterprises of corporate fraudsters, drug traffickers and all others that profits from criminal behaviours. Despite being two seperate areas, anti

[65] *İbid.*

[66] *İbid.*

[67] Donato Masciandro(ed),’ Global Financial Crime” Terrorism, Money Laundering and Offshore Centres.(Ashgate, 2004) 107

[68] Combating Money laundering and terrorist financing, 2nd edition, commonwealth secreteriat, 2006, 16

[69] *İbid.*

[70] Donato Masciandro(n66), 99

[71] Donato Masciandro(n66), 100

[72] *İbid.*

[73] *İbid.*103

Money laundering laws play an important role on combating terrorist financing as it is discussed in The National Money Laundering Strategy Report 2001 by mentioning " Money laundering investigations and prosecutions are the tip of the law enforcement sword, because they not only uncover the sophisticated schemes put on by Professional lawyers, bankers and accountants, but they make it possible to dismantle entire criminal enterprises by disrupting the financial operations of these illicit organizations"^[74]. However, September 11 made the world realise the dangerousness of the international terrorist groups^[75]. After september 11, countries realised that there was a significant increase both in Al Qaida's and other terrorist organizations^[76]. Therefore, the nature of terrorism raised a need for an international counterterrorist organization^[77]. After september 11, President Bush warned the world in a very clear way by saying:

If you do business with terrorists, if you support or sponsor them, you will not do business with the United States. We are putting banks and financial institutions around the world on notice we will work with their governments and ask them to freeze or block terrorists 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^[78].

As it is mentioned before, FATF is a 36 membered intergovernmental organization which was established by G7 summit in Paris. Its first aim is to develop an international Standard to fight against Money laundering and to issue updated recommendations to fight Money laundering globally^[79]. FATF is a seperated institution although it was generated by Organization of Economic Cooperation and Development(OECD)^[80]. The organization mainly has 2 focuses, globalizing anti-money laundering and combating terrorism financing. Even FATF was established in mostly 1980's to generate the global framework of anti Money laundering^[81], the organization started to issue recommendations for combating terrorist financing just after september 11, 2001. As Gardner argues, the organization must not only focus on operational

[74] Kris Hinterseer, (n7)403

[75] William Allen, The War Against Terrorism Financing, Journal of Money Laundering Control, Vol.6,No.4, 306,1

[76] Kathryn L. Gardner (2007) Fighting Terrorism the FATF Way. Global Governance: A Review of Multilateralism and International Organizations: July-September 2007, Vol. 13, No. 3, pp. 325-345. 325

[77] Ibid.326

[78] Peter Lilley, (n4),148

[79] Eleni Tsingou, Global Governance and Transnational Financial Crime: Opportunities and Tensions in the Global Anti-Money Laundering Regime(CSGR working paper, 2005) 5

[80] Ibid.5

[81] Ibid.5

cells but also on logistical and financial sources of terrorist groups^[82]. Without doubt, the organization's effectiveness is much higher when cooperation with other international organizations exists. IMF, The World Bank, and United Nations can be given as examples for organizations which are in cooperation with FATF^[83]. The way that FATF follows to provide standards is to give a list of recommendations which frames basically criminal system, financial market, businesses and professionals worldwide. Eventhough FATF is not a binding international convention, very large number of countries have made a commitment to fight against Money laundering by applying 40 recommendations. More importantly, FATF is having reviews and updates where necessary^[84]. For this reason, up to date problems can easily find solutions by reviewed list. According to IMF and World Bank's Pilot Program of Anti Money Laundering and Combating The Financing of Terrorism Assesments Joint Report, 2004, there was 85 country specific assistance projects benefiting 63 countries and 32 regional projects reaching more than 130 countries. More important, the cooperation of FATF with IMF and World Bank led to an effective development in fight against Money laundering and terrorist financing. As a result of worldwide coordination for Money laundering and terrorist financing, FATF published 40 recommendations for anti Money laundering and after that, and then published 2 paged document including 9 special recommendations for fighting against terrorist financing which were suggesting countries to:

- Ratifying and implementing UN instruments
- Criminalizing the financing of terrorism, terrorist acts and terrorist organizations
- Freezing and confiscating terrorist assets
- Reporting suspicious transactions relating to terrorism
- Cooperating with other states
- Implementing the recommendations regarding to special value transfer systems such as black market peso Exchange, hawala or hundi systems
- Wire transfers
- Reviewing the legal regimes of non-profit organizations

[82] Kathryn L. Gardner(n75) 326

[83] The IMF and the fight against Money laundering and the financing of terrorism, 2011, <<http://www.imf.org/external/np/ext/facts/aml.htm>> accessed 3 may 2011

[84] Fatf- Gafi, The 40 recommendations, <http://www.fatf-gafi.org/document/28/0,3343,en_32250379_32236930_33658140_1_1_1_1,00.html> accessed 30 april 2011

Lastly, FATF added a special recommendation which mentions the significant role of cash couriers.

The reason why FATF published different recommendations for Money laundering and Terrorist financing lies in the fine line between these two. The most important difference is, the primary motivation for terrorism is not financial where the goal of Money laundering is financial^[85]. The other difference is terrorist operations require little Money than Money laundering. The most significant example for this difference is the terrorist attacks to World Trade Center and Pentagon was cost only \$500.000 so terrorist groups have fewer funds than Money launderers^[86]. For this reason, after september 11, FATF needed to publish 9 more special recommendations for fighting against terrorist financing even 40 recommendations also included measures for terrorist financing.

The last issue that is going to be taken into consideration about terrorism is ICC and its relation with terrorism. The definition of terrorism were mentioned before. However, after september 11, there were contradictory opinions on whether freedom fighters should be included in the definition of terrorism^[87]. After september 11, United Nations Security Council and General Assembly mentioned and urged the need for international cooperation^[88]. As an answer to international cooperation, International criminal court was came into effect on July 1, 2002 with the sixteenth ratification of the Rome Statute on April 11, 2002. The court was founded to deal with serious crimes such as war crimes, crimes against humanity and genocide^[89]. However, the september 11 attacks caused a new question. Should the terrorist attacks be included into the jurisdiction area of the international criminal court^[90]. Before september 11, terrorism were not in the ambit of the conduct for the reason that it was not seem important as war crimes, genocide and crimes against humanity^[91]. If the ambit of ICC can be broaded, then international terrorism can be included within the ICC statute like genocide and war crimes and crimes against humanity which are already included^[92]. Terrorism, as being one of the most

[85] Money Laundering and Terrorist Financing: A Global Threat, International Narcotics Control Strategy Report, BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIR, 2004

[86] *Ibid.*

[87] Richard J. Goldstone, Janine Simpson, Evaluating the role of the International Criminal Court as a legal response to Terrorism, Harvard Human Rights Journal, vol.16.13

[88] *Ibid.*

[89] *Ibid.*14

[90] *Ibid.*

[91] Helen Duffy, (n47)128

[92] Helen Duffy,(n47).104

threatening international crimes after september 11 attacks, without doubt it should be included into the jurisdiction area of ICC^[93]. If this opportunity will be given to ICC and if it Works all of its effort and efficiency, then it can play an important role on fighting against terrorism in the international arena^[94].

Like all other legal or illegal organizations, terrorist groups also need finance for recruitment, travel, hiding, etc^[95]. According to Ministry of Foreign Affairs of Turkey, terrorist organizations source their income from extortion, organizations of affiliates, commercial establishments of the organizations, drug trafficking, and arms smuggling^[96]. The cost for terrorist attacks is not expensive. The most significant example is that 7/7 bombing in London only cost less than 8000 pounds including overseas trips, bomb making, rents and car hires^[97]. However, even the attacks do not cost expensive, preparing for an attack can last years and according to CIA, Al- Qaida spent more than \$30 million to organize 9/11 attacks^[98]. For this reason, The relationship between Money laundering and terrorism can be found in need of criminal organizations to maintain finance and for this reason they should find funding which clearly means laundering their funds to use them in their terrorist attacks^[99].

Without doubt, it is not only United States and United Kingdom are dealing with terrorism, as stated before. For instance, In 2003, Turkey faced with terrorist attacks targeted two synagogues, the British Consulate and the HSBC Bank in İstanbul. In both attacks, 53 people lost their lives and 718 people injured^[100]. Those attacks showed that Turkish laws and regulations were not strong enough to prevent terrorist attacks and to decrease terrorism financing.

Although the need for an effective fight against terrorism is essential in Turkey, Its pathetic that according to 2007 annual report of FATF, Turkey is consistent with only 3 recommendations of the organization where it is consistent with 12 which is about customer due dilligence, partially consistent with 22 which is about measures that should be taken with respect to countries that do not or insufficiently comply with fatf and not consistent with recommendation

[93] Helen Duffy, (n47)128

[94] Richard J. Goldstone, Janine Simpson, (n86),26

[95] Combating Money laundering and terrorist financing,2nd edition, commenwealth secreteriat, 2006, 13

[96] Republic of Turkey, Ministry of Foreign Affairs, <<http://www.mfa.gov.tr/financing-of-its-activities.en.mfa>> accessed 25 april 2011

[97] House of Lords, Money Laundering and the Financing of Terrorism, European Union Committee, 19th Report of Session 2008*2009(Ordered to publishing in 2009), pg.9

[98] İbid.

[99] İbid.

[100] Ali Unlu, Naim Kapucu, Bahadır Sahin, (2010) “*Disaster and crisis management in Turkey: a need for a unified crisis management system*”, Disaster Prevention and Management, Vol. 19 Iss: 2, pp.155 – 174, 6

number 11 which meant that financial institutions do not pay attention to large and unusual transactions. However, a country should be consistent with a large number of FATF recommendations in order to be considered as having a functioning AML/CFT regime. Moreover, by december 2008, only 19 of 1532 money laundering investigations were resulted with sentence which shows the dramatic stability of Turkish anti Money laundering regime^[101].

As it can be understood from this paper, there is a significant increase in Money laundering crimes and terrorist attacks worldwide. As they being new crimes when compared to ongoing crime types, the threat that being spreaded is nonignorable. The threat can only be taken under control by international coordination. As it is mentioned many times, the domestic measurements against Money laundering and terrorism fail to satisfy the urgent need to find realistic solutions. However, the international coordination can not be fulfilled without suppressing the domestic measurements and implementing them to national criminals. After suppression of the measurements nationally, states should league together and find reasonable solutions to reach success on ending Money launderers and terrorist financiers. As they are all mentioned before, international conventions such as United nations, International Monetary Fund and FATF play important role on succeeding the final aim. Governments like United States, United Kingdom and Turkey which are some of the most dealing with terrorism and Money laundering crimes should publish reports frequently and these reports will show how much Money has been subject to crime and it will also show if there is any success achieved in that period of time. It will be dramatic to conclude this paper with one of that reports that British Government published in october 2002. According to this report: since 11 over 175 countries have taken immediate measure on freezing the suspicious assets and more than \$112 million has been frozen worldwide^[102].

[101] Turkey, Anti-Money Laundering/ Combatting Terrorist Financing Standard, 2010, <<http://www.estandardsforum.org/turkey/standards/anti-money-laundering-combating-terrorist-financing-standard>> accessed 29 april 2011

[102] Peter Lilley, (n4),149

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