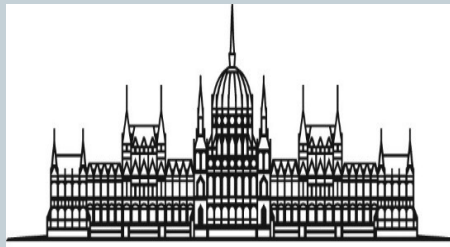


Parliamentary Intelligence-Security Forum



**September 6, 2021
Budapest, Hungary**



**Roundtable 3: Illicit finance,
financial integrity software
solutions, biological warfare**

Illicit Financial Flows



Illicit financial flows (IFFs) are illegal movements of money or capital from one country to another.

IFFs mean funds are illegally earned, transferred, and/or utilized across an international border.

Taliban's Illicit Finance



1. Drugs – \$560 million
2. Mining – \$537 million to \$623 million
3. Extortion and taxes – \$215 million
4. Charitable donations – \$322 million
5. Exports – \$322 million
6. Real estate – \$107 million

Corruption Was The Most Serious Threat To The War On Terror



The U.S. government has spent 20 years and \$145 billion trying to rebuild Afghanistan.

Adjusted for inflation, the U.S. has spent more on Afghanistan's reconstruction than it did on the Marshall Plan to rebuild Western Europe after World War II.

Reconstructing Afghanistan has been the largest expenditure to rebuild a single country in the US history.

There is evidence that more than 30% of the US taxpayers' funds were misappropriated.

Corruption has eroded the legitimacy of the Afghan government, limiting its effectiveness and bolstering support for the opposing insurgency.

Asymmetric Wars Are Huge Laundromats

Special Inspector General for Iraq and Afghanistan Reconstruction



An audit of the CBI and its daily currency auctions completed by the BSA this quarter and personally supervised by Dr. Abdul Basit concluded that, of the \$1 billion transferred out of Iraq each week, at least \$800 million is laundered money—that is, transferred illegally under false pretenses. In a meeting with the Inspector General in mid-September, Dr. Abdul Basit talked about the BSA audit and what he called a triangle of sectarianism, corruption, and violence, in which each element feeds off the others in a dynamic that threatens the well-being of the state.⁶



The Inspector General meets with BSA President Dr. Abdul Basit Turki al-Sae'ed on September 18, 2012.

ANTI-CORRUPTION MEASURES: PERSISTENT PROBLEMS EXIST IN MONITORING BULK CASH FLOWS AT KABUL INTERNATIONAL AIRPORT

Afghan Government Still Does Not Use Bulk Currency Counters at KBL to Monitor Currency Movement

We found that, more than 1 year since our last visit to KBL, the cash counters are still not being used for their intended purpose, and VIPs continue to bypass key controls. In coordination with Department of Homeland Security (DHS) officials, we visited KBL on September 20, 2012, to assess implementation of the bulk cash flow action plan, including use of the currency counters. These machines are located in the international terminal in a small closet-like area. (See figure 1).

Figure 1: Bulk Currency Counters at KBL



Source: SIGAR 20 September 2012.

Deutsche Bank, Standard Chartered Accused Of Aiding Terrorism



In August 2021, families of Americans killed and injured by Al-Qaeda and Taliban terrorists sued Deutsche Bank, Standard Chartered Bank, Danske Bank, and two money remitters for financing the terrorists' attacks

As alleged, each defendant pursued longstanding "Laundromat" schemes to maximize profits by knowingly helping Al-Qaeda, the Haqqani Network, and their allies raise, manage, secure, transfer, and deploy their illicit money.

The Complaint alleges that these schemes violated U.S. law and collectively caused hundreds of millions of U.S. Dollars to flow from American financial institutions to al-Qaeda and its allies from 2001 through 2016.

(Wildman et al. v. Deutsche Bank AG et al., Case 1:21-cv-04400)

The Lesson From Afghanistan



The use of military means in the fight against terror will be limited for the foreseeable future

The use of robust “over-the-horizon capabilities” are also limited

The only weapon left against the terror, organized crime and hybrid warfare from autocratic states remains AML/CFT

European Court Of Auditors Special Report

June 2021



Even though the value of suspicious transactions within Europe is estimated to be in the hundreds of billions of euros, **the EU has a fragmented approach to preventing and countering money laundering and terrorist financing.**

Although the relevant EU bodies have a policy-making and coordinating role and limited direct powers, **efforts are largely managed at national level.**

EU-level action to combat money laundering and terrorist financing has weaknesses.

The EU's oversight framework is fragmented and poorly coordinated and thus fails to ensure a coherent approach and a level playing field.

The EU needs a stronger and more coherent oversight framework for combating money laundering.

The State Of Best Practices AML/CFT



FATF's Executive Secretary David Lewis in an May 11, 2020 Interview with ICIJ:

“Despite decades of action, the world is struggling to make gains in the war against money laundering.”

When asked to grade the effectiveness of the global anti-money laundering fight.

“Everyone is doing it badly” he said.

The 27 EU member states are not complying with the 40 FATF recommendations.

The EU member state Malta was put on FATF's grey list

Less than 1 % of the illicit financial flows are confiscated

June 2021 NATO's Brussels Summit Communiqué



We are increasingly confronted by cyber, hybrid, and other asymmetric threats, including disinformation campaigns, and by the malicious use of ever-more sophisticated emerging and disruptive technologies.

Russia's aggressive actions constitute a threat to Euro-Atlantic security; In addition to its military activities, Russia has also intensified its hybrid actions against NATO Allies and partners, including through proxies.

China is a systemic challenge to the rules-based international order and to areas relevant to Alliance security.

Climate change is a threat multiplier that impacts Alliance security.

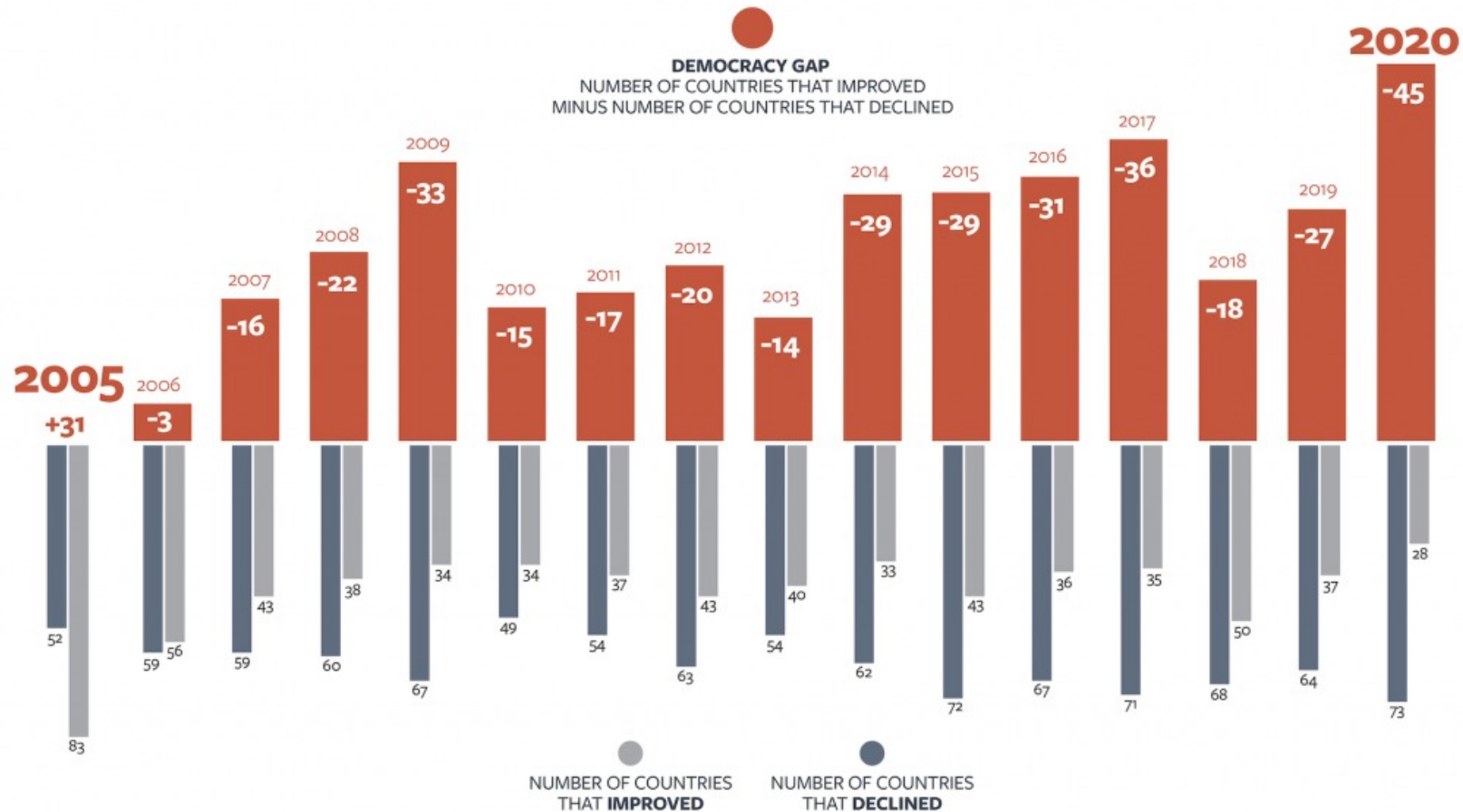
NATO identifies the main enemies to the Alliance but does not explain how the fight those enemies.

Democracy Are Under Siege

February 2021

A Growing Democracy Gap: 15 Years of Decline

Countries with aggregate score declines in *Freedom in the World* have outnumbered those with gains every year for the past 15 years.



**The Freedom Loving Hungarian People Know How Difficult It Is
To Regain Liberty ,The Rule Of Law And Democracy Once It Is Lost**



Stop or reverse Climate change?

**ILLEGAL LOGGING,
FISHING, AND
WILDLIFE TRADE:
THE COSTS AND
HOW TO
COMBAT IT**



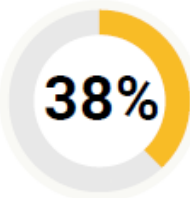
NATO: Climate change is a threat multiplier that impacts the Alliance security.

World Bank identified the economic costs of illegal logging, fishing, and the wildlife trade (10/2019).

The bank puts the cost of these illegal activities at between \$1 and \$2 trillion.

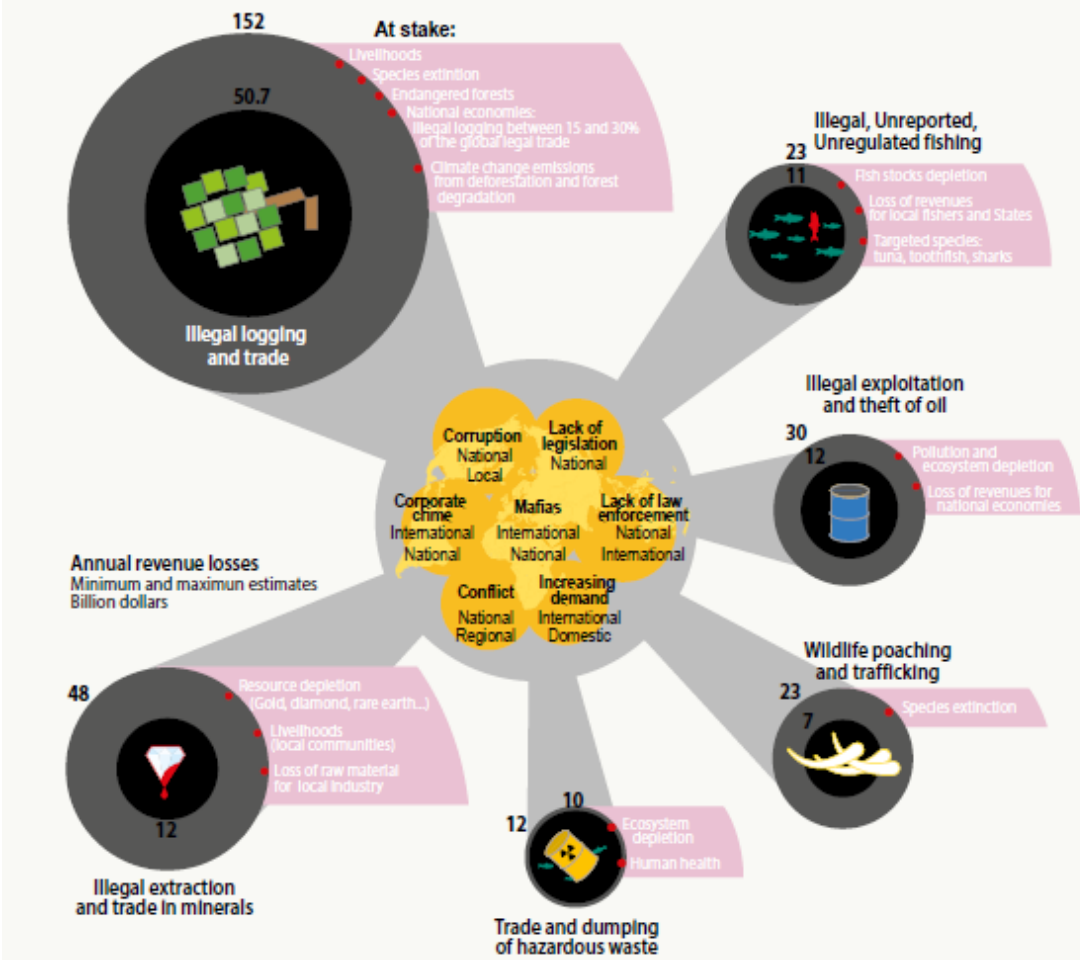
Environmental crimes

The largest conflict finance sector

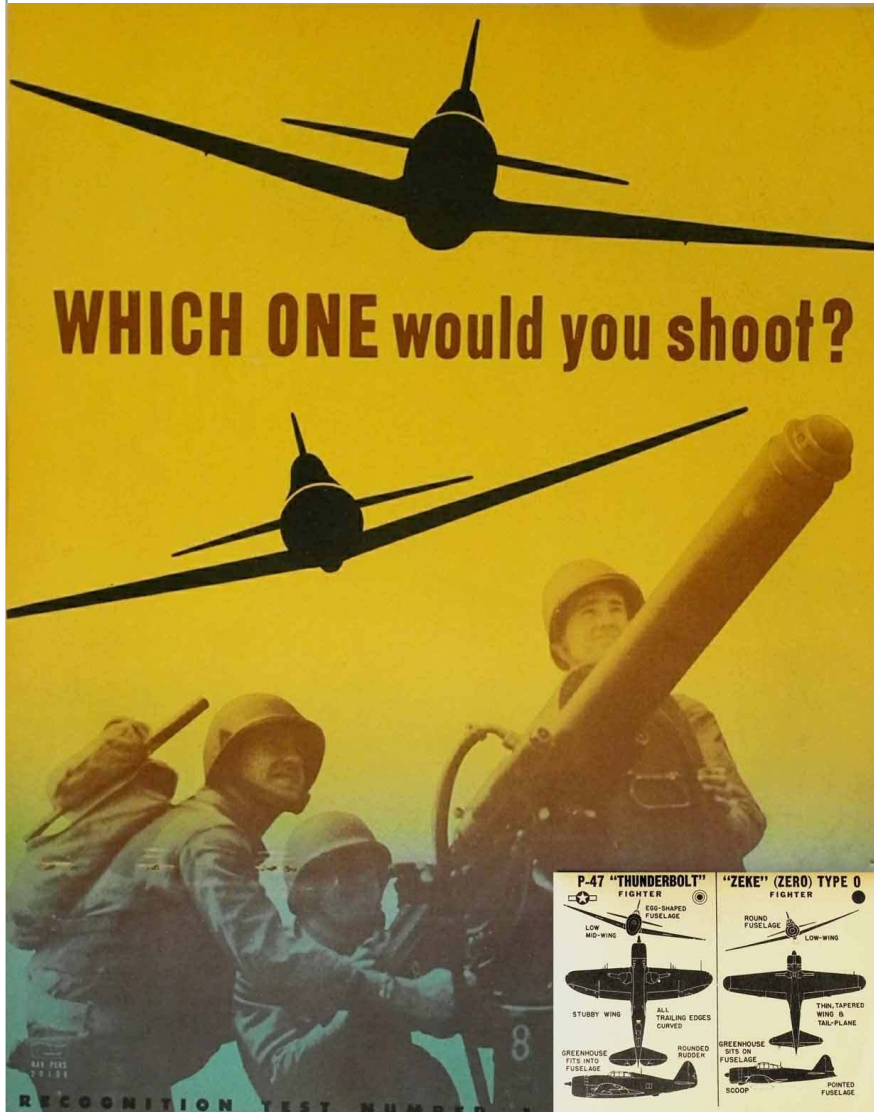


of incomes that finance the largest armed groups derive from environmental crimes

Major environmental crimes, drivers and impacts



In the ongoing war an identification, friend or foe (IFF) system is needed



In the ongoing war between autocracies and democracies, countries have to decide on what side they stand.

Countries that turn off their transponders should be treated like foes.

The former enemies were welcomed into the western organizations like the FATF, WTO, WorldBank, IMF and they have infiltrated those organisations in the meantime.

We need to get in control again.

What Needs To Happen Without Delay

Dec. 2019



- As an inherently transnational activity, global money-laundering is perhaps the definitive problem in need of cross-border, rules-based cooperation;
- The G-7 - the founders of the FATF - have to take the lead again in strengthening and enforcing global AML /CFT norms;
- Implementation and enforcement of the AML /CFT norms need to be properly resourced;
- A universal norm of transparency needs to be established in respect to the beneficial ownership of all asset classes;
- National registries should be standardized and interconnected to facilitate cooperation;
- Offshore structures must be made transparent;
- NATO should include AML/CFT in its doctrine;

Thank you for your attention



Any Questions ?

