

# International Crime Control Strategy

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## I. Introduction and Overview

*We seek a climate where the global economy and open trade are growing, where democratic norms and respect for human rights are increasingly accepted and where terrorism, drug trafficking and international crime do not undermine stability and peaceful relations.*

U.S. National Security Strategy  
May 1997

International criminal activity has increased in scale and extent in the wake of globalization, becoming a complex worldwide threat. International criminals today engage in a wide range of illegal activities, including drug trafficking, terrorism, alien and contraband smuggling, fraud, extortion, money laundering, bribery, economic espionage, intellectual property theft, and counterfeiting. Many also resort to extreme violence to advance their criminal enterprises.

International criminals ignore borders, except when seeking safe haven behind them. They move sums of money through the international financial system that are so huge they dwarf the combined economies of many nations. They are often organized in multi-crime businesses, and they have capitalized on growth in international communications and transportation to expand their criminal operations and form potent alliances.

The corrosive activities of international criminals in the post-Cold War era no longer threaten particular countries or regions. They threaten all nations, including our own. International crime is not only a law enforcement problem, it is a formidable and increasing threat to national and international security.

### A. Nature and Extent of the Threat

The threat to U.S. interests posed by international crime can be viewed in three broad, interrelated categories: threats to Americans and their communities, threats to American businesses and financial institutions, and threats to global security and stability.

#### Threats to Americans and Their Communities

The impact of international crime is felt directly on the streets and in the communities of the United States. Cocaine produced in the Andean jungles of South America and heroin produced in the Golden Triangle of Southeast Asia are trafficked in our schools, neighborhoods and communities. The violence, social disruption and enormous health costs associated with drug abuse continue to have a devastating impact in our country. International terrorism has reached

inside our borders, as evidenced by the 1993 World Trade Center bombing in New York City and the murderous attack on CIA employees in Langley, Virginia.

Hundreds of thousands of individuals enter the United States illegally each year. Many of them are transported to this country under brutal conditions by alien smuggling rings and then forced into harsh forms of involuntary servitude. These alien smuggling rings are increasingly prone to violence and often engage in other kinds of smuggling that jeopardize the safety of our citizens.

Wide-scale smuggling of contraband -- drugs, alcohol, tobacco, firearms, stolen cars, wildlife, and child pornography -- across our borders in both directions is a serious problem. For example, every year, a billion dollars worth of stolen vehicles are taken out of the country. Americans bear the cost of these crimes both directly and indirectly through the loss of their vehicles and through higher insurance rates.

Americans are also increasingly the victims of fraud schemes and other "white collar" crimes perpetrated by international criminals. These schemes cost Americans tens of billions of dollars annually.

Modern air travel and the globalization of business mean that Americans are traveling abroad in ever growing numbers. U.S. nationals who live, work or travel outside the country are increasingly the targets of international criminals, including terrorists, financial swindlers and organized crime syndicates. In recent years, American business people have been kidnapped and held for ransom or political purposes by guerilla groups and narcoterrorists operating in Latin America. Others have been murdered in Colombia, Mexico, Nigeria, Pakistan and Russia. The 1995 Riyadh and 1996 Khobar Towers bombings in Saudi Arabia, as well as the earlier downing of Pan Am flight 103 over Lockerbie, Scotland in 1988, are brutal reminders that international terrorists target Americans overseas.

*The nation's critical infrastructure systems - such as energy, banking and telecommunications - are increasingly based on commercial information technologies, and, for economic and operational reasons, are increasingly interconnected. As a result, these systems are vulnerable to increasingly varied threats and are at a heightened risk of catastrophic failure. The range of potential adversaries that may seek to attack U.S. infrastructure systems is broad and growing. Disgruntled employees, disaffected individuals or groups, organized crime groups, domestic and international terrorists, and hostile nations are all potential sources of attack.*

*[International criminals] jeopardize the global trend toward peace and freedom, undermine fragile new democracies, sap the strength from developing countries, [and] threaten our efforts to build a safer, more prosperous world.*

President Bill Clinton  
Speech at the United Nations  
October 22, 1995

## Threats to American Businesses and Financial Institutions

In recent years, the robust overseas expansion of American businesses and financial institutions, the growing integration of the world's financial, banking and payment systems, and the rapid increase in the use of credit cards and other financial products tied to U.S. businesses has enhanced the potential for international financial fraud, counterfeiting and money laundering.

In many nations, American businesses and financial institutions are being targeted for securities fraud, extortion, racketeering, economic espionage, intellectual property theft, corrupt business practices and computer crime. When a U.S. enterprise is victimized by one of these schemes, the consequences may include lost profits, lost productivity and lost jobs for Americans.

The commercial sectors in many foreign countries are customers of, suppliers for, and partners with American businesses. Our financial and securities markets are increasingly intertwined with foreign markets. A threat to the integrity of these markets is also a threat to business and financial institutions here at home.

*Today, with the overarching threat of communism gone, the faces of hatred and intolerance are still there . . . . Ethnic and religious conflicts, organized crime and drug dealing, state-sponsored terrorism, the spread of weapons of mass destruction. [Americans] cannot insulate [themselves] from these threats any more than they could insulate themselves after World War II. Indeed, we have [fewer] options to do so because the world is becoming a global village.*

President Bill Clinton  
October 25, 1995

## Threats to Global Security and Stability

International criminals engage in a wide range of dangerous activities, including acquisition and sale of weapons of mass destruction, transfer of sensitive American technology to rogue foreign states, trade in banned or dangerous substances, and trafficking in women and children. These crimes pose a grave threat to the security, stability, values and other interests of the entire world community of which the United States is a leading member.

Over the past decade, international criminal organizations have threatened our values as well as the democratic institutions and social well-being of our global partners. The international commitment to the rule of law, to human rights, and to democracy is under attack from criminal organizations, most notably drug trafficking organizations, that respect none of these values. Criminal organizations use threats, intimidation and murder against journalists, law enforcement officials, elected officeholders, judges and everyday citizens. Worldwide violence and corruption emanating from serious crimes remain at levels corrosive to democratic institutions and the rule of law. As one leading example, in virtually every society, illegal drugs kill and sicken people, sap productivity, drain economies and undermine governing institutions.

Major international crime syndicates not only pose a serious threat to the security and stability of our allies, but also to their prosperity. International drug cartels derive tens of billions of dollars every year from abusers buying illicit drugs, and these proceeds permeate financial and political systems in parts of Latin America, the Caribbean, Western Africa, and Southwest and Southeast Asia. While most of the world's largest economies enjoy sound financial and economic systems, the enormous profits generated each year from international crime have the potential to undermine less stable systems. Where this occurs, these weaker economies are hampered in fostering economic prosperity, higher standards of living and broader adherence to human rights principles.

Increasingly powerful organized crime groups in Russia, the other Newly Independent States of the former Soviet Union (NIS), and Central and Eastern Europe have infiltrated many key industries. These syndicates have demonstrated a willingness to use violence, corruption and other illicit tactics to maintain and expand their criminal empires.

In some nations in crisis, in transition from authoritarian to democratic rule, or in the midst of a substantial privatization process, criminals are able to thrive to such a degree that they pose a threat to the rule of law and the survivability of democracy. This phenomenon often makes it more difficult for the United States to cooperate with reform-minded foreign governments across a broad range of critical issues, including international crime itself.

## **B. The International Crime Control Strategy**

### Background - PDD-42

In response to the direct and immediate threat international crime presents to national security, Presidential Decision Directive 42 (PDD-42), issued on October 21, 1995, ordered agencies of the executive branch of the U.S. government to: (1) increase the priority and resources devoted to this effort; (2) achieve greater effectiveness and synergy by improving internal coordination; (3) work more closely with other governments to develop a global response to this threat; and (4) use aggressively and creatively all legal means available to combat international crime.

Significant achievements since President Clinton signed PDD-42 include:

Adoption by the U.N. General Assembly of the "Declaration on Crime and Public Security," a U.S. initiative underscoring the increasing threat to individuals in every society from serious transnational crime and reaffirming the commitment of the world community to counter that threat.

Improved internal coordination of international crime fighting efforts across a broad range of federal agencies and programs. U.S. law enforcement agencies are now working more closely than ever before with diplomats and intelligence officials to develop strategic approaches to combat international crime on bilateral, regional and global bases. They combine training with aggressive enforcement that investigates, prosecutes and disrupts major criminal groups. Effective use of International Emergency Economic Powers Act (IEEPA) authority to block

Colombian cartel assets in the United States and prevent U.S. entities from trading with the identified individuals and businesses.

Revocation of U.S. visas of international criminals and corrupt officials to prevent them from coming to the United States to do business.

Engagement of other countries in unprecedented bilateral law enforcement cooperation, with increasing acceptance both of the "nowhere to hide" principle and the critical importance of attacking money laundering. The United States has worked with more than a dozen countries especially vulnerable to money laundering to encourage them to address their deficiencies. The United States uses a two-pronged approach of assistance with anti-money laundering programs and warnings about consequences of failing to take action.

Strengthening of multilateral efforts against international crime through increased emphasis in such forums as the U.N., the Organization of American States, the European Union and the G-8.

To promote further progress in implementing PDD-42, the National Security Council called upon the Departments of Justice, State and the Treasury to develop and implement a comprehensive national strategy to attack international crime.

### Purpose

The International Crime Control Strategy (ICCS) is a plan of action. The ICCS articulates eight broad goals with thirty related objectives as the blueprint for an effective, long term attack on the international crime problem. The Strategy also expresses the nation's strong resolve to combat international crime aggressively and reduce substantially its adverse impacts on the American people.

The Strategy's goals and objectives are dynamic. They will evolve over time as conditions change, new crime trends emerge, and improved anti-crime techniques are developed. However, our firm resolve to attack and make significant inroads against international crime must and will be sustained.

### Relationship to Other Strategies

The ICCS responds to the high priority accorded international crime in the National Security Strategy and builds on existing crime control strategies, such as the National Drug Control Strategy and the Presidential Directives on international heroin control, counternarcotics operations in the Western Hemisphere, alien smuggling, nuclear materials safety and security, and counterterrorism. Annex 1 contains summaries of key strategies and directives that bear a close relationship to the ICCS.

The ICCS does not reiterate or supplant existing strategies and directives on topics related to international crime. Rather, this broader Strategy complements these other documents, providing the framework for integrating all facets of the federal response to international crime.

## **C. International Crime Control Strategy: Goals and Objectives**

Although international criminals continue to increase in number, sophistication and strength -- and to expand their activities into new types of financial scams, extortion schemes and computer and high tech crimes -- they typically have common vulnerabilities. For example, these criminals cross international borders, where they are subject to searches and identity checks. They launder money, triggering financial reporting requirements and risking asset seizure. They also communicate with each other, exposing their activities to wiretaps and other monitoring capabilities. The Strategy takes advantage of these vulnerabilities. Further, where international criminals' success can be attributed, in part, to a failure of governance, the Strategy aims to improve international anti-crime efforts by strengthening the rule of law and fostering democracy, free markets and human rights.

The Strategy's eight overarching goals and thirty associated implementing objectives (see Table I-1) are discussed briefly below and then elaborated in succeeding chapters. Annex 2 enumerates the key acronyms used throughout the Strategy.

### Goal 1: Extend the First Line of Defense Beyond U.S. Borders

If we are to keep foreign-based crime away from U.S. shores, our first line of defense must be abroad. Given that reality, we must place sufficient law enforcement, diplomatic and consular personnel overseas to target foreign-based criminals before they and their activities reach the United States. Our approach must be proactive where possible and reactive where necessary. Our overseas law enforcement, diplomatic and consular personnel must improve information sharing among their respective agencies and enhance operational links with foreign governmental authorities and with civic leaders. Our laws providing for extraterritorial jurisdiction also must meet our present and future needs.

The Strategy sets forth three objectives in furtherance of this goal: (1) prevent acts of international crime planned abroad, including terrorist acts, before they occur; (2) use all available laws to prosecute select criminal acts committed abroad; and (3) intensify activities of law enforcement, diplomatic and consular personnel abroad.

### Goal 2: Protect U.S. Borders by Attacking Smuggling and Smuggling-Related Crimes

One of our primary points of defense will continue to be our borders. The Strategy focuses and coordinates ongoing efforts to protect our air, land and sea borders against international criminals and their smuggling operations involving aliens, drugs and other contraband. It further recognizes the paramount importance of stemming the flow of ill-gotten money and goods out of the United States -- resources that feed the cycle of international crime.

There are four implementing objectives associated with this goal: (1) enhance our land border inspection, detection and monitoring capabilities through a greater resource commitment, further coordination of federal agency efforts, and increased cooperation with the private sector; (2) improve the effectiveness of maritime and air smuggling interdiction efforts in the transit zone;

(3) seek new, stiffer criminal penalties for smuggling activities; and (4) target enforcement and prosecutorial resources more effectively against smuggling crimes and organizations.

### Goal 3: Deny Safe Haven to International Criminals

The Strategy emphasizes the critical importance of denying sanctuary, or "safe haven," to international criminals. To escape the reach of law enforcement authorities, international criminals continue to exploit national borders both by committing crimes in one jurisdiction that have an impact in another jurisdiction and by fleeing a jurisdiction after having committed a crime there. For too long, such fugitives have been able to obtain safe haven in countries either that do not have modern extradition agreements with the United States or that have failed to enact appropriate national legislation allowing for the criminals' extradition or expulsion. Even when an international criminal is in U.S. custody, it is often a difficult and time consuming process to gather evidence from abroad.

Our efforts to reach this goal will center on three objectives: (1) negotiate new international agreements to create a seamless web for the prompt location, arrest and extradition of international fugitives; (2) implement strengthened immigration laws that prevent international criminals from entering the United States and provide for their prompt expulsion when appropriate; and (3) promote increased cooperation with foreign law enforcement authorities to provide rapid, mutual access to witnesses, records and other evidence.

### Goal 4: Counter International Financial Crime

The primary motivation of international criminals - whether they are involved in drug trafficking, arms smuggling, financial fraud, or other crimes - is greed. Even terrorists, whose crimes frequently are not motivated by financial gain, require substantial funds for their operations and often commit financial crimes.

The associated need to hide "dirty" money and to launder it into seemingly legitimate assets is a major vulnerability for many international criminals. The Strategy focuses on the need to move against the financial underpinnings of international crime by developing new tools to track illicit proceeds to their criminal sources and by striking the criminal revenue base more effectively.

The Strategy sets forth four objectives in furtherance of this goal: (1) combat money laundering by denying criminals access to financial institutions and by strengthening enforcement efforts to reduce inbound and outbound movement of criminal proceeds; (2) seize the assets of international criminals through aggressive use of forfeiture laws; (3) enhance bilateral and multilateral cooperation against all financial crime by working with foreign governments to establish or update enforcement tools and implement multilateral anti-money laundering standards; and (4) target offshore centers of international fraud, counterfeiting, electronic access device schemes and other financial crimes.

### Goal 5: Prevent Criminal Exploitation of International Trade

Trade crime is motivated by huge profits. In addition to hurting American businesses and

workers, international crime groups sometimes finance other criminal activity with trade crime proceeds. The Strategy directs law enforcement and regulatory authorities to increase efforts to prevent exports of strategic and sensitive technologies, which can contribute to regional and global instability. It also calls for a new focus on combating intellectual property rights violations and economic espionage, which cost American business billions of dollars a year.

There are five implementing objectives associated with this goal: (1) interdict illegal technology exports through improved detection, increased cooperation with the private sector, and heightened sanctions; (2) prevent unfair and predatory trade practices in violation of U.S. criminal law; (3) protect intellectual property rights by enhancing foreign and domestic law enforcement efforts to curtail the flow of counterfeit and pirated goods, and by educating consumers; (4) counter industrial theft and economic espionage of U.S. trade secrets through increased prosecution of offenders; and (5) enforce import restrictions on certain harmful substances, dangerous organisms and protected species.

### Goal 6: Respond to Emerging International Crime Threats

The Strategy directs U.S. government agencies to address the most pressing emerging trends in international crime. International criminal organizations are adaptive and resilient, responding quickly to effective law enforcement pressure. These trends will increasingly threaten vital U.S. interests in the future unless firm and decisive actions are taken. Among the most worrisome emerging trends are the dramatic expansion in computer-related and high tech crime, and the joining together of powerful organized crime groups in Russia, other NIS countries, Central and Eastern Europe, Africa, Latin America, and Asia into new, deadly alliances.

United States agencies also must continue to respond rapidly to emerging trends in established areas of criminal enterprise, including drug trafficking, terrorism, and trafficking in women and children. The United States is committed to combating the emerging threats associated with overseas criminal activity -- including criminal safe havens, weapons smuggling, border transgressions and high tech crimes -- through its continued, vigorous participation in the Senior Experts Group on Transnational Organized Crime (the Lyon Group) that operates under the auspices of the G-8 (the G-7 nations plus Russia).

Our efforts to achieve this goal will center on five objectives: (1) disrupt new activities of international organized crime groups; (2) enhance intelligence efforts against criminal enterprises to provide timely warning of changes in their organizations and methods; (3) reduce trafficking in human beings and crimes against children; (4) increase enforcement efforts against high tech and computer-related crime; and (5) continue identifying and countering the vulnerabilities of critical infrastructures and new technologies in telecommunications, financial transactions and other high tech areas.

### Goal 7: Foster International Cooperation and the Rule of Law

The Strategy emphasizes the need for a seamlessly cooperative effort between U.S. law enforcement agencies and related agencies around the globe. International conventions and multilateral efforts help develop and enforce tough norms against specific forms of international



crime, including terrorism, drug trafficking and money laundering. These multilateral efforts are highlighted by the international crime control work being undertaken by the United States and its G-8 partners at the May 1998 Summit in Birmingham, England, both as a continuation of previous initiatives and as a building block in promoting future international cooperation.

For those countries that lack resources and expertise to mount complex or sustained investigations against international criminals, the Strategy calls for expanded training and technical assistance programs to turn foreign police forces, prosecutors and judges into more effective crime fighters. For those countries where the basic institutions of justice are not adequate to the everyday challenges of common crime, let alone the new challenges posed by increasingly sophisticated international crime, the Strategy maintains a country-specific, flexible approach to fostering development of effective criminal justice institutions. Such institutions will provide not only the foundation for the rule of law and lasting democratic government, but also the essential framework for international law enforcement cooperation.

The Strategy sets forth three objectives in furtherance of this goal: (1) establish international standards, goals and objectives to combat international crime by using bilateral, multilateral, regional and global mechanisms, and by actively encouraging compliance; (2) improve bilateral cooperation with foreign governments and law enforcement authorities through increased collaboration, training and technical assistance; and (3) strengthen the rule of law as the foundation for democratic government and free markets in order to reduce societies' vulnerability to criminal exploitation.

#### Goal 8: Optimize the Full Range of U.S. Efforts

Achieving all the preceding goals will undoubtedly require a dedicated and fully supported team effort. That team must include all relevant U.S. government agencies as well as the private sector and civil society. It must have the best available information on our adversaries as well as the best tools to combat those adversaries. Finally, the team must regularly measure its performance and assess its progress to ensure that tangible results are being achieved in the fight against international crime.

The Strategy relies on three objectives to achieve this goal: (1) enhance executive branch policy and operational coordination mechanisms to assess the risks of criminal threats and to integrate strategies, goals and objectives to combat those threats; (2) mobilize and incorporate the private sector into U.S. government efforts; and (3) develop measures of effectiveness to assess progress over time.

### **D. Highlights of Planned Initiatives**

In recent years, Congress has provided substantial new authority and resources to fight international crime. The Administration has used these tools effectively to dismantle major international drug cartels, thwart and bring to justice international terrorists, and establish a beachhead in the fight against the ever-increasing threat of organized crime groups. However, we must do more to counter this increasing threat.

Highlighted below, and elaborated in the succeeding chapters, are ten of the Administration's initiatives to further our efforts to fight international crime.

### International Crime Control Act of 1998

One of the foremost initiatives of this Strategy is the proposed International Crime Control Act (ICCA). The Administration will forward this important legislation to Congress and urge its prompt and favorable consideration. Its passage would provide law enforcement authorities with significant new tools in the fight against international crime, including the ability to: prosecute violent acts of organized crime committed against Americans overseas; deny visas to suspected drug and alien smugglers -- and their family members -- based on "reasonable cause" to believe their involvement in those crimes; freeze criminals' assets in the United States when criminals are arrested abroad; and extradite suspected criminals to other nations when the offense falls outside the offenses listed in an existing treaty, or even in certain cases when there is no treaty.

### Comprehensive Threat Assessment

The Administration will prepare, on a priority basis, a comprehensive assessment of the threat posed by international crime to Americans and their communities, American businesses and financial institutions, and global security and stability. The new threat assessment, which will be completed within six months, will draw upon all available data and will be the product of a cooperative effort among all U.S. law enforcement and intelligence agencies.

### International Conference on Upholding Integrity Among Justice and Security Officials

The United States will call for an international conference within the next six months to focus on the development of model approaches for upholding integrity among key justice and security officials. This international conference, which the President has asked Vice President Gore to organize, would examine real life situations relating to the standards of integrity among justice and security officials worldwide and then prepare appropriate policy recommendations.

Justice and security officials include all those who have a key role in maintaining the rule of law, whether they are police, border officials, military personnel, prosecutors or judges. The conference would collect basic facts on compensation, assess corrupting influences, review standards of ethical conduct, and take stock of ongoing national, regional and global initiatives -- all with a view to determining which approaches to upholding integrity work, which do not, and what new approaches might be developed.

### High Tech Crime

The United States relies heavily upon its interconnected telecommunications and automated information systems for basic services, such as energy, finance, transportation and defense. The Attorney General recently hosted the first-ever meeting of justice and interior ministers of the G-8 specifically focused on international efforts against high tech crime. The action plan agreed to by the ministers includes: (1) ensuring that a sufficient number of trained and equipped law enforcement personnel are allocated to the task of fighting high tech crime; (2) establishing an

international network of high tech crime points of contact who can be available 24 hours a day to respond to requests for assistance in related investigations; and (3) developing faster ways to trace attacks via computer networks so that the infiltration source can be quickly determined. The Administration is committed to implementing these measures.

The United States will expand national efforts to protect our critical information infrastructure from cyberattacks and cybercrime. For example, the establishment of the National Infrastructure Protection Center at FBI headquarters in February 1998 provides a national-level response to the risks posed by these novel threats.

### Border Law Enforcement

The Administration plans to enhance border law enforcement through deployment of advanced detection and monitoring capabilities and investment of greater resources. This initiative will focus on the detection and prevention of illegal border activities, such as unlawful entry and alien smuggling, as well as the investigation and prosecution of criminal groups involved in smuggling aliens, currency, drugs and other contraband.

To enhance border law enforcement at traditional corridors of unlawful entry, the Administration is requesting over \$280 million for new border-related initiatives. These funds will place 1,000 new Border Patrol agents on the front lines and equip them with state of the art infrared scopes and night vision goggles. They will also support programs to detain and remove aliens, including criminal aliens. The Administration plans to improve sharing intelligence about alien smuggling among government agencies, and to deploy additional portable computerized biometric and fingerprint identification systems along our borders. These initiatives will allow for quicker identification of smugglers and other criminals.

### Financial Crimes

The Administration will continue to deny criminals access to financial institutions, enhance enforcement efforts to reduce the inbound and outbound movement of criminal proceeds, trace illicit proceeds to their underlying criminal source, strengthen the ability of our international partners to combat money laundering, and target offshore centers of international fraud, access device schemes and other financial crimes. Two of the most effective tools the Administration will employ in this effort are the Geographic Targeting Order (GTO) and the International Emergency Economic Powers Act (IEEPA).

GTOs were used to great effect during 1996 and 1997 in New York City and Puerto Rico to combat money laundering. The orders are based on Bank Secrecy Act provisions that grant the Secretary of the Treasury authority to require any financial institution, or group of financial institutions, in a geographic area to report on any currency transaction involving an amount prescribed by the Secretary. The Administration plans to expand the use of GTOs to cover the entire United States. Additionally, if passed by Congress, the new ICCA would clarify and thus strengthen the existing law subjecting violators of GTOs to criminal penalties.

The IEEPA is an excellent instrument for use against both drug traffickers and terrorists, and

their associates, when the President determines that the foreign policy, national security or economic well-being of the United States is threatened. The Administration has used IEEPA to block the assets of Colombian drug traffickers and their business enterprises and will expand the use of IEEPA as appropriate.

### International Asset Forfeiture and Sharing

The United States will press in bilateral and multilateral forums for international commitments to institute asset forfeiture regimes to undercut the profit motive in international crime. The United States also will advocate new asset forfeiture sharing agreements with our international partners. Greater sharing of the proceeds from seized assets will provide added incentive for international cooperation.

### OAS Treaty Against Illegal Trafficking in Firearms

In October 1997, after five months of negotiations in which the United States and Mexico played a leadership role, a working group of the OAS member states reached final agreement on the text of a hemispheric convention to combat the illicit manufacturing of and trafficking in firearms, ammunition, explosives and related materials. The convention was adopted by the OAS and signed by a number of countries, including the United States, in November 1997. The convention contains specific provisions requiring the signatories to: ensure that all firearms are marked by the manufacturer and the importer; designate a point of contact for purposes of cooperation and information exchange; make the crimes of illicit manufacturing and trafficking extraditable offenses; and pledge to exchange technical information to improve the signatories' respective efficiency in combating these crimes. The Administration is committed to working with its OAS partners to implement this convention fully.

### Economic Espionage and Theft of Industrial Property

With the passage of the Economic Espionage Act, the Administration now has enhanced means to investigate and prosecute the theft of U.S. trade secrets. Federal law enforcement agencies will work with the counterintelligence community to identify agents of foreign governments and businesses who are planning "attacks" against U.S. industrial targets. Government-industry cooperation and a heightened sensitivity to the theft of industrial property are expected to result in an increase in investigations and prosecutions of individuals and companies who attempt to steal U.S. trade secrets.

### Strategic Communications Plan

Governments working alone, or even in close cooperation with each other, will not be fully effective in countering international crime. Real and enduring success in this vital effort will come only when the private sector - including both individual and corporate citizens - joins in that effort. To that end, the Administration will develop and implement a strategic communications plan to engage the private sector in assessing the impact of international crime on the private sector and determining the role the private sector should play in countering that threat.

Table I-1  
The International Crime Control Strategy: Goals and Objectives

Goal 1: Extend the First Line of Defense Beyond U.S. Borders

Objective 1: Prevent acts of international crime planned abroad, including terrorist acts, before they occur.

Objective 2: Use all available laws to prosecute select criminal acts committed abroad.

Objective 3: Intensify activities of law enforcement, diplomatic and consular personnel abroad.

Goal 2: Protect U.S. Borders by Attacking Smuggling and Smuggling-Related Crimes

Objective 1: Enhance our land border inspection, detection and monitoring capabilities through a greater resource commitment, further coordination of federal agency efforts, and increased cooperation with the private sector.

Objective 2: Improve the effectiveness of maritime and air smuggling interdiction efforts in the transit zone.

Objective 3: Seek new, stiffer criminal penalties for smuggling activities.

Objective 4: Target enforcement and prosecutorial resources more effectively against smuggling crimes and organizations.

Goal 3: Deny Safe Haven to International Criminals

Objective 1: Negotiate new international agreements to create a seamless web for the prompt location, arrest and extradition of international fugitives.

Objective 2: Implement strengthened immigration laws that prevent international criminals from entering the United States and that provide for their prompt expulsion when appropriate.

Objective 3: Promote increased cooperation with foreign law enforcement authorities to provide rapid, mutual access to witnesses, records and other evidence.

## Goal 4: Counter International Financial Crime

Objective 1: Combat money laundering by denying criminals access to financial institutions and by strengthening enforcement efforts to reduce inbound and outbound movement of criminal proceeds.

Objective 2: Seize the assets of international criminals through aggressive use of forfeiture laws.

Objective 3: Enhance bilateral and multilateral cooperation against all financial crime by working with foreign governments to establish or update enforcement tools and implement multilateral anti-money laundering standards.

Objective 4: Target offshore centers of international fraud, counterfeiting, electronic access device schemes and other financial crimes.

## Goal 5: Prevent Criminal Exploitation of International Trade

Objective 1: Interdict illegal technology exports through improved detection, increased cooperation with the private sector, and heightened sanctions.

Objective 2: Prevent unfair and predatory trade practices in violation of U.S. criminal law.

Objective 3: Protect intellectual property rights by enhancing foreign and domestic law enforcement efforts to curtail the flow of counterfeit and pirated goods, and by educating consumers.

Objective 4: Counter industrial theft and economic espionage of U.S. trade secrets through increased prosecution of offenders.

Objective 5: Enforce import restrictions on certain harmful substances, dangerous organisms and protected species.

## Goal 6: Respond to Emerging International Crime Threats

Objective 1: Disrupt new activities of international organized crime groups.

Objective 2: Enhance intelligence efforts against criminal enterprises to provide timely warning of changes in their organizations and methods.

Objective 3: Reduce trafficking in human beings and crimes against children.

Objective 4: Increase enforcement efforts against high tech and computer-related crime.

Objective 5: Continue identifying and countering the vulnerabilities of critical infrastructures

and new technologies in telecommunications, financial transactions and other high tech areas.

#### Goal 7: Foster International Cooperation and the Rule of Law

Objective 1: Establish international standards, goals and objectives to combat international crime by using bilateral, multilateral, regional and global mechanisms, and by actively encouraging compliance.

Objective 2: Improve bilateral cooperation with foreign governments and law enforcement authorities through increased collaboration, training and technical assistance.

Objective 3: Strengthen the rule of law as the foundation for democratic government and free markets in order to reduce societies' vulnerability to criminal exploitation.

#### Goal 8: Optimize the Full Range of U.S. Efforts

Objective 1: Enhance executive branch policy and operational coordination mechanisms to assess the risks of criminal threats and to integrate strategies, goals and objectives to combat those threats.

Objective 2: Mobilize and incorporate the private sector into U.S. government efforts.

Objective 3: Develop measures of effectiveness to assess progress over time.

## II. The International Crime Threat to U.S. Interests

*We must combat an unholy axis of new threats from terrorists, international criminals and drug traffickers. These 21st century predators feed on technology and the free flow of information and ideas and people. And they will be all the more lethal if weapons of mass destruction fall into their hands.*

President Bill Clinton  
January 27, 1998

International crime directly affects Americans in many ways. For example:

In 1995, Americans spent approximately \$48 billion to buy cocaine and heroin, all of which originated from foreign sources. In 1996, more than 600,000 Americans were arrested for heroin or cocaine-related violations, and more than 60 percent of all adult male arrestees tested positive for drugs in 20 of 23 cities. Illegal drug use kills over 14,000 Americans annually and generates 225,000 hospital emergency room visits.

One billion dollars worth of stolen cars are taken out of the United States annually.

The illegal duplication and piracy of U.S. films, compact disks, computer software, pharmaceutical and textile products results in annual losses to U.S. companies of up to \$23 billion.

Two thirds of all counterfeit U.S. currency detected in the United States is produced abroad.

At least several hundred U. S. organizations, corporations, financial institutions, government agencies and universities have suffered computer-related security breaches so far in 1998, resulting in losses totaling hundreds of millions of dollars.

These and other international crime threats will be a growing challenge in the years ahead as criminals continue to take advantage of the same factors that are feeding the rapid globalization of trade. The challenge is particularly acute because, unlike governments and law enforcement agencies, international criminals exploit national boundaries and are not constrained by national sovereignty. As articulated in the National Security Strategy, international crime today poses a direct threat to important U.S. interests whether occurring in this country or overseas.

### Threats to Americans and Their Communities

American citizens living and working at home or abroad are primary targets for international criminal activities. In addition to the toll on individual American victims, international criminal activity undermines the safety and integrity of communities across the United States.

### International Drug Trafficking

Drug trafficking is one of the greatest threats to Americans and their communities. International organized crime groups take advantage of sophisticated global transportation and communications links to funnel illicit drugs into the United States. They have increasingly demonstrated both innovation and technological sophistication in conducting their drug smuggling activities. Their ruthlessness and financial strength make them a potent threat.

Approximately 13 million Americans were current users of illegal drugs in 1996. Drug abuse exacts a terrible human toll in addiction and associated health costs. This abuse also undermines family cohesion, reduces workplace productivity and correlates strongly with other crime. In 1995, Americans spent approximately \$57 billion on illegal drugs -- including \$38 billion to buy cocaine and \$10 billion on heroin, both of which are smuggled into the United States from countries in Latin America and Asia by international criminal organizations. Illegal drug use costs our society additional tens of billions of dollars each year. Approximately 60 percent of federal prisoners in 1995 were sentenced for drug violations. Researchers have found that one-fourth to one-half of men who commit acts of domestic violence also have substance abuse problems, many involving illegal drugs. In addition to the damage they do at home, international drug trafficking organizations ruthlessly protect their activities. They threaten and sometimes resort to violence against U.S. law enforcement officers and Americans working and living in drug producing or transit countries.



## International Terrorism

As evidenced by the 1988 bombing of Pan Am flight 103 over Lockerbie, Scotland, the 1993 World Trade Center bombing in New York City, the 1995 Riyadh and the 1996 Khobar Towers bombings in Saudi Arabia, and the 1995 assassination of two U.S. nationals in Karachi, Pakistan, international terrorism is a significant threat to American lives and property, at home and abroad. In 1997, there were 123 terrorist attacks against U.S. targets worldwide, including 108 bombings and eight kidnappings.

International terrorists are adept at exploiting the advantages associated with reduced political and economic barriers to move people, money and material -- including arms and explosives -- across international borders. They are becoming more sophisticated in their use of computer and telecommunications technology to support their operations. Terrorists also use drugs trafficking and other criminal activities to finance their operations.

### Illegal Immigration and Contraband Smuggling

The Immigration and Naturalization Service (INS) estimates there are 5 million undocumented aliens illegally in the United States, representing nearly 2 percent of the total U.S. population. This figure includes aliens who were smuggled into the United States, those who illegally entered on their own, and those who are in the country illegally because they have overstayed their visas.

The aliens who are smuggled into the United States are subject to use by drug traffickers as "mules" to carry illegal drugs and often treated as "human cargo" shipped into the United States in cramped, unhealthy and dangerous conditions. They suffer abusive treatment from their handlers en route and sometimes are held in enforced servitude, including prostitution and drug peddling, for years after their illegal arrival to pay off debts to their smugglers. Moreover, illegal immigration is often tied to document fraud, a criminal offense that facilitates the commission of many other international crimes, such as terrorism and drug trafficking.

Contraband smuggling across U.S. borders - including currency, stolen cars, firearms, cigarettes, alcohol and wildlife - is also a significant problem. Much of this trafficking is to evade import-export taxes imposed on legal international commerce, thereby allowing criminals to reap significant profits, often while undercutting legitimate businesses. Smuggling stolen vehicles out of the United States is a very profitable criminal venture. The National Insurance Crime Bureau, a private investigative organization, estimates that, of the 1.4 to 1.6 million automobiles stolen every year in the United States, 200,000 -- valued at approximately \$1 billion -- are illegally transported out of the country. Trafficking in exotic species, a \$5 billion dollar per year operation worldwide, threatens biodiversity and could expose unsuspecting Americans to deadly diseases.

## Organized Crime Groups

Organized crime groups are threats to Americans and U.S. businesses around the world. They are active in drug trafficking, arms trafficking, extortion, intimidation and violence. Organized crime groups have increasingly displayed a willingness to cooperate and work together on joint criminal enterprises. This increased cooperation is facilitated by technological enhancements in

communications and transportation and transcends ethnic and cultural lines. These groups and the disreputable business interests sometimes aligned with them use corrupt political connections, payoffs and intimidation to secure highly profitable deals at the expense of free and fair competition. American business persons are not immune to the strong-arm tactics, including extreme violence, used by criminal groups to protect their interests or resolve disputes.

### Financial Fraud Against Individuals

Wide ranging and often complex financial frauds by international criminals are robbing Americans of billions of dollars annually. One of the most notorious fraud schemes is the advance fee fraud. Nigerian and other international criminals have sent thousands of unsolicited letters and faxes with fraudulent representations to individual Americans with the promise of great profits after paying up front cash fees. In 1996, Americans were bilked of at least \$100 million in Nigerian advance fee scams alone. The total loss is probably significantly greater, however, because fear and embarrassment keep many victims from reporting this crime.

### Threats to Business and Financial Interests

International criminals also victimize American businesses and financial institutions, resulting in lost opportunities, lost revenue and lost jobs.

### Financial Fraud Against Businesses

Financial fraud crimes have become more prevalent in recent years as international criminals take advantage of the significantly greater personal and corporate financial information now available and readily exploitable through computer technology and access devices such as credit cards, debit cards and smart cards. As a result, financial losses to American businesses from insurance and credit card fraud are increasing. Major credit card issuers suffered fraud losses in excess of \$2 billion in 1996, about one-third of which occurred because of international fraudulent activity. The Association of Certified Fraud Examiners estimates financial losses in the United States from fraud schemes by domestic and international criminals at more than \$200 billion per year.

### Money Laundering

Criminals launder money to prevent governments and law enforcement agencies from identifying the source of illicit proceeds, from tracing the funding for specific criminal activities, and from freezing or seizing criminals' financial assets. Some estimates place the amount of money laundered internationally at between \$300 billion and \$500 billion annually. In addition to proceeds from criminal activities like drug trafficking, substantial amounts of money are being transferred abroad to avoid U.S. taxes.

International criminals invest billions of dollars annually around the world to acquire legitimate businesses as fronts for criminal activity and money laundering. Criminal purchases and investments in legitimate business enterprises drive honest investors away and place legitimate business persons at a comparative disadvantage.

The use of banks and other financial institutions to launder money, finance illicit transactions, or conduct financial fraud also can undermine their solvency and credibility. For example, the collapse in 1995 of Latvia's largest commercial bank occurred because the bank had been controlled by a criminal group that used the bank to make bad loans to its front companies and defrauded the bank's accounts of as much as \$40 million. That collapse provoked a major financial crisis in Latvia, contributed to a change in the government and forced Latvia to seek short term assistance from the International Monetary Fund.

### High Tech and Computer Crime

International criminals have the resources and funding to utilize cutting edge technologies very effectively. Emerging new electronic payment systems -- known collectively as cybercurrency -- are particularly vulnerable to criminal penetration and theft because of the speed and anonymity of these transactions and the fact that, so far, they have been largely unregulated. Cybercurrency transactions also can be conducted via the Internet, often without leaving an audit trail. The implications for the international financial system could be severe if criminals acquire the capability to hack into global financial computer networks. For example, in 1994, individuals in St. Petersburg, Russia broke into a U.S. bank's electronic money transfer system. Once inside, they attempted to steal more than \$10 million by making approximately 40 wire transfers to accounts around the world. Members of the gang have since been arrested in several countries, and most of the stolen funds have been recovered.

To make matters worse, hundreds of information system vulnerabilities are discovered every day. Most of those vulnerabilities are subsequently posted publicly, usually appearing first on the Internet. World Wide Web mailing lists routinely distribute vulnerability information and software that can be used to exploit vulnerabilities. More publicity usually follows through a succession of books, magazine and newspaper articles, electronic bulletin board messages, and a growing list of Web sites that are targeted at informing a global network of hackers, crackers, "phreakers," and potentially, members of terrorist organizations and foreign intelligence services about the latest methodology for staging cyberattacks. Although broad dissemination of vulnerabilities permits system owners and operators to identify and counter them, the heavy reliance of modern infrastructure systems on information technology nevertheless makes them critical assets highly vulnerable to cyberattacks, and even more vulnerable to cyberattacks accompanied by physical attacks on infrastructure systems.

### Intellectual Property Rights Violations

The sale of pirated and counterfeit products and other forms of copyright, trademark and patent infringement costs U.S. companies significant revenue losses, undermines the legitimate marketplace, and distorts international trade. In Asia, Latin America, and Central and Eastern Europe in particular, business enterprises -- many of which operate legitimately in their countries -- are exploiting modern computer and manufacturing technology to make sophisticated copies of products protected by U.S. intellectual property rights laws. Although many countries have adopted laws which make their legal regimes consistent with international intellectual property rights standards, their enforcement mechanisms often are ineffective. Shortcomings in their legal and judicial systems typically allow infringers to operate unchecked. Illegal duplication,

manufacturing and distribution of U.S. films, sound recordings, computer software, pharmaceutical and other products account for nearly \$23 billion in annual losses to U.S. companies worldwide.

### Industrial Theft and Economic Espionage

The theft of trade secrets, including research and development, production processes, corporate plans and strategies, and bidding information, undermines fair competition and results in significant losses for U.S. businesses. In many countries, industrial theft is an accepted business practice. Foreign companies also seek to outmaneuver or underbid U.S. companies, unlawfully tilting the playing field in their favor. Such activity becomes a form of espionage when foreign governments manage those companies or directly assist in theft of trade secrets. Technological advances, particularly in biotechnology, aerospace, and computer and information systems, have increased opportunities for industrial theft and economic espionage. The American Society for Industry Security, which conducts a comprehensive survey of industrial theft, estimates that theft of trade secrets by foreign competitors resulted in \$18 billion in losses to the U.S. economy in 1997.

### Foreign Corrupt Business Practices

American firms are also victimized by foreign corrupt business practices. While a recently signed international convention holds the promise that many more countries will halt this practice, the United States currently has the most effective laws in this area. Those laws prohibit U.S.-based companies and companies located in the United States from paying bribes to win foreign contracts. Many other countries have legal systems that permit or even encourage companies to offer bribes as a cost of doing business. Some of these countries allow tax deductibility of bribes. One study estimates that, from May 1994 to April 1997, foreign companies offered bribes for major contracts with a total worldwide value of at least \$80 billion.

### Counterfeiting

International criminals produce and use counterfeit U.S. currency and other counterfeit and fictitious financial instruments to make illicit transactions and to finance illegal activities. Of significant concern is the use of counterfeit U.S. money by international terrorist groups to fund their operations. Advanced design, copying and publishing technology is enhancing the capability of international criminals to produce high-quality counterfeit U.S. currency and financial instruments. For example, the percentage of counterfeit U.S. currency passed in the United States that was produced using inkjet color copiers has jumped from 0.5% in 1995 to 39% so far in fiscal year 1998. Most counterfeit U.S. currency is produced outside the country, with about two-thirds of all counterfeit currency detected here in fiscal year 1997 originating abroad.

### Threats to Global Security and Stability

As we look ahead to the 21st century, it is increasingly evident that in order for American families, communities and businesses to enjoy safety and prosperity, there must be a level of stability and security not just in this country, but throughout the community of nations.

International criminal activities threaten the stability of foreign countries, exacerbate foreign regional tensions, and jeopardize the lives, property and livelihood of Americans living, working and traveling overseas. Americans took over 164 million trips abroad in fiscal year 1997. International criminal activities may also trigger the necessity for a costly U.S. response to protect American interests. They invariably undercut our efforts to promote more cooperative solutions to global problems such as environmental pollution, world hunger and arms trafficking, while also preventing democratic processes and sound economic systems from being institutionalized.

### Threats to Democracy and Market Systems

Increasing worldwide criminal activity and the growing power of organized crime groups in certain regions threaten many countries' democratic and free market systems. Using illicit proceeds from criminal activities as investment capital in legitimate businesses, criminals can gain substantial influence or even control over critical sectors of a national economy. To take one example, according to a 1993 study, organized crime groups controlled 20 percent of construction firms, nearly 20 percent of retail outlets, 25 percent of farm wholesalers, and 50 percent of the finance companies in Italy.

Through violent intimidation, corruption and economic influence, international criminals wield considerable power over governments to protect their illicit operations. The threat to Americans and U.S. businesses in countries where there is extensive criminal activity and corruption can be significant. Lawlessness or the absence of regulatory enforcement permitting free and fair competition leaves Americans with few means to protect their interests from criminal violence and intimidation and often effectively blocks American access to foreign markets.

In some countries with weak democratic institutions or market economies, the interaction of criminals with political elites hampers development of democratic processes and sound economic systems. It also reduces our ability to work with host governments in all respects, including in the fight against international crime.

### Drug Production, Trafficking, and Consumption

In many drug source and transit nations, trafficking groups act with near impunity, maintaining power through bribery, threats, intimidation and murder directed against journalists, law enforcement officials, members of the judicial system and everyday citizens. In many countries, drug trafficking violence remains at levels corrosive to democratic institutions and the rule of law. Drug-related crime, violence, corruption and social decay in some cases threatens national, and even regional, stability.

### Arms Trafficking

The availability of large numbers of cheap, high-quality, military-style weapons from Central and Eastern Europe and the Newly Independent States of the former Soviet Union (NIS) continues to fuel international arms trafficking. Although the illicit global arms trade has traditionally been dominated by independent brokers, Russian and Italian organized crime groups have tapped into this trade both to acquire more weapons for themselves and to profit from arms

trafficking. In Latin America and the Caribbean, drug trafficking groups are major customers for illicit arms. The illegal arms trade also helps fuel regional conflicts around the world, increasing the threat to American soldiers who may be deployed in peacekeeping missions in hotspots such as Bosnia.

### Sanctions Violations and Illicit Transfers

International criminals using front companies and other business organizations undermine U.S. sanctions aimed at isolating outlaw regimes. Iraq and other countries under sanctions have taken advantage of international criminal networks to facilitate clandestine shipments of embargoed products and execute financial transfers. The business organizations involved in sanctions violations have often been linked to other criminal activities, and many operate in the same "safe havens" as drug traffickers and other criminal groups. An increasing number of these organizations have become sophisticated enough to maintain relationships with several outlaw regimes.

Illicit transfers of controlled technology and U.S. Munitions List articles allow outlaw regimes to circumvent U.S. and international efforts to prevent them from increasing their military capabilities and developing weapons of mass destruction (nuclear, biological and chemical). Relying on networks of independent brokers and front companies to evade trade and financial sanctions, outlaw regimes spend tens of millions of dollars annually to procure sensitive and controlled equipment and technology.

### Smuggling Materials for Nuclear, Biological and Chemical Weapons

The threat posed by smuggling materials used to make weapons of mass destruction is of particularly great concern. In 1994, there were four incidents where individuals were prevented by authorities in Germany and the Czech Republic from smuggling uranium and plutonium out of Eastern Europe. One case, in Prague, involved kilogram quantities of weapons-useable highly enriched uranium. Except for a small seizure of highly enriched uranium in mid-1995, there have been no subsequent confirmed seizures of weapons-usable nuclear materials. While so far these incidents have involved individuals or small groups taking advantage of opportunities presented by changing security environments, the growing sophistication and international connections of criminal procurement networks raise the specter of organized criminal groups' involvement in helping to broker, finance or facilitate the smuggling of nuclear warheads or weapons-useable nuclear materials stolen or purchased on the black market. In recent years, there have been growing indications of outlaw regimes, international terrorist groups, and organized crime groups intent on acquiring material for weapons of mass destruction.

### Environmental Crimes

The tremendous costs of hazardous waste disposal, as well as restrictions on the production and sale of environmentally damaging chemicals, have contributed to significant growth in crimes affecting the global environment. In Europe, criminal organizations are taking increasing advantage of the multibillion dollar legal trade in recyclable materials to commingle or illegally export or dump toxic wastes. The lack of inexpensive, adequate and safe disposal options for

radioactive waste is also attracting criminal activity. In the United States, the black market for chloroflourocarbons (CFCs), which deplete ozone from the atmosphere, is an extremely lucrative illicit business for international criminals. Between 10,000 and 20,000 metric tons of CFCs are smuggled into the United States each year.

### Trafficking in Human Beings

Trafficking in human beings, especially women and children, across international borders for sexual exploitation and forced labor is an increasing crime problem as well as a grave violation of human rights. According to some estimates, each year between one and two million women and girls are trafficked around the world, with some 10,000 to 100,000 women trafficked from East to West for sexual exploitation. The U.N. Commission on Crime Prevention and Criminal Justice has reported a dramatic increase in the abduction of children for commercial purposes by organized crime syndicates. Women and children caught in these trafficking rings are often forced to become prostitutes or domestic workers and are kept in illegal and unsafe working conditions. Some are held in virtual slavery, often punctuated by the threat or use of violence. This growing exploitation is not only an affront to human rights but also contributes to the transmission of HIV and other sexually transmitted diseases. Traffickers prey on women from developing countries as well as from the NIS and from Central and Eastern Europe who feel desperate because of economic conditions and the lack of economic alternatives. Often these women are tricked into leaving their countries by false promises of a better economic life abroad. North America is a growing destination point for these women with the majority who come to the United States going to New York, Washington, D.C., Florida, California and Hawaii.

### International Crimes Against Children

The dramatic rise in international crimes against children is a growing concern. International child pornography rings are operating in dozens of countries, peddling their illicit wares into our homes through the Internet and other global distribution networks. Modern technology has allowed these pornographers to store vast quantities of digital images on small and portable devices easily smuggled into the United States. Law enforcement agencies are also reporting an increase in international sex tourism in which adults - including people from the United States - travel to foreign countries to have sex with children. Typically, the children, some not even teenagers, have been sold by their families or kidnapped and forced into bondage.

### Aggravating Factors

Law enforcement officials around the globe have reported a dramatic increase in the level and severity of international criminal activity over the past several years. This increase can be traced to a number of factors including technological advances, greater freedoms in the post-Cold War era and the globalization of business and social interaction. These advances are positive in themselves but need to be monitored closely to detect exploitation by criminals. Institutional shortcomings are also a factor contributing to this increase.

### Technological Advances

The last decade of the twentieth century has presented Americans with unprecedented advances in information and communication technologies. While these advances have brought the world closer together, international criminals are taking advantage of these same advances to spread their reach into areas unimaginable a generation ago. Technological advances make it possible for a person in one nation to direct sophisticated criminal activity in another nation with little more than a computer, modem and telephone line. Computers also afford an unprecedented capability to obtain, process and protect information to sidestep law enforcement investigations. Enormous sums of money derived from international criminal activities can be laundered through the international financial system without crime bosses ever setting foot inside a bank. Today's international criminals also have an unprecedented capability to access and exploit personal and corporate information and financial records. This concentration of vast amounts of information in computers makes us much more vulnerable to information sabotage.

### Changes in the Post-Cold War Landscape

A major result of the end of the Cold War has been the disintegration of many political barriers around the world. With this breakdown has come greater freedom of individual movement and easier international transportation of goods and services. Sixty million foreign passengers were processed at U.S. airports and pre-clearance stations in fiscal year 1995. These developments have allowed international criminals to operate and move more easily across national frontiers, expanding their networks and increasing their cooperation in illicit activities and financial transactions.

Moreover, as the countries of Central and Eastern Europe work to replace authoritarian systems with new, more democratic ways of governance, their ability to exercise effective internal control over criminal activities and their susceptibility to corruption will remain a serious concern.

### Globalization of Business and Social Interaction

International criminals are taking full advantage of major global commercial and banking centers featuring gateway seaports and airports, high international trade volumes, concentrations of modern telecommunications and information systems, and extensive international involvement by leading financial institutions. Additionally, criminals are using a variety of techniques from old fashioned bribery to sophisticated technology to obtain or counterfeit passports and visas which are then used to further illegal operations.

Communications advances and increased air travel also have allowed crime syndicates to enter into joint ventures more easily, including those in countries as far apart as Russia, Colombia, Italy and Nigeria.

### Institutional Shortcomings

The growth and spread of international crime has brought into sharp focus the many institutional shortcomings that aggravate the already significant threats these criminals pose. Police and judicial systems in many countries are ineffective, and many countries have outdated or nonexistent extradition, immigration, asset seizure, anti-money laundering, computer, and



anti-corruption laws. Many countries have neither the resources nor the expertise to mount complex or sustained investigations of international crimes. Criminals use these shortcomings to find safe havens for themselves and their money, while governments and law enforcement remain constrained by national boundaries. Unless appropriately addressed through international cooperation, sovereignty issues and jurisdictional restrictions can impede targeting criminal activities that cross international boundaries.

Countries where international criminals operate with near impunity are a significant threat to U.S. national interests. Criminals rely on such safe havens as staging or transit areas for moving illicit contraband and for laundering, securing, hiding and investing their illicit proceeds. Countries that limit extradition, do not accept the validity of some U.S. laws, or have no laws to address some criminal activities are often ideal sanctuaries for criminals seeking to evade justice in the United States.

### Conclusion

International crime affects all Americans. The drugs being sold on many of our street corners, the threat of terrorist bombs exploding in buildings where we work at home or abroad, the counterfeit bills passed at our businesses, the illegal aliens being abused in our midst, the fraudulent letters from abroad promising us false rewards, the credit cards used to defraud us, the cars stolen from us for illegal export and the layoffs at our companies victimized by intellectual property theft, economic espionage and foreign corruption can all be linked to international criminal enterprises.

While it is difficult to quantify the total impact of these international crimes on Americans, our ability to estimate financial costs is improving. The Office of National Drug Control Policy estimates that illegal drugs alone cost our society tens of billions of dollars each year, a significant percentage of which is attributable to abuse of cocaine and heroin -- both drugs produced abroad. Other international criminal activity is responsible for annual losses to Americans of an additional \$400 billion according to conservative estimates. These estimates do not even begin to include the human costs in disrupted lives and misery.

In order to gain greater understanding of the scope and magnitude of the international crime problem, the Administration will prepare, on a priority basis, a comprehensive assessment of the threat posed by international crime to Americans and their communities, to American businesses and financial institutions, and to global security and stability. The new threat assessment, which will be completed within six months, will draw upon all available data and will be the product of a cooperative effort among all U.S. law enforcement, diplomatic and intelligence agencies.

### **III. Extending the First Line of Defense**

*More and more, problems that start beyond our borders can become problems within our borders. No one is immune to the threats posed by rogue states, by the spread of weapons of mass destruction, by terrorism, crime and drug trafficking, by environmental decay and economic dislocation.*

President Bill Clinton  
April 17, 1996

#### **A. Goal: Extend the First Line of Defense Beyond U.S. Borders**

To respond to the threat posed by international criminals, we must extend our first line of defense against international crime beyond U.S. borders. Improving our overseas capabilities will strengthen our ability to deter and punish foreign criminals who increasingly target Americans abroad. A strong overseas presence also will enable us to block international criminals from committing crimes in the United States from foreign sanctuaries traditionally beyond our reach.

#### **B. Objectives**

Prevent international crimes planned abroad, including terrorist acts, before they occur, through more comprehensive use of intelligence resources, programs targeted at improving respect for the rule of law, better liaison with the private sector, and rewards programs for information on potential attacks;

Use all available laws to prosecute select criminal acts committed abroad; and

Intensify activities of law enforcement, diplomatic and consular personnel abroad to pursue leads, conduct liaison with local security officials, share intelligence, and help coordinate training and other cooperative programs.

#### **C. Programs and Initiatives**

##### **1. Preventing International Crimes Planned Abroad, Including Terrorist Acts, Before They Occur**

The most important means of protecting U.S. nationals and interests abroad is to prevent criminal acts before they occur. The Administration already has devoted unprecedented resources to preventing such acts. The Comprehensive Counter-Terrorism Strategy defines initiatives aimed at shielding U.S. nationals and interests from terrorism by directing U.S. agencies that regulate aviation to tighten security. The U.S. intelligence community has already bolstered its ability to thwart international terrorist attacks against U.S. targets and in numerous cases has prevented terrorists from reaching our shores -- or, upon arrival, has enabled the INS to deny them entry into the United States. The ICCS complements and expands upon the Counter-Terrorism Strategy by directing U.S. agencies to intensify their preventive efforts to include violence

committed by international organized crime groups.

Pursuant to both the Counter-Terrorism Strategy and the ICCS, the intelligence and law enforcement communities will increase their cooperative efforts to identify international criminal organizations and individuals, to improve and facilitate the collection, analysis and sharing of information and intelligence with U.S. officials, and to protect U.S. nationals and infrastructures at home and abroad.

### Building Public Awareness

U.S. law enforcement agencies are proactive when they learn of potential threats to U.S. nationals and interests abroad. For example, in 1995 the Secret Service formed a partnership with the Department of State and the Chamber of Commerce to create a large-scale public awareness program to educate Americans about the dangers posed by advance fee fraud by organized crime groups in Nigeria. Many Americans victimized by advance fee fraud are lured to Nigeria with large quantities of cash based on representations that these funds will unlock large cash returns. Upon reaching Nigeria, unsuspecting victims are intimidated, stripped of their money and sometimes even killed. Before the initiation of this program, approximately five Americans per week became victims of these fraud schemes. Under this program, federal authorities have even gone to airports and convinced victims with thousands of dollars in their possession not to embark on flights that would have eventually placed them in harm's way. Since the program started, the number of victims has dropped significantly. Federal agents have also worked to locate and rescue potential victims. In one month alone in the summer of 1995, agents extricated seven U.S. victims from Lagos, Nigeria.

### Promoting Public-Private Partnership

Another component of prevention is coordination between federal agencies and private sector organizations that operate overseas. For example, the Overseas Security Advisory Council (OSAC) is a joint venture of U.S. government agencies and private sector representatives, administered by the Department of State's Diplomatic Security Service, that provides security-related information and guidance on protecting U.S. business persons abroad against crime, terrorism and espionage. Following the 1995 and 1996 terrorist bombings in Saudi Arabia, OSAC coordinated special briefings by Defense and State Department officials and conducted on-site visits to American business facilities in the region.

The Customs Service has implemented two industry partnership programs designed to promote awareness of drug-smuggling techniques. These programs, the Carrier Initiative Program (CIP) and the Business Anti-Smuggling Coalition (BASC), involve the importing, manufacturing, distribution and carrier communities, both foreign and domestic, in anti-drug efforts. Information from these two programs resulted in 74 drug seizures totaling 12,700 pounds of narcotics in fiscal year 1997. Recent implementation of the Americas Counter Smuggling Initiative, developed by Customs to institutionalize the CIP and BASC programs in the Americas, will strengthen cooperative efforts with the international trade community, increase awareness of contraband trafficking in the commercial environment, and disrupt internal conspiracies.

The Awareness of National Security Issues and Response (ANSIR) program, an FBI outreach program, involves communication with more than 25,000 corporations across all industrial sectors and includes many of the owners, operators, and developers of critical U.S. infrastructures.

### Promoting Respect for the Rule of Law

Another critical element of prevention is a fundamental respect for the rule of law. In societies where such respect flourishes, governments are held accountable to their citizens, and efforts to combat crime receive strong support. Citizens look upon law enforcement officials as playing a protective and positive role for government. Conversely, when government is seen as preying on society rather than protecting it, law enforcement officials are viewed cynically by the public and crime escalates. By conducting public diplomacy initiatives that emphasize the key role of civic action in combating the scourge of criminal behavior and the immense price such unlawful activity costs society, U.S. Information Service (USIS) posts at embassies abroad promote a culture of lawfulness which enhances the security of American citizens and strengthens the effectiveness of and receptivity to overall U.S. crime-fighting efforts.

## **2. Using All Available Laws to Prosecute Select Criminal Acts Committed Abroad**

Prosecution of crimes committed overseas requires that federal courts have jurisdiction over those crimes. The Administration has used, and will continue to use, all available laws to prosecute individuals for crimes committed against Americans abroad. In addition, where available laws do not sufficiently protect Americans and U.S. interests, the Administration will propose new legislation to provide such protection.

Since 1993, the Administration has transmitted to Congress several important proposals that expand U.S. jurisdiction over certain acts of violence and terrorism committed abroad. In 1995, the President submitted comprehensive counterterrorism legislation to Congress that included proposals to expand jurisdiction over certain murders of U.S. nationals committed abroad and over the use of weapons of mass destruction outside the territorial United States. The Violent Crime Control and Law Enforcement Act of 1994 included provisions for extraterritorial jurisdiction over individuals outside the United States who are involved in the production of child pornography as well as over Americans who travel overseas with the intent to sexually exploit minors. Similarly, in 1993, following an Administration initiative, Congress passed a new international parental kidnapping statute making it unlawful to remove a child from the United States for purposes of interfering with lawful parental rights.

Although these legislative initiatives have helped to address gaps in federal law, there is a need for continued careful expansion of federal law to respond to the growing threat of violence directed at U.S. nationals and interests abroad. The Administration will work to achieve passage of the ICCA which would create U.S. extraterritorial jurisdiction over murder, extortion and other serious violent crimes against U.S. nationals overseas when committed in furtherance of organized crime, as well as over significant financial crimes directed at U.S. financial institutions operating abroad. Such legislation is necessary to protect Americans against the increasing threat of organized crime in Russia, Central and Eastern Europe and other regions. Creating explicit

jurisdiction for overseas organized criminal activity against U.S. nationals and businesses would ensure that criminals who commit such offenses will face aggressive investigation and, if convicted, severe criminal penalties in the United States.

### **3. Intensifying the Activities of Law Enforcement, Diplomatic and Consular Personnel Abroad**

#### Increasing Role of Consular Personnel

The Department of State's visa process is a highly cost effective tool that screens out millions of inadmissible aliens before they arrive at U.S. ports of entry. Among those screened out are illegal immigrants, criminals and terrorists who would otherwise have to be detected by INS or the Border Patrol and processed on U.S. territory. The network of consular officers around the world is equipped to address an alien's admissibility in a manner impossible to duplicate at U.S. ports of entry. For example, the Department of State's Bureau of Consular Affairs has developed a database to track Russian organized crime figures and to link them to companies (real and phony), addresses and networks they use to further their criminal enterprises. The database allows consular officers overseas to query U.S. law enforcement agencies about an individual visa applicant and, when appropriate, deny that individual a visa before the person becomes a law enforcement concern within the United States. The Administration plans to enhance the capability of consular officers to perform this vital function by continuing to provide improved technology to detect passport and visa fraud, and by increasing information sharing between law enforcement and consular personnel.

#### Increasing Role of Overseas Law Enforcement Personnel

The Administration will intensify the activities of federal law enforcement personnel overseas, recognizing that careful expansion in their presence abroad may be necessary. Tough domestic laws that protect U.S. nationals and interests abroad will be of little value if the United States does not strengthen its investigative and law enforcement infrastructure to pursue violations of these laws. United States law enforcement officials stationed abroad work shoulder to shoulder with their foreign counterparts to investigate crimes against Americans and American businesses committed overseas. Where offenders are identified, these officials also work to locate, apprehend and return to the United States the perpetrators of such crimes through extradition, expulsion or other lawful means. They also facilitate the arrest and extradition of international fugitives located in the United States who are wanted abroad.

#### Documented Need for Overseas Law Enforcement Personnel

The need for a major U.S. law enforcement presence abroad is well documented. For example, in fiscal years 1996 and 1997, foreign offices of the Customs Service handled over 3,850 cases. Over the same period, the overseas offices of the Secret Service closed over 3,200 cases. Foreign offices of the Internal Revenue Service's Criminal Investigation Division handled more than 230 cases in fiscal years 1996 and 1997, many of which had direct links to domestic enforcement efforts. These investigations were successful because of the permanent overseas presence of U.S. law enforcement personnel.

In fact, the work of these overseas offices often is directly tied to domestic criminal investigations. For example, over 80 percent of the 7,068 cases pending with FBI Legal Attaches overseas at the end of 1996 originated from U.S. field offices. In addition, over the past two years, the Diplomatic Security Service - which in many countries is the only permanently assigned representative of U.S. law enforcement - responded to more than 3,000 investigation requests. Further, from July 1994 through July 1997, the number of cases in the FBI's new Moscow Legal Attaché office grew from 20 to 289 - a fifteen-fold increase. In their first year, the new Customs Service offices in Moscow and in Pretoria, South Africa, handled over 50 and 30 cases, respectively. A substantial number of these cases involve fugitives from U.S. courts, crimes committed abroad against U.S. nationals, and other serious violations of U.S. criminal laws.

*By slowing the spread and development of complex criminal enterprises in their home country, we can prevent their establishing a foothold within the United States.*

Louis J. Freeh  
Director, FBI  
March 20, 1997

### Proposed Overseas Expansion of Federal Law Enforcement Personnel

The U.S. law enforcement community is already responding to this growing need. The FBI, which operates 32 overseas offices, is establishing a new office in Nigeria, and expanding existing offices in Russia and Mexico. In addition, the FBI is considering establishing new offices in 12 foreign nations and expanding existing offices in an additional 9 countries. Similarly, the Customs Service is considering opening additional offices in Europe, Asia, Australia and the Americas, complementing 26 existing offices. DEA plans to augment its already sizeable presence with further expansion into the Newly Independent States of the former Soviet Union, Latin America, Asia and other current and emerging centers of the drug trade. The Secret Service currently has overseas offices in 11 countries covering the Americas, Europe and Asia, and plans to expand to Central and Eastern Europe, Africa, and other areas where there is a growing problem with U.S. currency counterfeiting and financial crimes. These expansions will bolster U.S. law enforcement capabilities to arrest and punish fugitives, to dismantle international organized crime rings, and to strengthen law enforcement and judicial systems around the globe.

To complement the increasing number of U.S. law enforcement personnel overseas, the Department of Justice intends to augment its cadre of overseas attorneys. Their role includes facilitating requests for extradition and mutual legal assistance, providing substantive legal guidance on international law enforcement and treaty matters, and increasing cooperation between U.S. and foreign prosecutors. In fiscal year 1990, the United States handled approximately 2,208 extradition and 1,784 mutual legal assistance requests both to and from this country. By fiscal year 1996, those numbers had nearly doubled, jumping to 3,963 extraditions and 3,407 mutual legal assistance requests. Furthermore, approximately 25 percent of all extradition requests and nine percent of all mutual legal assistance requests were in support of state and local prosecutors. This increasing caseload requires overseas attorneys to respond to

requests for information and to facilitate the transfer of fugitives and evidence to and from the United States. Currently, the Justice Department has attorneys in Brussels, Bogota, Mexico City, Paris, Rome, Moscow and Riga. The planned expansion includes posting additional attorneys in Manila, Brasilia and Athens.

Expansions of the federal law enforcement presence abroad will be overseen by U.S. Ambassadors (Chiefs of Mission) who are charged by National Security Decision Directive 38 with responsibility for the size, composition and mandate of all executive branch personnel in U.S. diplomatic missions.

### Increasing Role of Overseas Diplomatic Personnel

Over the past five years, the Administration has developed and implemented international crime control initiatives to address problems such as drugs and arms trafficking, alien smuggling, trafficking in human beings, crimes against children, contraband smuggling, stolen vehicles and aircraft, money laundering, financial frauds, high tech and computer crime, industrial theft, economic espionage, intellectual property rights violations, corruption and bribery, and other international criminal activities. In fiscal year 1997, Congress appropriated \$20 million for anti-crime programs to be administered by the Department of State. Implementation of these programs requires the attention of diplomats and law enforcement personnel. Along with the increase in international crime control programs and the heightened activities of our consular and law enforcement personnel, the Administration will intensify the activities of our overseas diplomats in support of federal law enforcement officers, and in particular of the Narcotics Affairs Directors (NAS) who coordinate narcotics and anti-crime programs in 19 of our missions located in the following countries: the Bahamas, Barbados, Belgium, Bolivia, Bosnia, Brazil, Cambodia, Colombia, Ecuador, Guatemala, Laos, Pakistan, Panama, Peru, Russia, South Africa, Thailand, Ukraine and Venezuela.

## **IV. Protecting U.S. Borders**

*We owe the American people an air, land and sea defense of their frontiers, not only against drugs, but terrorism, international crime and other threats.*

Barry R. McCaffrey  
Director, Office of National Drug Control Policy  
May 12, 1997

Protecting U.S. borders plays a central role in any effective international crime-fighting strategy. This Strategy incorporates and builds upon specific existing cross-border initiatives, such as the National Drug Control Strategy and other presidential directives aimed at stemming the flow of aliens and contraband across U.S. borders.

### **A. Goal: Protect U.S. Borders by Attacking Smuggling and Smuggling-Related Crimes**

The Strategy calls for aggressive efforts to protect U.S. borders by attacking and decreasing smuggling and smuggling-related crimes. Border crossings serve as choke-points where criminals are vulnerable to detection and capture. Effective enforcement activity along the borders not only reduces smuggling-related crimes, but also denies international criminals resources they need for other illicit activities. Information developed through effective border enforcement also provides law enforcement agencies along our borders the opportunity to create a bridge between detection of illegal border activities and related investigations of criminal groups operating within the United States.

## **B. Objectives**

Enhance our land border inspection, detection and monitoring capabilities through a greater resource commitment, further coordination of federal agency efforts, and increased cooperation with the private sector;

Improve the effectiveness of maritime and air smuggling interdiction efforts in the transit zone;

Seek new, stiffer criminal penalties for smuggling activities; and

Target enforcement and prosecutorial resources more effectively against smuggling crimes and organizations.

## **C. Programs and Initiatives**

### **1. Enhancing Our Land Border Inspection, Detection and Monitoring Capabilities**

#### Scope of the Border Challenge

Safeguarding our nation's borders is one of the federal government's most basic responsibilities. It is also one of our most daunting challenges, given the historically open nature of our borders with our northern and southern neighbors. Not only does the sheer size of the frontier make this a major undertaking, but improvements in transportation and trade relations have led us to increase border protection efforts.

The federal government maintains over 300 ports of entry, including airports, where customs and immigration officials inspect inbound and outbound individuals and cargo. The United States-Canada border is the most open free trade border in the world, and our bilateral trade relationship is the largest in the world. The length of the United States-Canada and United States-Mexico borders makes them inviting targets for illegal border crossing. The nation's land and sea borders altogether stretch a total of 9,600 miles. In 1996, more than 400 million people entered the United States, up from 225 million in 1980. Five million commercial trucks and four million ocean containers also arrived in the United States. Increased pressure on our borders has created new dangers that smugglers, terrorists and other criminals will slip through and onto our streets. Virtually all cocaine and heroin -- and a majority of marijuana -- sold and consumed in this country is produced abroad. Smuggling operations, increasingly run by organized crime groups, sneak tens of thousands of illegal immigrants into the United States. Every year,



smuggling of drugs, illegal firearms, stolen cars and child pornography present formidable challenges which the Strategy addresses.

Stretching more than 2,000 miles, the United States-Mexico border has been plagued by drug and contraband smuggling, violent crime and illegal immigration. A majority of the narcotics and dangerous drugs seized in the United States has passed through Mexico, and over half of all illegal immigrants in the United States originated from that country. In fiscal year 1997, border authorities apprehended approximately 1.36 million aliens attempting to cross the Southwest border illegally. The Southwest border is also a transshipment point for contraband being smuggled out of the United States, including stolen motor vehicles, goods stolen from interstate commerce, illegal firearms, and illicit currency (primarily the proceeds of drug trafficking). Outbound enforcement is thus a key component to attacking these crimes.

### The Southwest Border Initiative

In 1993, the Administration launched a comprehensive plan to crack down on drugs, violent crime and smuggling along the Southwest border. The plan - the Southwest Border Initiative - involved a major expansion in federal law enforcement personnel, augmented aid to state and local law enforcement, increased cooperative efforts with Mexican law enforcement officials, deployed additional state-of-the-art detection and surveillance technology, and coordinated the overall U.S. effort more effectively.

Under the Southwest Border Initiative, more than 550 new prosecutors and 1,200 new immigration officers have already been dedicated to combating violent crime, drug trafficking, illegal immigration and smuggling along this border. Federal funds also have been directed to local communities along the border to hire hundreds of new police officers. This plan will continue to be implemented vigorously and, within projected agency budget targets, will be expanded to include new resources and new technology as they come on line.

Recent increases in law enforcement efforts along the Southwest border have helped to generate dramatic results.

Between 1994 and 1995 serious crime dropped approximately 30 percent in San Diego and approximately 20 percent in Brownsville, Texas. After the deployment of new inspection techniques by the Customs Service, narcotics seizures increased by 24 percent in 1996 alone. As we continue to strengthen patrol of our southern border, we will improve efforts along other border regions, which are increasingly gaining the attention of smugglers as our Southwest border efforts thwart their criminal actions.

In addition, since 1995, federal law enforcement agencies along the Southwest border have intensified efforts to identify, investigate, prosecute and remove law enforcement officials stationed along the border who are involved in corrupt activities or who use their positions of trust to facilitate illegal activity. These efforts include investment of resources and manpower by federal agencies and the creation of public corruption task forces and interagency working groups to form a strong, unified response to corruption along the border.

## Deploying New Detection and Identification Technologies

To combat increasingly sophisticated smugglers, more sophisticated detection and identification technology will be used along our borders. Advanced technology has been deployed both at official ports of entry and along open stretches of the borders to leverage patrol and inspection teams' skills in preventing or responding to illegal entry. For example, night scopes and hidden seismic, metallic and infrared sensors are being installed, and helicopters are being deployed, along the Southwest border.

As surreptitious alien entry by land, sea and air becomes more difficult, smugglers are forced to try a different tack such as coming through ports of entry with fraudulent documents. The Strategy calls for law enforcement to use advanced technologies, including database programs that allow inspectors to sift out low-risk travelers and concentrate on more highly suspect entrants. Further, deploying our portable computerized biometric and fingerprint systems will allow for quicker identification of smugglers and other criminals.

High energy x-ray imaging equipment that allows inspectors to probe containers for the presence of contraband quickly and effectively is also being used increasingly. The presence of this new technology at ports of entry contributed to a 115 percent increase in contraband seizures along the Southwest border between fiscal year 1995 and 1996, with cocaine seizures up five-fold. The Customs Service operates four truck x-ray systems along the Southwest border, one prototype mobile truck x-ray system, and one prototype gamma ray system. Since becoming operational, the four truck x-ray systems have been involved in 150 drug seizures totaling over 18,000 pounds of drugs. Customs plans to double the number of such systems along the Southwest border by the end of 1998.

## Cooperation with the Private Sector

To assist in interdicting narcotics smuggling at our land, air and sea borders, the Customs Service developed the Carrier Initiative Program and the Business Anti-Smuggling Coalition, joint efforts between Customs and the transportation industry through which legitimate carriers strengthen their cooperation with law enforcement authorities. Presently, 3,900 carriers have signed agreements under these programs. Through these agreements, Customs provides expert advice on how to secure carrier operations against smugglers, and the carriers provide Customs with valuable intelligence information. In fiscal year 1997, information from these two programs resulted in 74 seizures totaling 12,700 pounds of narcotics. In 1998, Customs is expanding this program to South America. There, Customs officers will assist exporters, carriers, manufacturers and other businesses by performing security site surveys, developing and implementing security programs, conducting post-seizure analyses, fostering information exchange, and providing guidance on technology deployment and application, all to safeguard legitimate trade from being used to smuggle narcotics.

The Customs Service also employs a strategy called the "investigative bridge" that focuses its investigative resources on the transportation organizations operating from various command and control centers around the country. This approach seeks to draw a complete picture of drug smuggling organizations and individuals involved from the trucks or trucking companies used in

the initial border crossing to the point in the United States where the drugs are distributed, and, in reverse, from the point in the United States where the drugs are sold to the means used to transport the proceeds out of the country.

## **2. Improving the Effectiveness of Maritime and Air Smuggling Interdiction Efforts in the Transit Zone**

The Coast Guard and Customs Service, with assistance from the Department of Defense, regularly conduct maritime interdiction operations against drug and migrant smuggling. These agencies will combine efforts with other federal agencies as well as foreign coastal forces to provide a maximum return on resources expended. The Administration has launched a series of initiatives to create effective interdiction and investigative capabilities that disrupt smugglers' sea and air routes.

The Caribbean has long been a particularly popular smuggling route. The second most significant drug trafficking route into the United States, after the Southwest border, is through the Caribbean, specifically Puerto Rico and the U.S. Virgin Islands. In response to this threat, in March 1996, the Administration launched Operation Gateway, a Customs led program which combines over 600 personnel from 26 federal, state and local agencies, complemented by an intelligence coordinating center. Gateway's goal is to secure the waters and airspace around these U.S. territories from narcotics traffickers. Customs aircraft fly radar patrol operations, conduct surveillance and help capture suspect aircraft and vessels. In its first year of operation, Gateway resulted in a 32 percent increase in Customs cocaine seizures over the previous year. Simultaneously, the Coast Guard and Defense Department are joining forces with the British and Dutch governments to create a 36-ship interdiction fleet that aggressively patrols the Caribbean for smuggling vessels.

Operation Frontier Shield, an interagency, international maritime interdiction effort spearheaded by the Coast Guard, has had notable success interdicting drugs and other contraband moving through Puerto Rico and the U.S. Virgin Islands since its inception in fiscal year 1997. In its first year, Frontier Shield forces seized 23 vessels transporting 31,127 pounds of cocaine, arrested more than 100 suspects, and disrupted 17 additional deliveries of approximately 37,400 pounds of cocaine. It also reduced the flow of cocaine to Puerto Rico by an estimated 46%. The combined street value of Frontier Shield seizures and disruptions exceeds \$2.4 billion.

## **3. Targeting Enforcement and Prosecutorial Resources More Effectively Against Smuggling Crimes and Organizations**

### Attacking Alien Smuggling

The nation's borders must be secured against illegal alien smuggling activities. The UN estimates that as many as four million people are smuggled into foreign countries each year, generating up to \$7 billion annually in illicit profits for criminal syndicates. It is U.S. policy to interdict all illegal alien smuggling at the border, to divert all incomplete attempts to cross the border illegally, to repatriate all illegal aliens caught within our borders and to prosecute and

punish illegal alien smugglers. By interdicting migrants before they enter the United States, they can be returned quickly to their countries of origin without the costly processes required if they enter the United States. In fiscal year 1996, the Coast Guard interdicted over 9,000 migrants at sea, thereby saving taxpayers an estimated \$30 million in detention and deportation costs. To enhance our efforts against alien smuggling, federal agencies will improve their collection and dissemination of intelligence about overseas alien smuggling operations.

Effective border defense also plays a vital role in fighting international crime beyond halting the flow of illegal aliens. As our land, sea and air defense improves, aliens still seeking illegal entry increasingly resort to sophisticated smuggling operations. These operations have links to organized crime, drug traffickers and traffickers in women and children. Some illegal aliens carry narcotics to pay their way. Smuggling is also a source of funds for organized crime groups who use these funds to finance other illicit activities. For instance, the Coast Guard estimates that smugglers charge approximately \$6 million to ferry one large boat load (150 people) of illegal Chinese aliens across the Pacific. A strong response to alien smuggling will pay dividends by halting the larger problem of international crime.

Experience shows this aggressive approach is a successful one. Since 1993, the Administration has coordinated the interdiction and repatriation of approximately 3,000 illegal Chinese aliens on 14 vessels. In 1995, federal prosecutors in five districts along the Southwest border brought 563 alien smuggling cases -- a 69 percent increase over the previous year. Anti-smuggling apprehensions by the Border Patrol also were up -- five-fold in San Diego -- over 1993 levels.

The Administration is requesting over \$280 million for new border-related initiatives. These funds will place 1,000 new Border Patrol agents on the front lines and equip them with state of the art infrared scopes and night vision goggles. They will also support programs to detain and remove aliens, including criminal aliens.

The United States also is stepping up efforts in five areas to combat smuggling away from our borders: (1) providing model legislation to other countries; (2) conducting training overseas for border patrol and immigration officials; (3) providing automated visa "lookout" systems to source countries; (4) enhancing information sharing about alien smuggling operations and trends among federal agencies and, where possible, with other countries; and (5) conducting public awareness campaigns in source and transit countries on the dangers of alien smuggling.

### Halting Smuggling Out of the United States

The Administration will also seek further criminal penalties for certain specific acts of outbound smuggling. First, the laws should be improved to increase the cost of smuggling contraband out of the United States. While Congress long ago created a general criminal statute for illegal importation activity, no equivalent general statute exists for illegal exports. Current criminal export statutes deal only with narrow, specific issues such as illegal exports of munitions or technology. New legislation is required to create a general criminal statute covering all export activity conducted contrary to law.

Another target is illicit trafficking in liquor and tobacco, a major source of revenue for organized

crime. A steep excise tax on liquor in Canada has created a large black market for spirits smuggled in from the United States. Monies obtained through this market strengthen organized crime and finance other illegal activities, such as money laundering, alien smuggling, narcotics trafficking and illegal firearms trafficking. The Strategy seeks to combat liquor smuggling by giving federal officials new powers under the ICCA to stop illegal liquor trafficking as soon as the spirits are shipped in violation of state or federal law. Recommended legislation would also close a loophole by prohibiting merchandise smuggling into foreign countries by means of vehicles or aircraft (in addition to the existing prohibition against smuggling via vessel) and by modifying statutes that currently hamper Customs' authority to search outbound mail for currency, monetary instruments, and contraband.

Between 1.4 and 1.6 million automobiles are stolen in the United States every year. The National Insurance Crime Bureau (NICB), a private investigative organization, estimates that 200,000 of these vehicles, valued at approximately \$1 billion, are taken out of the United States. This serious property crime results not only in the loss of personal vehicles but in higher insurance rates as well. In fiscal year 1997, Customs recovered 2,119 stolen vehicles worth over \$35 million.

Law enforcement agencies will mount increased efforts to interdict these stolen vehicles at our nation's borders, and the Department of State is intensifying its efforts to increase the number of treaties that provide for the return of these vehicles to the rightful owners when they are discovered in foreign countries. To this end, the Department of State has negotiated, and will continue to negotiate, stolen vehicle recovery treaties with those countries -- primarily in Latin America and Central and Eastern Europe -- into which the majority of stolen U.S. vehicles are smuggled. The FBI is also working with Customs officials to process quickly the vehicle identification numbers of cars presented for export at our nation's seaports and to identify and stop those that have been reported stolen. New technology currently being tested at the Port of Miami also shows great promise. It allows inspectors to scan a cargo container for the presence of a car while the container is being weighed, a process that does not delay the flow of commerce. The Department of the Treasury is working with Mexican government officials representing the commerce and finance ministries on a four-part program to improve control over legitimate movement of automobiles across the border and to deal with large scale trafficking in stolen automobiles. This cooperative effort will include Mexican access to information on vehicles reported stolen in the United States.

#### **4. Seek New and Stiffer Criminal Penalties for Smuggling Activities**

##### The Problem of Portrunning

As law enforcement officials make it tougher for criminals to slip undetected across our borders, smugglers are becoming increasingly daring in their willingness to confront inspectors head on. Such activity includes "port-running," intentionally evading inspections by driving through ports of entry without stopping, which puts federal officials and civilians alike at risk of injury. The Administration has successfully used construction of physical barriers in the fight against port-running. More must be done to deter and punish this dangerous practice. Similarly, if a suspect vessel fails to "heave to," that is, to slow to facilitate a law enforcement boarding, the Coast

Guard must first fire a warning shot across the bow and then disable the vessel if it does not respond. While there are civil penalties for failing to respond to a "heave to" command, no criminal equivalent currently exists to cover such activity or crimes of violence committed in the course of evading border controls. The proposed ICCA would establish a specific criminal penalty for port-running, as well as enhancing existing criminal penalties for related activities. Such penalties are needed to deter vessels from fleeing Coast Guard, INS and Customs interdiction efforts and jettisoning contraband and evidence in the process. Legislation is also required that would punish individuals who provide false information to boarding officials. Sanctions are needed to compel individuals to provide truthful data regarding the vessel's destination, origin, ownership, registration, nationality, cargo and crew.

## **V. Denying Safe Haven to International Criminals**

*I now invite every country to [endorse] a no-sanctuary pledge, so we could say together to organized criminals, terrorists, drug traffickers, and smugglers, "You have nowhere to run and nowhere to hide."*

President Bill Clinton  
Speech at the United Nations  
October 22, 1995

### **A. Goal: Deny Safe Haven to International Criminals**

The Strategy seeks to deny sanctuary, or "safe haven," to international criminals no matter where they are hiding around the globe. These criminals must not be allowed to remain beyond the reach of U.S. and other law enforcement authorities, nor should the United States provide them any aid or comfort.

### **B. Objectives**

Negotiate new international agreements to create a seamless web for the prompt location, arrest and extradition of all international fugitives;

Implement strengthened immigration laws that prevent international criminals from entering the United States and that provide for their prompt expulsion when appropriate; and

Promote increased cooperation with foreign law enforcement authorities to provide rapid, mutual access to witnesses, records and other evidence.

### **C. Programs and Initiatives**

#### **1. Negotiating New International Agreements**

Extradition as a Weapon Against International Crime

International extradition treaties remain the most effective mechanism to obtain the return of international fugitives. The Departments of State and Justice, with appropriate input from law enforcement agencies, are involved in an active program to negotiate modern treaties in order to replace old, outdated instruments and to create new extradition treaties where none existed previously.

### Role of State and Local Officials

Federal authorities are not the only ones who rely on extradition. In recent years, the ease and speed of modern travel have increased the number of fugitives wanted for serious violent crimes under state and local law. For example, state and local prosecutors sought assistance from the Department of Justice in obtaining extradition in more than 140 cases in 1996 alone, including murders, kidnappings and serious sex crimes.

### New Treaties

The United States will further intensify its efforts to sign, bring into force, and implement modern extradition treaties with countries that might otherwise serve as havens for international criminals. The volume of cases in which the United States seeks extradition of serious criminals located in foreign countries continues to grow. In 1990, the United States sought the extradition of 1,672 people accused or convicted of committing crimes. By 1996, that number had jumped to more than 2,894, including fugitives wanted for murder, rape, kidnapping, major drug trafficking, money laundering, multi-million dollar financial scams, and other serious crimes committed in violation of U.S. law.

Congress has supported the President's aggressive diplomacy in establishing a comprehensive network of extradition agreements that deny safe haven to international fugitives. In August 1996, the Senate gave advice and consent to ratification of seven new extradition treaties. Over a dozen more are now pending at the Senate for advice and consent to ratification.

The 1995 U.S. extradition treaty with Jordan -- the first new extradition treaty with an Arab nation in many years -- demonstrates the importance of such aggressive diplomatic efforts to obtain or modernize bilateral extradition treaties. Just days after that treaty came into force, Jordan arrested World Trade Center bombing defendant Eyad Mahmoud Ismail Najim who, until then, was simply out of reach of U.S. authorities.

Within the past two years, new extradition treaties have also entered into force with the Philippines, Malaysia, Bolivia and Hungary. There are dozens of U.S. fugitives in the Philippines alone, many of whom are wanted for murder and other serious crimes. We now have extradition treaties with over 105 nations, providing the most comprehensive web of extradition treaties in U.S. history.

### Expanded Extradition Authority

The State Department, working in conjunction with the Justice Department, seeks the broadest possible extradition obligations in our new treaties. Lists of extraditable offenses can soon

become outdated. Thus, instead of negotiating "list" treaties, the United States advocates "dual criminality" provisions in our modern treaties. These ensure that extradition is possible whenever a fugitive is charged with a crime that is punishable in both the country seeking extradition and the country of refuge. This guarantees that developments in the criminal law are accommodated - and that new crimes such as money laundering and computer fraud may be covered - without the need to amend existing extradition treaties.

The U.S.-proposed treaties will provide for the mandatory extradition of nationals, whenever possible. As a matter of fundamental law enforcement policy, the Administration believes that persons should be brought before the courts in those countries which have suffered the criminal harm and which are best positioned to ensure fair and effective prosecution. The Administration further believes that criminals should never escape justice based simply on their citizenship or nationality.

### Some Recent Successes

Our policies have begun to bear fruit, even in some countries that traditionally have not surrendered their own nationals. For example, our new extradition treaty with Bolivia requires the extradition of nationals for numerous serious crimes, and our recently signed extradition treaty with Argentina will require extradition for all crimes that are punishable by at least one year in prison. Our recent extradition treaty with Thailand makes the extradition of nationals discretionary, but in 1996 at the strong urging of the United States, Thailand extradited a former member of its own parliament to face prosecution in San Francisco for organizing multi-ton shipments of marijuana to the United States.

During the past year, Mexico agreed for the first time in its history to extradite several of its nationals to the United States. Under current law, Mexico may authorize the extradition of its citizens only in "exceptional" cases. In 1996, the Mexican government deemed two cases exceptional. Mexico surrendered Francisco Gomez Garcia who was wanted in Arizona for child molestation and Aaron LeBaron who was wanted in Texas for ordering the murders of ex-members of his religious cult. In 1997, the Mexican government expanded its use of "exceptional" circumstances and approved the extradition of 10 Mexican nationals sought by the United States. The United States and Mexico also concluded in 1997 a protocol to our extradition treaty that allows for temporary extradition, thereby facilitating trials when evidence is fresh and before criminals have completed serving a sentence in their country of nationality.

### Alternatives to Extradition

For those countries that continue to refuse to surrender their nationals, whether for legal or policy reasons, other creative ways of denying safe haven will be developed and utilized in as many cases as possible. In appropriate cases, the United States will urge such countries to transfer defendants to the United States temporarily to stand trial, with the understanding that if convicted they will be returned to their home countries to serve their sentences. This option resolves any concern over perceived unfair treatment in U.S. prisons by allowing the country of nationality to assume responsibility for the ultimate incarceration of the convicted defendant.



Most countries that refuse to extradite their nationals have jurisdiction to prosecute them no matter where the crime occurred. In some cases, the United States has agreed to provide evidence to the country of nationality so that its authorities can prosecute and punish its nationals domestically. However, the United States does so only as a last resort. Experience has taught that transferring witnesses and evidence from the United States to another country is time consuming, expensive, unfair to U.S. victims, and does not necessarily ensure appropriate punishment.

### Extradition Without a Treaty

The Administration believes that limited expansion of U.S. government authority to extradite fugitives without a treaty is appropriate and necessary. Until recently, U.S. law required an extradition treaty in order to extradite fugitives to countries seeking their prosecution or punishment. Recognizing the need for a more effective response to international crime, however, the President called on Congress to reconsider these strict limits on extradition, and Congress supported an expansion of U.S. law to meet this need.

In 1996, Congress amended federal law to provide for extradition from the United States, even in the absence of a treaty, of foreign nationals who have committed crimes of violence against U.S. nationals outside the United States. Thus, a foreign national who murders an American traveling or living in a country without an extradition treaty with the United States may no longer be able to avoid prosecution by taking refuge in this country. Also in 1996, Congress enacted legislation authorizing extradition of fugitives from the United States to the International War Crimes Tribunal for the Former Yugoslavia and to the International War Crimes Tribunal for Rwanda.

In addition, critical components of the proposed Inter-national Crime Control Act of 1998 (ICCA) will expand our ability to surrender fugitives either when a treaty fails to cover a serious crime for which surrender is sought or in the absence of an extradition treaty. Because many existing treaties contain outdated lists of offenses and because the United States has no extradition treaty with nearly 70 nations, these two ICCA provisions will open the door to the possible surrender of fugitives currently not subject to extradition and make it even less likely that the United States will serve as a safe haven for international criminals.

## **2. Implementing Strengthened Immigration Laws**

### Denying Safe Haven to Criminal Aliens

Our international obligations and the protection of our citizens demand that we rid our nation of dangerous foreign criminals. The United States relies primarily on extradition treaties to surrender fugitives from foreign justice located here in this country. The number of foreign requests for extradition submitted to the United States continues to grow. In 1990, we received 536 requests. In 1996, we received 1,069 requests. The ability to extradite fugitives to other countries serves the shared international goals of justice and due process and at the same time better ensures that such countries will reciprocally cooperate in returning fugitives from U.S. justice.

United States immigration laws will be used to rid our country of dangerous criminal aliens and

fugitives from foreign justice in certain circumstances where formal extradition is not available. Thus, the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA) creates a new expedited removal process for aliens attempting to gain admission to the United States by fraud or misrepresentation or without valid travel documents. Additionally, the new law increases penalties for alien smuggling and document fraud and grants the INS wiretap authority to investigate alien smuggling, document fraud, citizenship fraud and passport fraud. It also expands forfeiture statutes and the Racketeer Influence and Corrupt Organizations Act (RICO).

Speedy detection of document and benefits fraud is important because such fraud has been shown to have a connection to other criminal activity. For example, Mir Aimal Kasi, the Pakistani terrorist recently convicted for killing two CIA employees outside CIA headquarters in 1993, submitted false documentation to obtain a document that authorized him to work in the United States. Had this fraud been detected sooner, he might have been removed from the country and his crimes prevented. In addition, suspected Russian organized crime figures, who have benefited from fraudulent visa petitions for intracompany transfers, also have been linked to benefit fraud and other criminal activity made possible by their unlawful entry into the United States.

Special emphasis is required to keep criminal aliens off our streets. Criminal aliens include aliens convicted of U.S. crimes as well as all deportees convicted of reentering the United States without special permission of the Attorney General. Recent amendments to the immigration law that greatly expand the scope of "aggravated felonies" for which conviction renders an alien inadmissible to, or subject to removal from, the United States will be rapidly implemented.

The United States will not tolerate the presence of aliens who commit crimes in our communities. Those who think they can slip back in following removal will be subject to stiff punishment. During fiscal year 1995, the United States Attorneys along the Southwest border filed 1,322 cases against deported aliens who reentered, a 105 percent increase over 1994. Indeed, more criminal aliens were arrested and prosecuted between 1995 and early 1996 than during the entire previous nine-year period from 1985 through 1994.

#### Removing Incarcerated Aliens

All incarcerated criminal aliens will be removed immediately following their release absent extraordinary circumstances, such as when their testimony is needed in a related matter. In most cases, once they have completed their sentences, or even before their sentences are complete, U.S. policy is to deport them as quickly as possible. Immigration authorities recently began implementing an Enhanced Institutional Hearing Program to determine deportation status at the beginning of a criminal alien's sentence, or well before the release date, rather than at the end. This program, coordinated with the Federal Bureau of Prisons as well as state and local equivalents, enables more effective use of INS detention space and significantly reduces the threat to public safety by effecting immediate deportation upon completion of the sentence.

The Trafficking in Women Interagency Working Group of the President's Interagency Council on Women is carefully evaluating the proper approach toward alien victims and witnesses in trafficking cases who are critical to the investigations of traffickers and who may face reprisals

from the traffickers upon deportation.

### Denying Terrorists Entry

On April 24, 1996, President Clinton signed into law the Antiterrorism and Effective Death Penalty Act. This statute authorizes the Secretary of State to establish sanctions against certain groups considered to be foreign terrorist organizations. The Secretary used this authority on October 8, 1997 to designate 30 groups. Under the statute, the representatives and members of designated terrorist groups are inadmissible to the United States and will be denied visas to enter this country.

### Preventing Entry to Avoid Prosecution

Finally, to ensure the United States is not a safe haven for international criminals, the proposed ICCA includes a provision that authorizes the Attorney General to deny entry to persons who attempt to enter the United States in order to avoid prosecution for a crime of moral turpitude. This same provision will also permit removal of fugitives directly to the foreign countries seeking their prosecution, a strong deterrent to attempted entry into the United States.

## **3. Promoting Increased Cooperation With Foreign Law Enforcement Authorities**

### Mutual Legal Assistance Treaties (MLATs)

Obtaining physical custody of fugitives means little absent the evidence needed to convict them at trial. MLATs provide for assistance at all stages of U.S. criminal investigations and prosecutions, including grand jury proceedings. Moreover, the treaties enable much speedier assistance than is available through the cumbersome mechanisms traditionally used for this purpose. Available assistance under MLATs includes bank or other financial records (even from "bank secrecy" jurisdictions), witness statements and testimony, search and seizure of people and things, and, depending on the law of the requested state, immobilization and forfeiture of the proceeds of criminal activity. In state and local prosecutions, MLAT requests are coordinated by the Department of Justice's Office of International Affairs.

As one example, in 1997, the United States made an MLAT request to Canada on behalf of prosecutors in Kitsap County, Washington, who were investigating a murder. Pursuant to this request, the United States sought and obtained from the Canadian authorities the murder suspect's car, copies of airline ticketing records, billing information, and other evidence used to secure a conviction.

The number of U.S. requests for evidence located outside the country continues to grow. In 1990, the United States made approximately 928 requests for mutual legal assistance in criminal matters. In 1996, that number had increased to approximately 1,644 requests. Barely 20 years ago, the United States entered into its first MLAT. Today there are 20 MLATs in force that extend to 23 countries. These include the five MLATs (with Austria, Hungary, Korea, the Philippines, and the United Kingdom) to which the Senate gave its advice and consent during the 104th Congress. The Administration will seek to create a network of MLATs as broad as

currently exists for the extradition of fugitives.

### MLATs Pending Advice and Consent

The Departments of State and Justice have worked together in negotiating 14 additional MLATs that will require the Senate's advice and consent to ratification, including agreements with Australia, Hong Kong and Poland. Ten of these MLATs are now awaiting the Senate's advice and consent, and several more are expected to be transmitted to the Senate in the near future. The United States also has signed a multilateral MLAT adopted by the Organization of American States (OAS), which could create MLAT relations between the United States and the 33 other member states of the OAS. That multilateral MLAT is also awaiting Senate advice and consent to ratification.

### Bilateral Maritime Drug Interdiction Agreements

International law provides that, with few exceptions, boarding and searching a foreign vessel in international waters requires prior consent of the flag state. When vessels or aircraft are used for trafficking, they often move quickly from one national jurisdiction to another. For example, a smuggling vessel or aircraft could sail or fly quickly through 14 different national jurisdictions on a trip from South America to Puerto Rico. Unless prior consent exists to stop, board, and search such vessels or aircraft, U.S. and other law enforcement authorities can easily be frustrated in their efforts to interdict traffickers crossing multiple jurisdictional lines.

Bilateral maritime drug interdiction agreements solve this problem. They provide standing authority for the U.S. and its foreign partners to: (1) board and search each others' vessels in international waters, (2) embark foreign law enforcement officials who may authorize patrols, boardings, searches, seizures, and arrests in foreign waters and on board foreign vessels, (3) pursue suspect vessels and aircraft into waters and airspace, (4) enter into each others' waters and airspace to investigate suspect vessels, (5) fly in each others' airspace in support of drug interdiction operations, and (6) relay an "order to land" from the partner nation to aircraft suspected of drug smuggling.

The United States is currently party to 19 maritime drug interdiction agreements in force with South American, Central American and Caribbean nations and overseas territories located in the Caribbean. Nineteen proposed agreements or amendments to less comprehensive, existing agreements are pending approval or are in negotiation.

## **VI. Countering International Financial Crime**

*Criminal enterprises are moving vast sums of ill-gotten gains through the international financial system with absolute impunity. We must not allow them to wash the blood off profits from the sale of drugs, from terror, or from organized crimes.*

President Bill Clinton  
Speech at the United Nations  
October 22, 1995

## **A. Goal: Counter International Financial Crime**

The Strategy seeks to counter criminal exploitation of financial systems and institutions. Financial crimes pose a national security threat because they threaten the integrity of the financial system while fueling numerous other types of criminal activity. Financial crimes fall into two related categories: money laundering and associated offenses that criminals use to disguise illegally gained proceeds; and counterfeiting, fraud and similar activities, such as international securities and credit card fraud, that harm individuals as well as financial systems and institutions.

## **B. Objectives**

Combat money laundering by denying criminals access to financial institutions and by strengthening enforcement efforts to reduce inbound and outbound movement of criminal proceeds;

Seize the assets of international criminals through aggressive use of forfeiture laws;

Enhance bilateral and multilateral cooperation against all financial crime, by working with foreign governments to establish or update enforcement tools and to implement multilateral anti-money laundering standards; and

Target offshore centers of international fraud, counterfeiting, electronic access device schemes and other financial crimes.

## **C. Programs and Initiatives**

### **1. Combating Money Laundering**

#### Money Laundering Methods

*Large scale drug trafficking and international organized crime operations usually seek international avenues to launder money. Money launderers currently attempt to launder money using a variety of techniques such as structuring deposits into U.S. banks to avoid reporting requirements, exploiting money services businesses, using international black market exchange operations, smuggling cash in bulk to countries with less effective money laundering laws than the United States, and misusing offshore corporations, accounts and trusts. Each of these channels will be attacked through integrated federal law enforcement efforts.*

*Money laundering is the process that enables drug and gun traffickers and terrorist groups to convert illegal and unusable proceeds into usable funds. It is the "life blood" of organized crime. But it is also the "Achilles heel," as it gives us a way to attack the leaders of criminal organizations. While the drug kingpins and other bosses of organized crime may be able to separate themselves from street-level criminal activity, they cannot separate themselves from the*

*profits of that activity.*

Robert E. Rubin  
Secretary of the Treasury  
May 19, 1997

### Need for a Comprehensive Approach

Experience teaches us that in order to be successful we must attack money laundering in a comprehensive manner. Sophisticated anti-money laundering strategies have driven the cost to launder money -- the percentage fee charged by the launderer - from approximately six to 25 percent in the last 15 years. Criminals, thwarted by these tougher anti-money laundering measures in the United States, now are increasingly attempting to smuggle cash to foreign countries and launder money overseas.

**Denying Access to the U.S. Financial System.** The strength of our financial institutions and variety of investment opportunities make the U.S. financial system an inviting haven for criminals seeking to launder their illicit proceeds. Denying criminals access to the U.S. financial system significantly hampers their ability to profit from their criminal actions.

**Bank Secrecy Act.** Bank Secrecy Act (BSA) provisions will be used increasingly to help law enforcement detect criminal transactions by requiring record keeping and reporting by private individuals, banks and other financial institutions. For example, financial institutions are required to file Currency Transaction Reports (CTRs) on cash transactions greater than \$10,000. The Department of the Treasury further strengthened the reporting and record keeping system in 1996 by requiring financial institutions to report suspicious transactions.

BSA regulations have forced criminals to create elaborate networks to launder money, increasing both their costs and risks. Prevention and detection mechanisms to identify sophisticated criminal financial transactions will be further improved, as will current methods of analyzing BSA information and new enforcement strategies to identify, investigate and prosecute international money launderers. Money laundering investigations by Customs, the FBI, DEA and IRS have increased steadily for several years.

### Halting Cash Smuggling

Increased enforcement efforts will be directed to prevent cash from being smuggled out of the United States by using undercover operations, electronic surveillance, and other investigation techniques to focus interdiction operations on high risk departures. Recent examples of the success of interagency operations and intelligence sharing include record cash seizures in Miami of \$15 million concealed in ocean freight bound for Cali, Colombia in 1996, and in El Paso of \$5.6 million destined for the Mexican Juarez drug cartel in 1997. In 1997, Customs seized \$55.1 million in outbound currency.

In 1990, American and Swiss officials cooperated to seize and forfeit more than \$48 million of criminally derived assets, including a record \$24 million in U.S. currency. From 1994 to 1996,

Customs seized \$20 million in outbound currency and monetary instruments from private mail carriers, mainly to South American countries. Customs seized a total of \$50 million in outbound currency in 1996. In a recent landmark case, the Colombian Ortiz Gaitan organization, responsible for distributing more than 30,000 kilograms of cocaine in the United States, was blocked in its attempts to wire drug profits from U.S. banks to Swiss bank accounts.

### Criminal Exploitation of Outbound Mail

Customs has identified various other methods of currency smuggling that remain a challenge. Notable among these methods is the exploitation of the U.S. mail. Hundreds of thousands of dollars can be smuggled out of the United States, at only the cost of postage, in letters and packages. The ICCA will modify statutes that currently hamper Customs' ability to search outbound U.S. mail.

## **2. Seizing and Blocking the Assets of International Criminals**

Asset forfeiture laws will also be used to deprive criminals of their ill-gotten gains. Instead those assets will be shared with foreign governments that cooperate with us in fighting financial crime. Sharing seized and forfeited assets with cooperating foreign governments builds on the already proven success of such programs at the state and local level.

### Case of Juan Garcia Abrego

The case of Mexican drug trafficker Juan Garcia Abrego illustrates the effectiveness of asset forfeiture. In this case, American, British and Mexican authorities, working together and sharing information, uncovered an elaborate money laundering scheme that used multiple offshore investments, foreign bank accounts and money couriers to launder illegal drug proceeds. By the time of Garcia Abrego's arrest in 1996, joint investigative efforts had resulted in the forfeiture of over \$30 million. Garcia Abrego was convicted of money laundering and narcotics charges and is serving a life sentence. American, British and Mexican law enforcement agencies shared the forfeited assets and used them to support international criminal investigations.

### The Antiterrorism and

### Effective Death Penalty Act of 1996

Pursuant to the Antiterrorism and Effective Death Penalty Act of 1996, designation of a group as a "foreign terrorist organization" has two important financial consequences. First, it renders it illegal for persons within the United States or subject to the jurisdiction of the United States to knowingly provide material support to a designated organization. Second, U.S. financial institutions are required to block the assets of foreign terrorist organizations or their agents in this country. Any U.S. financial institution that has control over funds in which the foreign terrorist organization has an interest must report the existence of such funds to the Department of the Treasury.

### Improving Asset Seizure Laws

The proposed ICCA would significantly strengthen the ability of the United States to strike at the

finances of international criminals in a variety of ways. It will add numerous serious foreign crimes, including public corruption and fraud against foreign governments, as predicate acts for money laundering prosecutions.

It also will allow us to freeze the U.S. assets of criminals arrested abroad and will close loopholes related to foreign bank secrecy laws that criminals currently use to avoid forfeiture of ill-gotten gains from criminal enterprises.

### **3. Enhancing Bilateral and Multilateral Cooperation**

Bilateral anti-money laundering efforts with foreign governments will receive greater emphasis. Pursuant to PDD-42, the United States is actively engaged in negotiating with other governments to eliminate financial safe havens. These cooperative efforts include providing assistance in drafting money laundering laws and regulations, establishing anti-money laundering institutions, and providing training in civil and criminal financial crimes enforcement.

With U.S. encouragement, for instance, Mexico has enacted anti-money laundering regulations that impose large currency transaction and suspicious activity reporting requirements on Mexican financial institutions. The United States has assisted Mexico in creating a "financial intelligence unit" (FIU) to collect and analyze financial investigative information. FinCEN is the U.S. FIU and is recognized as a leader in the field. Many other countries also have sought and received U.S. assistance in developing FIUs. There are now at least 28 functioning FIUs throughout the world.

Financial Information Exchange Agreements (FIEAs) facilitate the exchange of currency transaction information between the Department of the Treasury and other governments' finance ministries. The United States currently has FIEAs with Colombia, Ecuador, Mexico, Paraguay, Peru and Venezuela.

Multilateral efforts are essential to fight money launderers, because they move their assets to the points of least regulation and enforcement. The United States is working with other countries to develop and promote international anti-money laundering standards. The United States is promoting a number of joint efforts, including those associated with the Summit of the Americas, the Financial Action Task Force (FATF), the Caribbean Financial Action Task Force (CFATF), the Inter-American Drug Control Commission (OAS/CICAD), the Egmont Group (of FIUs), as well as other groups. Through these processes, the United States supports a system of common standards, the cooperation of FIUs, and asset forfeiture and sharing. It also participates in mutual evaluations where experts of several countries evaluate another country's compliance -- including U.S. compliance -- with international anti-money laundering standards and recommend improvements.

Multilateral efforts have contributed to the enactment of anti-money laundering laws and regulations in a number of countries. In Europe, for example, since January 1994, Austria, Finland, Greece, Ireland, Monaco, the Netherlands and Spain have implemented new money laundering legislation ranging from the criminalization of money laundering to the creation of transaction reporting systems. In 1997, Colombia passed a civil forfeiture law allowing for the seizure of drug proceeds.



#### **4. Targeting Offshore Centers of International Fraud, Counterfeiting, Electronic Access Device Schemes and Other Financial Crimes**

Counterfeiting, advance fee and credit card fraud, and other crimes of financial deception have cost consumers, financial institutions and governments billions of dollars. The Administration will increase aggressive enforcement against foreign criminal groups engaged in financial schemes that victimize U.S. nationals, attack U.S. and international financial systems, threaten to destabilize foreign financial institutions, and undermine world economic progress.

##### Counterfeiting of Currency and Monetary Instruments

Because of vigorous anti-counterfeiting measures, the amount of counterfeit currency has dropped precipitously, with passed and seized counterfeit \$100 bills falling from \$126 million to \$53 million between 1994 and 1997. Nevertheless, the problem is significant and increasingly global. The Federal Reserve System estimates that approximately \$450 billion of U.S. currency circulates worldwide and that two-thirds of that currency circulates outside the country. As the demand for genuine U.S. currency grows overseas, so will the threat of counterfeiting by foreign organized crime groups. In fiscal year 1996, approximately 65 percent of all counterfeit U.S. currency detected domestically was produced outside our borders.

International counterfeiting schemes - furthered by improved copying and publishing technology - include reproduced financial instruments, such as commercial checks, traveler's checks and money orders. In addition, international criminal enterprises are increasingly using fictitious securities and negotiable instruments to defraud the government, individuals, corporations and financial institutions. Criminals have used bogus instruments to obtain government benefits, underwrite loans, serve as insurance collateral, and defraud individual investors, pension funds and retirement accounts.

The Administration will seek enhanced cooperation from foreign and domestic manufacturers to help prevent the production of counterfeit currency and instruments, partnerships with private sector financial institutions to improve detection of counterfeit instruments, and aggressive investigations to pursue counterfeiters in the international arena. The redesign of the \$100 and \$50 bills, which made them harder to replicate, is an example of preventive actions to combat counterfeiters here and abroad. At the same time, the Secret Service continues to strengthen its overseas presence to respond more effectively to any counterfeit currency and instruments actually produced.

##### Advance Fee Fraud

Advance fee fraud is committed largely by Nigerian criminal enterprises, and it has become one of the most lucrative financial crimes worldwide. Criminals purporting to be officials of their government, banking system or oil companies, mail or fax letters to numerous individuals and businesses in the United States, enticing them to take part in million dollar windfalls, but requiring "up front" fees to pay for bribes, taxes and legal fees - which must be paid before the deal can be concluded. Often, the criminals persuade victims to travel to Nigeria to close the deal, where they are then intimidated into further participation and sometimes are even killed.

Financial losses associated with these frauds are estimated in the hundreds of millions of dollars annually.

In response to this growing problem, the Secret Service and FBI have established programs designated to target advance fee frauds on a global scale. Through "Operation 4-1-9" (whose name is derived from the Nigerian criminal statute covering advance fee fraud), the Secret Service receives approximately 100 calls and 300-500 pieces of correspondence per day from potential victims and has established liaisons with the Departments of Justice and State, and with the Government of Nigeria. Those efforts have significantly reduced the number of reported victims.

### Access Device Fraud

Frauds involving a variety of financial "access devices" such as credit cards, debit cards, smart cards and communications systems that transfer financial data are a growing problem. Major credit card issuers estimate fraud losses in excess of \$2 billion dollars in 1996. Approximately one third of the issuers' losses occurred because of international fraudulent activity.

While South America and Mexico are emerging as centers of counterfeit credit card manufacturing plants, the criminal activity is global. A recent counterfeit credit card suppression case in Guanzhuang, China resulted in the seizure of thousands of counterfeit credit cards, uncut blank credit cards, magnetic strips, issuer holograms, embossers, encoders, laptop computers and extensive manufacturing equipment. The investigation revealed that the scheme stretched to Honolulu, Bangkok, Hong Kong, Macau, Canada, Taiwan, and Buffalo, New York.

Investigative activity against international financial frauds and the criminal groups that employ them will be increased. The proposed ICCA will enhance our ability to strike at credit card and other overseas access device fraud by authorizing U.S. law enforcement to take action when the activity is directed at U.S.-based payment systems or financial institutions.

## **VII. Preventing Criminal Exploitation of International Trade**

*Rapidly expanding commerce helps the American people, but more activity can also provide greater opportunities to criminals to misuse the trade and financial systems that facilitate the flow of goods and services between countries. . . . With the increased sophistication of financial systems, governments must address the vulnerabilities of these systems in a world where it is easier than ever to transfer money from one financial institution to the next, and from one country to the next.*

Robert E. Rubin  
Secretary of the Treasury  
July 23, 1996

More than one trillion dollars of merchandise moves in international trade across U.S. borders each year. Over 400 laws apply to merchandise as it crosses borders. These laws protect the American public from health and environmental threats, trade in endangered species, and violations of fair trade and intellectual property rights. They also ensure U.S. national security interests are advanced by enforcing economic sanctions against hostile regimes and international criminals and by preventing the export of sensitive technology to inappropriate destinations. These laws must be applied quickly and effectively without impeding the free flow of legitimate goods.

International criminals who seek to profit by undercutting America's trade laws may be less visible than drug or alien smugglers, but they remain a significant threat to our national security and economic stability. Investigators have found that trade crime is often one piece in the complex puzzle underlying international criminal offenses, such as arms smuggling, drug trafficking, and money laundering.

## **A. Goal: Prevent Criminal Exploitation of International Trade**

The Strategy seeks to prevent criminals from exploiting legitimate international trade. While legitimate international trade is furthered through voluntary compliance, preventive regulations and civil penalties, serious and repeated violations of trade laws are the appropriate subject of criminal investigations and sanctions. United States national security interests also are advanced by enforcing IEEPA-based sanctions against hostile regimes and international criminals and by preventing the export of sensitive technology to inappropriate destinations.

## **B. Objectives**

Interdict illegal technology exports through improved detection, increased cooperation with the private sector, and heightened sanctions;

Prevent unfair and predatory trade practices in violation of U.S. criminal law;

Protect intellectual property rights by enhancing foreign and domestic law enforcement efforts to curtail the flow of counterfeit and pirated goods, and by educating consumers;

Counter industrial theft and economic espionage of U.S. trade secrets through increased prosecution of offenders; and

Enforce import restrictions on certain harmful substances, dangerous organisms and protected species.

## **C. Programs and Initiatives**

### **1. Interdicting Illegal Technology Exports**

Strong but carefully targeted enforcement efforts will continue to be directed against the illegal

export of strategic and sensitive technologies, which can contribute to regional and global instability. Of particular concern are: illegal exports of technologies that can be used to develop and deploy nuclear, chemical and biological weapons of mass destruction (WMD); ballistic missile delivery systems for those weapons; and computer hardware, software, communications equipment and other devices that can be used to facilitate international terrorism and the commission of other international crimes.

Sophisticated automated systems will be used increasingly to target high risk export shipments for scrutiny and to detect illegal outbound shipments. Additionally, government agencies will expand their existing partnerships with companies in the export business to further encourage and facilitate informed, voluntary compliance with U.S. export requirements. In order to enforce our export control laws in a manner that does not impede legitimate trade, the United States employs highly trained, specialized licensing and enforcement officers who know the difference between legitimate and illegitimate export activity.

Selective use and careful targeting of economic sanctions, often including asset freezes against hostile regimes and other groups that threaten U.S. national security, is another weapon in the fight against illegal technology exports. The President already has expanded the use of economic sanctions to target terrorist groups and Colombian drug cartels. Such sanctions place the U.S. financial and economic systems off limits both to the groups themselves and to those conducting business on their behalf.

## **2. Preventing Unfair and Predatory Trade Practices in Violation of U.S. Criminal Law**

The United States has many bilateral agreements imposing quotas limiting the amount of certain products that can be lawfully exported to the United States. Quotas are only established when serious damage to U.S. domestic industry has been demonstrated or threatened. To evade these established quotas, foreign exporters and some U.S. firms illegally import these restricted goods in excess of the agreed limits using falsified visas, bogus letters of credit, or other fraudulent documents.

For example, textile products, primarily apparel, are often imported illegally in excess of agreed limits. The most common type of textile fraud is illegal transshipment, which occurs when textile goods produced in a country that is under quota are shipped through a third country that is either not subject to quota or not using all of its quota. The goods are falsely stated to have been produced in the third country instead of their true country of origin.

Effective action will be taken against those who threaten American jobs and earnings by thwarting textile quotas. The United States has been highly active in investigating and prosecuting textile fraud, establishing new tools to apply to this effort and taking steps to improve our cooperation with foreign governments. A textile clearinghouse established in 1996 gives the Customs Service the ability to identify shipment trends and patterns and improve its targeting of violators involved in illegal transshipments.

United States law enforcement initiatives in cooperative international efforts have also had significant success in stopping illegal textile shipments. In recent months, for example, the

government of Hong Kong in cooperation with U.S. law enforcement authorities prosecuted and convicted 39 factories for making false statements to obtain Hong Kong export licenses. The government of Macau also has assessed penalties on 14 factories that made false claims as to the origin of their goods in order to obtain textile visas.

### **3. Protecting Intellectual Property Rights**

Aggressive efforts at home and abroad are required to respond to the growing economic threat from counterfeit and pirated U.S. goods. Such trade endangers public safety and robs American industry and workers of the benefits of billions of dollars invested in research, innovation and artistic creation. The Administration, led by the U.S. Trade Representative, uses the World Trade Organization and U.S. domestic laws to discourage the production and trafficking of such merchandise. American companies lose over \$200 billion a year because of merchandise counterfeiting. International trafficking of counterfeit goods is also tied to organized crime and to the financing of terrorist activities. Counterfeiting, and copyright, trademark and patent infringement distort international trade, destroy markets and cause extensive losses to both domestic and foreign industries.

Federal agencies will work together and with their foreign counterparts to halt production at the source and to prevent what is manufactured from moving to market. Much counterfeit merchandise is produced overseas and makes its way to the U.S. underground market through illicit means. Customs utilizes the 22 Mutual Assistance Agreements it has with other nations to combat the flow of counterfeit merchandise into the United States. Similarly, the FBI and Department of Justice provide training in intellectual property rights infringement to foreign law enforcement entities. This training includes specific instruction on enforcement efforts against copyright violations and trademark infringement.

The CyberSmuggling Center, led by Customs, targets the use of the Internet by criminals to violate intellectual property rights violations. Officials from the center investigate international syndicates that are turning out millions of pirated audio and video CDs, to the detriment of the multibillion dollar U.S. entertainment industry. The center soon will monitor the Internet for other intellectual property rights violations, particularly those involving computer software.

Government agencies will also continue to work closely with the private sector to find cost-effective solutions and to educate consumers about the threat these counterfeit and pirated goods pose in order to stop the flow of infringing goods across our borders.

### **4. Countering Industrial Theft and Economic Espionage**

One of the most dramatic trends in international crime is the rise of industrial theft and economic espionage, which consists of stealing trade secrets from the U.S. government and U.S. businesses. For example, American businesses lose an estimated \$18 billion a year to international high tech robbery. Equally troubling, the culprits are sometimes agents of foreign governments whose intelligence agencies target U.S. entities as a matter of official policy.

The theft of proprietary trade secrets from our industries clearly threatens U.S. interests including

our national security. Foreign governments seek to acquire U.S. trade secrets involving sophisticated technologies with military applications. Foreign manufacturers seek to steal U.S. trade secrets to erode U.S. industries' overseas market competitiveness and technology leadership. Tough new action is essential against economic espionage in recognition of the scope of this threat.

### Economic Espionage Act

In 1996, Congress passed and the President signed new legislation to outlaw and combat economic espionage. The new law provides for penalties of up to 15 years in prison, a \$500,000 fine, or both. The new Act will continue to be strongly enforced through vigorous investigations and prosecutions.

## **5. Enforcing Import Restrictions on Harmful Substances, Dangerous Organisms and Protected Species**

With globalization of the world economy, environmental offenses often are international in scope, posing direct threats to human health, ecosystems and endangered species. The Administration is committed to preventing restricted substances and organisms, such as chlorofluorocarbons (CFCs), dangerous organisms, endangered species, and protected species of fish, wildlife and plants, from entering the United States undetected.

### Halting CFC Smuggling

Commonly used as a refrigerant in cooling systems, CFCs are known to contribute to depletion of the ozone layer. Under the Montreal Protocol, the United States and other developed nations agreed to a 1996 phase-out of CFC production and a ban on most CFC imports. Since then, a vigorous black market has developed in these chemicals, still legally produced abroad, for use in older machines not adaptable to other coolants. Estimates put the amount of smuggling at 20 million pounds of CFCs per year.

Particular emphasis is required on collaborative law enforcement efforts and international cooperation in combating the illicit CFC trade. For example, the National Chlorofluorocarbons Enforcement Initiative brings together the Department of Justice, Customs, the IRS, the Environmental Protection Agency and the FBI to stop the flow of these banned chemicals into the United States. Launched by this team, Operation Cool Breeze has led to 44 convictions and seizures of more than 1.9 million pounds of CFCs valued at approximately \$30 million. This operation is also responsible for the first international extradition of an individual charged with committing an environmental crime (smuggling CFCs into the United States). United States agencies will continue to work closely with other nations to secure responsible enforcement of trade laws affecting the environment.

### Ending Trafficking in Dangerous Organisms and Protected Species

In addition to CFC smuggling, the Administration is committed to fighting attempts to slip dangerous organisms and protected species into the country. Trafficking in endangered and

protected species threatens ecosystems around the world. The global illegal trade in wildlife is a billion dollar a year industry with people in the United States leading the list of buyers. This trafficking threatens the survival of species, negatively affects global biodiversity, and may be associated with the transmission of diseases and pests.

## **VIII. Responding to Emerging International Crime Threats**

*[T]he more open our borders are, the more freely people can travel, the more freely money can move and information and technology can be transferred, the more vulnerable we are to people who would seek to undermine the very fabric of civilized life, whether through terrorism, . . . weapons of mass destruction, organized crime, or drugs - and sometimes through all of the above.*

President Bill Clinton  
April 29, 1996

Our modern electronic infrastructure - computer systems that control everything from our power systems to our stock exchanges - is a potential target for attack by computer hackers and organized criminal enterprises. Such attacks pose a direct threat to our national security. With tools no more sophisticated than a computer and a modem, criminals around the globe also can steal millions of dollars from U.S. banks and launder the money without setting foot in the United States. These same technologies allow existing crime syndicates to create new, vast global networks for smuggling drugs and illegal firearms, and even weapons of mass destruction. As one example, the mafia in Italy has formed a strategic alliance with the Colombian drug cartels and Russian organized crime groups. Individuals can also use this new technology to exploit children by using personal computers to view and send child pornography and to lure minors into child prostitution.

### **A. Goal: Respond to Emerging International Crime Threats**

The United States must be ready to meet the new challenges posed by emerging criminal threats. We must take a multifaceted approach to address new, complex crimes such as trafficking in human beings and the activities of crime group alliances. While there will be a key role in these efforts for traditional law enforcement authorities, the nature and complexity of these emerging problems commands a broad range of private sector involvement as well. We must direct proactive countermeasures wherever possible, preparing ourselves for criminal activities before they occur and lowering our vulnerabilities to attack.

### **B. Objectives**

Disrupt new activities of international organized crime groups;

Enhance intelligence efforts against criminal enterprises to provide timely warning of changes in

their organizations and methods.

Reduce trafficking in human beings and crimes against children;

Increase enforcement efforts against high tech and computer-related crime; and

Continue identifying and countering the vulnerabilities of critical infrastructures and new technologies in telecommunications, financial transactions and other high tech areas.

## **C. Programs and Initiatives**

### **1. Disrupting New Activities of International Organized Crime Groups**

One of the most ominous developments confronting law enforcement agencies around the world is the expansion into new geographic areas and illicit activities by sophisticated organized crime groups in Russia and the other Newly Independent States of the former Soviet Union (NIS), Asia, Central and Eastern Europe, Asia, Africa, Latin America and elsewhere.

Intelligence indicates many of these organized crime groups operate similarly to more traditional, mafia-style organized criminal enterprises. Members often share a common ethnicity and culture, and they frequently come from the same families or cities. Loyalty and secrecy are enforced through violence and intimidation. These tight-knit groups are not easily infiltrated through undercover operations. Accordingly, law enforcement agencies must rely on more sophisticated investigative techniques.

Although these organized crime groups sometimes share common organizational traits, their criminal activities are varied. As one example, Asian organized crime groups -- such as the Chinese Triads -- that have historically been involved in heroin trafficking have recently become involved in alien smuggling and financial crimes. Japanese Boryokudan are involved in methamphetamine trafficking and financial crimes. Vietnamese groups are increasingly involved in drug trafficking, armed robberies of computer chip manufacturers and distributors, brutal home invasions, counterfeiting of credit cards and negotiable instruments, and alien smuggling, in addition to more traditional, violent organized crime and racketeering activities. Asian-based West African trafficking groups have also established drug trafficking and contraband smuggling ties with West African communities in the United States. United States-based Asian organizations are also active internationally, especially in Thailand, Canada, Taiwan and China. Because of the international scope of Asian organized groups, the Administration is expanding cooperative efforts with Vietnam, the People's Republic of China, Taiwan and South Korea.

Nigerian groups are actively involved in heroin distribution to the United States and Europe, cocaine smuggling and trafficking worldwide, banking, insurance, health care, welfare entitlement and advance fee fraud, illegal immigration, immigration benefit fraud, counterfeit document fraud, and money laundering. A high-level interagency working group meets regularly to discuss intelligence sharing, cooperative missions and other means of fighting these Nigerian narcotics traffickers and criminals. Many cabinet departments and agencies are currently



participating in a Nigerian criminal enterprises initiative. Participating officials have developed a unified plan of action to address this problem. The plan calls for creating domestic and international working groups, educating the public regarding the criminal activities of Nigerian criminal enterprises, coordinating the exchange of information among federal law enforcement agencies and the intelligence community, and initiating joint national and international investigations targeting Nigerian criminal enterprises.

Russian, other NIS, and Central and Eastern European crime syndicates have also demonstrated a particular interest in complex criminal activities, such as gasoline tax fraud, cyber security violations, bankruptcy fraud, insurance fraud, health care fraud, extortion and trafficking in women. Federal law enforcement authorities also have investigated U.S.-incorporated Russian front companies.

These companies have been linked to fraud against government agencies in Russia, Eastern Europe, and Eurasia. Their participation in fraudulent issuance of U.S. entry visas to Russian, Central and Eastern European, and Eurasian criminals posing as legitimate business persons is well documented. These criminal émigrés have been involved in a variety of crimes upon their arrival in the United States, ranging from simple theft to sophisticated fraud to murder.

Mexican criminal enterprises also represent an increasing threat to the United States because of the volume of drugs they transport, the violent crimes they perpetrate in furtherance of their trafficking, and the corruption of public officials they foster on both sides of our common border. It is estimated that they control the movement of 70 percent of the cocaine imported into the United States.

### New and Powerful Alliances

It is particularly disturbing that, in addition to establishing or augmenting footholds in the United States, some criminal groups are increasingly working together. For example, in a joint venture, Colombian cartels use Mexico as a staging or transshipment area for cocaine bound for the United States. Mexican criminal enterprises then charge a fee to transport drug loads for the Colombians, often in multi-ton quantities, across the U.S.-Mexico border. The Colombian cartels also have developed an alliance with Dominican criminal enterprises to assist in the transport of cocaine through the Eastern Caribbean to the United States -- principally through Puerto Rico and the U.S. Virgin Islands. Russian and Italian crime organizations within the United States have entered into an arrangement whereby Russian groups import heroin into the country and then turn it over to existing Italian distribution channels. Colombian drug trafficking syndicates, in turn, use Russian groups to distribute cocaine in Russia where it can fetch prices that are ten times the going street rate in the United States.

### Crime Group Vulnerabilities

International crime groups have many of the same vulnerabilities as international criminals in general. By denying safe haven to international criminals, striking at their assets and financial holdings, and preventing them from exploiting our borders, we can reduce their impact on American lives, communities, finances and security.

Concentrated action will be taken on several related fronts to respond to these disturbing developments, including cooperating with foreign partners in the investigation and prosecution of international crime groups and assisting our foreign partners in that endeavor by providing them with training and technical assistance in the recognition, investigation and prosecution of these groups.

**Cooperative Investigation.** American law enforcement officials have launched investigations of international criminals, often with the active participation of foreign counterparts. For example, U.S. law enforcement authorities teamed up with the Russian MVD in an investigation that led to the successful prosecution of Russian organized crime figure Vyacheslav Kirillovich Ivankov and five of his associates. Ivankov led an international criminal organization with operations in the United States, Europe and Canada. Russian MVD officers worked on this investigation side-by-side with U.S. law enforcement officers and were able to recognize and decipher codes used by the Ivankov organized crime group.

Federal agents have also established a working relationship with the Special Frauds Unit of Nigeria's Federal Investigation and Intelligence Bureau to combat Nigerian organized criminal activities that affect the United States. Nigerian police have used investigative leads provided by U.S. officials to execute a number of local search warrants resulting in the arrests of a number of Nigerian nationals.

The FBI, DEA and Customs Service are currently engaged in a coordinated and aggressive effort along the Southwest border to target key elements of Mexican criminal enterprises operating in Mexico and the United States. In January 1996, the leader of the Gulf Coast cartel, Juan Garcia Abrego, was arrested in Mexico and expelled to the United States. A jury in Texas found Abrego guilty of 22 counts of drug trafficking, and he is serving multiple life sentences. This effort also has led to the prosecution of several Gulf Coast cartel leaders, and the arrest and prosecution of the leaders of several other cartels operating along this border.

**Training Our Foreign Partners.** Foreign law enforcement officials who were students at our flagship overseas training facility, the Budapest-based International Law Enforcement Academy, have used techniques learned at ILEA to dismantle a drug laboratory in Poland, to pursue leads on Baltic organized crime families with U.S. ties, and to apprehend figures in Hungary and the Ukraine with ties to U.S. cells of overseas organized crime syndicates.

A new ILEA for Central and South America is now operational, and an Academy for East Asia is scheduled to become operational in 2000. These academies promote regional cooperation against crime and will strengthen law enforcement institutions in those regions. In the near future, federal law enforcement authorities are scheduled to hold conferences for federal, state and local investigators and prosecutors on ways to recognize and attack these organized crime groups.

## **2. Enhancing Intelligence Efforts to Provide Timely Warning of Changes in Criminal Organizations and Methods**

Collecting, analyzing and disseminating intelligence is central to striking international crime at its source. Intelligence pays substantial dividends in identifying trends in international criminal

activities and in tracking the structure, networks, methods of operations and vulnerabilities of international criminal organizations. Mechanisms are in place to ensure that intelligence efforts are directed towards meeting the highest priority needs of policymakers and federal law enforcement agencies. The intelligence community will enhance its efforts to provide detailed and timely information to U.S. law enforcement agencies to help them prevent international crime and dismantle criminal organizations.

To improve intelligence collection against drug trafficking organizations, the Administration established the White House Task Force on the Coordination of the Counter- drug Intelligence Agencies. The Task Force is coordinating a senior level interagency review of counterdrug intelligence missions, functions and resources. This assessment is analyzing the effectiveness of intelligence collection, analysis and dissemination among federal agencies. The objective is to improve the intelligence system to provide timely and complete information at all levels of the international drug control effort, including strategy development, operational planning, and tactical execution. By the end of the summer of 1998, the Task Force plans to develop specific recommendations to refine and enhance the intelligence infrastructure, identify resource needs, and upgrade coordination among agencies that collect, analyze and use intelligence products. It will also provide recommendations on ways to improve sharing of information among federal, state and local agencies.

### **3. Reducing Trafficking in Human Beings and Crimes Against Children**

Attracted by enormous profits and minimal risks, criminal groups at all levels of sophistication are involved in trafficking of women and children as human cargo across international borders for sexual exploitation and forced labor.

The fall of communism, coupled with the advent of a global economy, has fueled the dramatic rise of this modern form of slavery where women are repeatedly sold and abused. Women from the NIS, Central and Eastern Europe and developing countries are easy prey because they are desperate to leave their countries for economic reasons. By posing as legitimate businesses such as modeling agencies, employment companies, international matchmaking organizations, or even cultural exchange organizations, criminal groups offer hope of jobs and marriages to desperate women. In reality, they are sham promises often leading to debt bondage, threats to the women's families, and outright violence.

#### Efforts to Combat Trafficking in Women and Girls

To combat trafficking in women and girls, aggressive preventive, enforcement and protective efforts will be undertaken as well as a broad-based, interdisciplinary dialogue on the best ways to lessen this deplorable activity. The President's Interagency Council on Women has established an interagency working group chaired by the Department of State's Senior Coordinator for International Women's Issues. Drawing on senior officials from federal agencies, the working group uses an interdisciplinary and coordinated approach involving participants from law enforcement, migration, health, labor and grassroots organizations. The working group is reviewing and implementing measures to combat trafficking in women and girls in the areas of prevention, enforcement and protection.

The President has recently issued an executive memorandum directing relevant agencies to undertake various activities to combat trafficking of women and girls. The memorandum directs: (1) the President's Interagency Council on Women to coordinate the U.S. government response on trafficking in women and girls, in consultation with nongovernmental groups, and to convene a gathering of government and nongovernmental representatives from source, transit and destination countries and from international organizations to call attention to the issue and develop strategies for combating this fundamental human rights violation; (2) the Attorney General to examine the current treatment of victims of trafficking, including their safety upon return, their ability to cooperate as witnesses against traffickers, and the possibility of granting them temporary or permanent legal status, as well as to review existing U.S. criminal laws to determine if they are adequate to prevent and deter trafficking in women and girls, and make appropriate recommendations for changes in these laws or for further additional resources to meet the needs of law enforcement in this area; and (3) the Secretary of State to use the U.S. diplomatic presence around the world to work with source, transit and destination countries to develop strategies for protecting and assisting victims of trafficking, to expand and enhance anti-fraud training, to work jointly with the government of Ukraine to coordinate an intergovernmental response to combat trafficking in women and girls from that country (for possible use as a model for other countries), to expand and strengthen assistance to the international community in developing and enacting legislation to combat trafficking in women and girls, and to increase public awareness campaigns aimed at warning victims of methods used by traffickers.

Prevention measures include research, public awareness, overseas deterrence, and law enforcement and immigration training and technical assistance. Enforcement measures include enacting and enforcing laws and regulations against trafficking, reviewing existing legislation and developing new legislation, instituting stronger penalties for trafficking (including financial asset forfeiture) and training U.S. criminal justice officials. Protection measures consist of reviewing and fine tuning current visa rules to address better the needs of victim witnesses as well as offering housing, economic alternatives and legal and medical counseling to victims. The United States is also working cooperatively with the European Union to conduct information campaigns to combat trafficking of women in Poland and Ukraine.

### Crimes Against Children

One of the most troubling aspects of the increasingly global nature of criminal activity is the dramatic rise in international crime against children. International child pornography rings are operating in dozens of countries, often through the Internet and other global distribution networks. New technology allows these pornographers to store vast quantities of digital images on small and portable devices which makes it more difficult to detect their movement across international borders.

Law enforcement agencies are also reporting an increase in international sex tourism in which travel companies arrange for adults to travel to foreign countries to have sex with children. Generally, the adults travel from the United States or Europe to poor, developing countries in Asia and South America. The children -- some not even teenagers -- have been sold by their families or kidnapped and forced into virtual bondage. Sex tourism is an estimated \$1 billion per

year business worldwide.

Federal law enforcement agencies have responded aggressively to this growing problem of international child exploitation. Tough new federal laws have been enacted against child pornography.

Customs has dedicated a unit to combating international child pornography, including on the Internet, since 1985. The FBI also has launched an online undercover initiative - Operation Innocent Images - that targets both domestic and international child pornography hustlers on the Internet. Since its inception in 1995, Operation Innocent Images has resulted in 186 convictions. Law enforcement forensic specialists utilize high tech identification systems to track down pedophiles who transmit correspondence or pornographic literature across our borders. Secret Service forensics teams have also worked with the National Center for Missing and Exploited Children to develop a computerized image enhancement system to improve the quality of pictures of missing children for use in identifying and recovering them.

Federal law enforcement officials have trained their colleagues from the Departments of State and Defense, as well as foreign law enforcement authorities, in the investigation and prosecution of child pornography and exploitation cases. These efforts are designed to achieve an interagency and global exchange of information, allowing for swift communication and response when evidence of international child pornography is uncovered.

### Child Labor Exploitation

Children are also exploited in factories around the world for their cheap labor. Federal law enforcement agencies have initiated a program in conjunction with the U.S. Trade Representative, domestic industry, and special interest groups, to combat the importation of goods and merchandise produced by forced child labor. This aggressive enforcement program is designed to prevent the importation of merchandise produced by exploited children and to prosecute individuals who knowingly import the prohibited items.

## **4. Increasing Enforcement Efforts Against High Tech and Computer-Related Crime**

### Telecommunications Advances and Related Crimes

Telecommunications crimes, such as the "cloning" of cellular telephones, have become a vehicle criminals use to acquire free, anonymous telephone service. In some cases, criminals have learned how to commit these crimes from Internet and electronic bulletin board communications. Advances in wireless telephone and international roaming services are providing new opportunities for criminals to commit telecommunications crimes and to use telecommunications services to further other illicit schemes. The Administration has launched new initiatives to combat high tech and computer crime.

CCIPS. In 1996, the Department of Justice created a new Computer Crime and Intellectual Property Section (CCIPS). This unit is staffed by nearly two dozen attorneys who combine street smart law enforcement experience with sophisticated technical expertise. The section is also

active in training state and local agents and prosecutors as well as law enforcement officials from other nations.

The CCIPS organized and currently chairs the Infotech Training Working Group (ITWG). The ITWG's mission is to develop, identify and coordinate training on computer, network and other high tech crimes at the federal, state and local levels. To accomplish its mission, the ITWG will continually assess training needs for federal, state and local law enforcement across a broad range of high tech issues. The group will plan a comprehensive training program that includes diverse courses for meeting these many different training needs.

*Technology permits us wonderful new opportunities, but it can also be misused just as creatively to threaten public safety and national security. The public is beginning to understand that information technology, like other human creations, is not an unqualified good. Whether it benefits us or injures us depends almost entirely on the fingers on the keyboard. So while the Information Age holds great promise, it falls, in part, upon law enforcement to ensure that users of networks do not become victims of New Age crime.*

Janet Reno  
Attorney General  
June 14, 1996

NIPC. Recognizing the need to bolster the nation's ability to protect critical national infrastructures, the National Infrastructure Protection Center (NIPC) was formed at FBI headquarters in February 1998. The NIPC will focus the federal government's efforts to detect, deter, prevent, assess, warn of, investigate, and respond to attacks on the nation's critical infrastructures. The NIPC will create a comprehensive process of interagency and private sector information sharing and analysis that will ensure that information flows rapidly to the appropriate authorities and decision makers. The NIPC will also provide policy-makers, investigators, and consumers with real-time information, threat indications and assessments, and training coordination in the areas of cyber investigations and infrastructure protection.

The NIPC will establish the necessary roles and partnerships with the private sector and all relevant government agencies -- federal, state and local. It will also provide a critically needed operations center to help manage crisis and provide coordination as appropriate.

USAO-CTC. Each of the 93 U.S. Attorney's Offices has a designated Computer and Telecommunications Coordinator (CTC) who serves as the expert in that district on high tech crime and is given specialized training in both computer crime and intellectual property protection. The CTC also acts as a liaison between the individual U.S. Attorney's Office and other federal, state and local investigative agencies, the private sector, and headquarters at the Justice Department.

IRS-CI. The IRS-CI has led a Treasury computer training initiative through which special agents are trained and equipped to serve as computer investigative specialists. The FBI, Secret Service and Customs have established programs to coordinate the investigation of computer-related crimes, including those related to terrorism, intelligence intrusions, and attempts to compromise

telecommunications systems. These agencies work with local officials to identify critical infrastructure vulnerabilities and to plan for foreseeable contingencies. Through these programs, law enforcement will be better positioned to prevent and counteract threats to computers, information technologies and components of critical national infrastructures.

The Administration will promote strong information sharing among federal, state and local law enforcement authorities on emerging international crime issues. Local authorities may be first to receive information on acts of emerging crime, and it is vital that they learn how to recognize those acts as symptoms of emerging international crime problems.

### International Efforts

Under the 1997 U.S. presidency of the G-8, a Subgroup on High Tech Crime was formed and since then has met regularly. The work of these experts is focused on developing the tools that law enforcement authorities need to locate and identify computer criminals and to collect evidence of their crimes so that they may be brought to justice. Countries are also reviewing their laws to ensure that abuses of telecommunications technologies are adequately penalized. These efforts culminated in the first ever meeting of justice and interior ministers of the G-8 in December 1997 which highlighted efforts to promote new international cooperation on high tech crime. The ministers agreed to a ten-point action plan that included commitments to:

Ensure that a sufficient number of trained and equipped law enforcement personnel are allocated to the task of fighting high tech crime;

Establish an international network of high tech points of contact available 24 hours a day to respond to requests for assistance in high tech crime investigations; and

Develop faster ways to trace attacks through computer networks, so that the source of a hacker attack can be quickly determined.

In the Council of Europe, the Committee of Experts on Crime in Cyberspace at which the United States is an observer, began its third project in criminal law and information technology in April 1997, after having issued recommendations in 1990 and 1995 on substantive computer-related crime and criminal procedural law. The aim of this third effort is to draft a binding instrument with emphasis on international issues. The new effort, for which terms of reference expire on December 31, 1999, will cover a range of issues involving crime in cyberspace. These issues are expected to include cross-border search and seizure methods, as well as international tracing mechanisms. The United States, although an observer country, takes an active role in the committee's deliberations.

### New Legislation

New legislative tools are also needed to combat high tech computer crime and financial crimes. The proposed ICCA would provide authority to use electronic surveillance -- now restricted to offenses such as drug trafficking and white collar crime -- in the investigation of all serious computer crime offenses. In addition, the Administration supports proposed legislation that

would make it clear that federal criminal laws apply to automatic teller machine (ATM) and access device fraud against U.S. financial institutions, even if the offenses occurred outside the United States.

### Addressing the Problem of Encryption

The widespread use of encryption by criminals poses a serious risk to public safety. Encryption may be used by drug lords, terrorists and violent gangs to communicate about their criminal intentions with impunity and to maintain electronically stored evidence of their crimes in a form that frustrates search warrants and wiretap orders.

It must be a priority for industry to develop robust encryption products that protect the confidentiality of the communications and stored data of citizens and businesses needed for legitimate electronic commerce and businesses. However, law enforcement's ability to gain access to evidence as part of legally authorized search or surveillance must be preserved. One method to achieve this balance is through the use of data recovery products or services, including so-called key-recovery products. Such products allow for law enforcement agents, pursuant to lawful process, to access "plain text."

Considerable progress in combating encryption by criminals has been made by relying on industry-led, market-based solutions, particularly in the area of key recovery for stored data products. The Administration is building on that progress by engaging industry and foreign governments to develop other cooperative, innovative solutions that assist in preserving these important tools for law enforcement.

### **5. Continue Identifying and Countering the Vulnerabilities of Critical Infrastructures and New Technologies**

It is difficult to predict precisely where the next criminal application of high technology will emerge. However, it is important to study advances in the fields of telecommunications, financial transactions, the Internet, and other high tech areas to determine where they are vulnerable to attack and compromise.

### President's Commission on Critical Infrastructure Protection

The President's Commission on Critical Infrastructure Protection was created to study vulnerability concerns related to critical infrastructure -- telecommunications, electric power, oil and gas, transportation, banking and finance systems, water, emergency services, and government services for example. All these systems are dependent on the underlying computer and communications infrastructure; therefore, the Commission has devoted significant attention to cyberthreats. In October 1997, the Commission issued recommendations that called for government, private sector and joint research and information sharing efforts to insure the uninterrupted operation of U.S. critical infrastructures.

In partnership with other government agencies and private sector enterprises, the FBI has created the National Infrastructure Protection Center (NIPC) which will coordinate efforts to detect,



prevent and respond to attacks on the nation's information systems and the critical infrastructures that rely on them. The NIPC will ensure that information and analysis on this vital topic is shared by all appropriate decision makers in government and the private sector.

### Further Efforts to Research Emerging Problems

Recent high tech advances include new media for conducting financial transactions electronically, such as the Integrated Circuit (or smart) Card. Electronic commerce today is an estimated \$400 million a year industry, but by the year 2000 it could increase to as much as \$3 trillion annually. Smart card technology will enable multiple currency values to be maintained on a card and transferred to another card or around the world via computer or telephone. This technology is fast becoming standardized for financial and telecommunications services. Shifting from paper to electronic money will present new international challenges for law enforcement, most notably in money laundering and fraud-related crime, as ever larger sums are stored on these small, portable cards. Further research efforts focused on emerging technology's vulnerability to international crime will be undertaken.

### Public-Private Partnerships

For nearly two decades, under the auspices of the National Security Telecommunications Advisory Committee and its subsidiary Network Security Information Exchanges, law enforcement and national security officials have been discussing with their counterparts in the telecommunications industry emergency preparedness, system vulnerabilities, and related matters.

In addition, several years ago, the predecessor of CCIPS set up an Industry Information Group to discuss technical capabilities for pursuing criminal investigations, assistance by law enforcement to industry, and similar matters. The membership of this group, traditionally confined to hardware, software, and telecommunications companies, has been expanded in recent months to include Internet service providers.

New public-private partnerships aimed at preventing computer crime and protecting critical infrastructure also are essential. One promising initiative is InfraGard, a group of computer professionals brought together by the FBI's field office in Cleveland. The group, formed in response to a 1996 presidential directive to protect the nation's computer infrastructure, shares information about computer security problems and solutions. Significantly, member companies agree to report hacking and other computer crime incidents to law enforcement authorities -- something many firms are reluctant to do because it indicates that the firms have been vulnerable to these crimes. Law enforcement and the private sector have co-hosted a number of high tech crime conferences. In addition, a computer crimes conference held in New York in March 1997 was attended by a cross section of international law enforcement and justice representatives.

FinCEN, along with other federal law enforcement agencies, has established relationships with smart card associations and industry leaders and is participating in developmental, security and standards groups. The Secret Service has expanded its Electronic Crimes Laboratory to accommodate smart card analysis and has initiated training for investigators and prosecutors in

new technology developments. Sandia and Los Alamos National Laboratories are studying emerging technologies for vulnerability and are working with law enforcement authorities to protect against exploitation of such technology for illegitimate purposes. The High Technology Crime Investigation Association, a law enforcement and industry collaboration, promotes voluntary information exchanges about advanced technology investigations and security.

Efforts will continue to bring together public sector, private sector and research institution experts to identify and plan responses to potential and actual hostile uses of these and other new technologies.

### Project Orphan: U.S. and Canadian Law Enforcement Break Up International Prostitution Ring

In September 1997, INS and the Canadian Combined Forces Special Enforcement Unit arrested 50 people on over 750 charges relating to prostitution and immigration fraud in Toronto and San Jose, California. These arrests were the result of an 11-month investigation known as "Project Orphan" which began with information obtained from an INS informant about an international prostitution network operating in Toronto, Vancouver, Los Angeles and San Jose. Women from Thailand and Malaysia between the ages of 16 and 30 had been recruited by syndicates in South East Asia and trafficked to North America through Vancouver. Brothel owners had paid these syndicates between \$7,500 and \$15,000 for each woman. The women then had to pay off their \$40,000 debt (to cover transport and the owner's payment) by working as prostitutes and were routinely transferred among brothels in California and Canada.

### Project Special Delivery: Stopping International Child Pornography

A two-year investigation by the Postal Inspection Service begun in 1994 led to the shut down of the largest known distributor of child pornography in U.S. history. The investigation, known as Project Special Delivery, centered on Overseas Male, a company operating from Mexico and San Diego that distributed videos depicting children as young as seven years old engaged in various explicit sexual acts. One principal of the company was arrested by Customs during a routine border check in June 1994, and the other was found dead in Mexico. After the company was shut down, federal agents began investigating the buyers of the videos and have since made numerous arrests and secured several convictions.

### Computer Hacking at Harvard

Law enforcement officials used the first ever court-ordered wiretap on a computer network to catch Julio Cesar Ardita, a native of Argentina, who broke into Harvard University computers and stole a series of accounts and passwords. Using those stolen accounts, Ardita then gained unauthorized access to computers at various U.S. military sites across the country. Cooperation between U.S. and Argentine law enforcement authorities led to the seizure of Ardita's computer files and equipment in Buenos Aires and to the filing of criminal charges against him in the United States. Ardita has now entered into a plea agreement.

### Electronic Extortion on the Internet

American and German law enforcement authorities teamed up to locate and arrest conspirators in a plot to extort a South Florida Internet service provider. Hackers broke into and shut down eight of the ten servers the provider used to service approximately 10,000 customers in South Florida. They demanded \$30,000 be delivered to a mail drop in Germany in exchange for information related to the providers' customers and security systems. U.S. and German authorities worked together to set up surveillance at the mail drop. After the money was picked up, one individual was arrested, and two other accomplices were later identified.

### International Cybercrime: Instant Online Theft Across the Globe

Cooperation among private sector executives, U.S. federal agents, and numerous foreign law enforcement officials enabled the United States to charge and bring to New York in September 1997 the perpetrator of the first documented case of online bank theft. Vladimir Levin pilfered \$5 million from Citibank accounts worldwide, and placed them into his accomplices' accounts in the United States, Israel, Finland, Germany, the Netherlands and Switzerland. Levin worked from a small business in St. Petersburg, Russia, and he accomplished his crimes with a home computer and modem. Russian Ministry of the Interior (MVD) officers and FBI worked closely to investigate the case, and Russian police officers traveled to New York in August 1996 to obtain evidence related to the case. Levin was extradited to the United States in 1997, pled guilty in January 1998 to conspiracy to commit bank fraud, and was sentenced in February 1998 to 36 months' imprisonment.

## **IX. Fostering International Cooperation and the Rule of Law**

*We have to . . . understand what American foreign policy is about. It is to protect the security of [America] and the American people and our way of life. We have to develop a set of partnerships with countries in order to deal with global threats that we have not seen before.*

Madeleine K. Albright  
Secretary of State  
January 7, 1998

Many threats to U.S. interests are truly international in nature, whether from smuggling across our borders and shores, from distant safe havens around the globe, or via the borderless, technological web that harnesses the world's communications and financial systems. To respond to these threats, we must not only act in an efficient and effective way at home, but in bilateral and multilateral venues as well. Without effective law enforcement throughout the international community, criminals will continue to threaten U.S. interests simply by conducting their activities from and through those jurisdictions where law enforcement is weak. The Strategy calls for bringing bipartisanship and adequate resources to bear in cooperative initiatives with our international partners. It also calls for working with like-minded governments and international institutions that are able to exert influence in those parts of the world where our influence is particularly limited.

## **A. Goal: Foster International Cooperation and the Rule of Law**

The Strategy aims to foster international cooperation and the rule of law as a means to attack the phenomenon of globalized criminal activity. As this criminal activity cuts across national borders and jurisdictions, it is essential that institutions within and among the states of the world be committed to, and capable of, combating this phenomenon. For such institutions to be successful, it is crucial that the societies in which they function adhere to the rule of law as a rule, not an exception. This goal can be achieved by working with our international partners to create common norms to fight international crime, promote compliance with those norms, encourage collaboration on law enforcement efforts, and enshrine in societies worldwide a dedication to principles of lawfulness.

## **B. Objectives**

Establish international standards, goals and objectives to combat international crime by using bilateral, multilateral, regional and global mechanisms, and by actively encouraging compliance;

Improve bilateral cooperation with foreign governments and law enforcement authorities through increased collaboration, training and technical assistance; and

Strengthen the rule of law internationally as the foundation for democratic government and free markets in order to reduce societies' vulnerability to criminal exploitation.

## **C. Programs and Initiatives**

### **1. Establishing International Standards, Goals and Objectives to Combat International Crime**

Establishing international norms, securing agreements to promote compliance with those norms, forming cooperative operational mechanisms and overcoming political resistance opposed to cooperative operations are the core of the Administration's strategy to foster international cooperation and the rule of law. The United States is a leading member of important regional and international crime control organizations and is a signatory to numerous agreements dedicated to fighting international crime. The Administration seeks to craft not only workable solutions to international crime problems, but also to create cohesive, multilateral pressure against governments that fail to combat international crime.

#### Key International Venues

The G-8. At the June 1997 Denver Summit, the participants recommitted themselves to fighting international crime. During the 1997 U.S. chairmanship, the G-8's Senior Expert Group on Transnational Organized Crime (the Lyon Group) substantially implemented its Forty Recommendations. The Group endeavored to gain worldwide acceptance of its recommendations as principles for combating all aspects of international crime. Four of the Group's recent key accomplishments include: (1) denying safe haven to criminals by strengthening prosecutorial

processes, information sharing, and extradition and mutual legal assistance arrangements; (2) combating weapons smuggling with advanced tracing techniques and joint training programs; (3) protecting national borders with improved security and anti-fraud measures; and (4) preventing and detecting high tech crime by building consensus on crucial legal and technological issues.

Another ministerial working group on financial crime has made strides toward improving international cooperation between law enforcement agencies and financial regulators to curb serious financial crimes and regulatory abuse. The Administration will continue to participate vigorously in this productive, multilateral anti-crime effort at the May 1998 Summit in Birmingham, England and beyond.

UN Crime Commission. The United States is actively involved in the UN Crime Commission, a functional commission of the UN Economic and Social Council, and the related Center for International Crime Prevention (UNCICP). UNCICP will move from merely undertaking research projects that promote international law enforcement standards to providing technical assistance and institution building programs addressing high priority criminal activities such as organized crime and corruption. In addition, through UNCICP, the Administration will seek to persuade other states to adopt legislation addressing mutual legal assistance and extradition issues, and it will pursue an international convention against international organized crime.

UN Drug Control Program. The United States works with the UN Drug Control Program (UNDCP) and the related Commission on Narcotic Drugs (CND) to advance the goals of the 1988 UN Drug Convention. The United States is a major donor to the UNDCP and through the UNDCP seeks to develop and implement programs that reinforce and complement our international drug control efforts, especially in those countries where our influence is limited. Through UNDCP, the Administration is seeking to: (1) implement counternarcotics programs in Burma and Afghanistan, the world's largest illicit opium producers; (2) leverage Western European support for international anti-drug efforts; (3) establish drug control institutions and regional cooperation in the Newly Independent States of the former Soviet Union and Central and Eastern Europe (NIS); (4) strengthen host government law enforcement and judicial institutions; (5) provide advice on drafting national legislation to implement the UN Drug Convention; (6) provide training and technical assistance to help countries implement chemical control regimes; and (7) continue our maritime cooperation training program. The Administration support delivery of these programs through UNDCP and to play a leadership role in the CND as the Commission prepares for the June 1998 UN General Assembly Special Session on International Drug Control.

*Because international criminals respect no law or border it is in every nation's interest to fight them together.*

Madeleine K. Albright  
Secretary of State  
July 28, 1997

Summit of the Americas. At the Summit of the Americas in December 1994 hosted by President Clinton in Miami, the Heads of State and Government of the Western Hemisphere agreed there

was a need for intensified action by all their governments, individually and collectively, to address the problems of illicit production and trafficking of drugs and their illegal use. Plans of action were developed in the Summit of the Americas process to bar laundering of the proceeds, property and instrumentalities of criminal activities. At the April 1998 Summit held in Santiago, Chile, the Administration worked closely with its hemispheric partners to improve further regional anti-crime cooperation. In addition, they committed to develop under OAS auspices a multilateral counterdrug evaluation mechanism.

**Dublin Group.** Through the Dublin Group, which meets annually, the Department of State disseminates information to other governments about U.S. counternarcotics policies and objectives and tries to enlist support for them. In addition to the United States, Group members include Austria, Australia, Belgium, Canada, Denmark, France, Finland, Germany, Greece, Iceland, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, and the United Kingdom. Mini-Dublin Groups, which operate around the world in smaller regional groupings sponsored by individual host nations, provide excellent forums to examine host country counternarcotics programs and to identify areas for improvement. Continued U.S. support will be provided for these initiatives.

**Colombo Plan.** United States participation in the Colombo Plan Drug Advisory Program -- a regional organization based in Sri Lanka and comprising over 20 Asia-Pacific jurisdictions -- bridges the supply and demand sides of the international drug problem, complementing bilateral U.S. assistance for regional law enforcement narcotics training throughout South Asia with drug prevention programs in Southwest and Southeast Asia. The United States will maintain its involvement in the Colombo Plan, which helps achieve U.S. goals in countries where direct American influence has been limited.

**CICAD.** The United States is also the principal financial sponsor of the Inter-American Drug Control Commission (CICAD) of the Organization of American States, which was founded in 1986 as both a program and policy body to address issues of drug supply and demand in the Western Hemisphere. Through CICAD, OAS members work together to reduce the supply of illegal drugs and to control chemicals used to manufacture them. CICAD also promotes education about the harmful effects of drug use and encourages treatment of drug problems. Active U.S. participation in CICAD will continue.

**FATF.** Encouraging worldwide adoption of internationally accepted anti-money laundering standards is another key to the Strategy. The United States is a leading member of the Financial Action Task Force (FATF). Comprising 26 jurisdictions plus two regional bodies that represent the world's major financial centers, FATF is the global leader in its field. Under the U.S. presidency of FATF in 1996, the organization revised and reissued its Forty Recommendations on combating money laundering to extend their scope beyond the laundering of illegal drug proceeds to include monies derived from all serious crimes and to mandate the reporting of suspicious transactions by financial institutions. A second round of mutual evaluations -- assessments of a member state's anti-money laundering measures by representatives from fellow members -- also started last year and will continue through the next several years. In the coming years, the FATF will promote the development of regional FATF-style bodies and will likely increase its own membership to expand its effectiveness. As FATF norms continue to gain

prominence throughout the world, so too do the anti-money laundering practices that the United States and other FATF members are continuing to develop and implement.

CFATF. The Caribbean Financial Action Task Force (CFATF) comprises 24 regional jurisdictions and is supported by five Contributing and Supporting Nations including the United States. CFATF has not only adopted FATF's Forty Recommendations, but also has developed and adopted 19 additional region-specific recommendations and is in the process of conducting a first round of mutual evaluations of its members. As technology improves and continues to provide new ways to steal and launder money, CFATF is attacking these problems by bringing together experts on issues such as cyberpayment systems and Internet gaming. With the active support of the United States and our international partners, CFATF is emerging as a model for development of other regional anti-money laundering organizations around the globe.

Multilateral Groups to Combat Alien Smuggling. In addition to the G-8 and the UN Crime Commission, the United States is involved in other multilateral efforts to combat alien smuggling. These groups include the Inter-Governmental Consultations Group on Asylum, Refugee and Migration policies (IGC), the Budapest Group and the Puebla Group. The IGC is composed of immigration experts from 15 countries in North America, Australia and Western Europe, and its focus is alien trafficking and returns. The Budapest Group, composed primarily of European countries, has a similar mandate and focuses on illegal immigration through Central and Eastern European states. The Puebla Group, established in March 1996, consists of Central and North American immigration officials who cooperate in the areas of migration, alien smuggling, migrants' human rights, and technology applications. The United States will continue to use its membership in these multilateral groups to exchange information on smuggling trends, coordinate bilateral and multilateral operations, and encourage countries to enact and update their statutes criminalizing alien smuggling.

WCO. The United States is the principal financial sponsor of the World Customs Organization (WCO), which has over 145 member countries spanning the globe. In addition to facilitating international trade -- which serves our national interest, economic security and foreign policy objectives -- the WCO's enforcement and training activities serve our crime fighting goals. These activities include interdicting illegal drugs and other contraband, promoting anti-smuggling and anti-money laundering initiatives, reducing commercial fraud, promoting effective enforcement of intellectual property rights, and fighting emerging crime problems, such as Internet-related crimes. During the coming year in the WCO, the United States will promote improved information exchange on measures for detecting and responding to illicit trafficking in radioactive materials, encourage the development of a WCO-UNDCP-INTERPOL project to share seizure information on illicit drugs, and promote the establishment of a model code of conduct to guide WCO members in customs transactions and to maintain transparent customs administrations.

*Crime does not respect international borders. That is why it is so important that our nations work together to prevent criminal activity and pursue criminals wherever they may flee.*

Janet Reno  
Attorney General  
November 17, 1997

INTERPOL. The continuing U.S. role in the International Criminal Police Organization (INTERPOL) also furthers the Strategy. INTERPOL serves as a conduit for the rapid and secure exchange of international criminal investigative information among the police forces of the member countries. As stated in its constitution, the organization's goals are "to ensure and promote the widest possible mutual assistance between criminal police authorities within the limits of laws existing in the different countries and in the spirit of the Universal Declaration of Human Rights." INTERPOL is currently expanding its criminal database, and improving data capture, query methods and response time. The Administration fully supports these goals, and the United States will continue to participate actively in INTERPOL.

EUROPOL. Under our New Transatlantic Agenda with the European Union, we are considering cooperative efforts with EUROPOL, an intelligence analysis center that is being created by agreement of the members of the European Union. As this police organization becomes fully operational, the United States will seek to negotiate cooperative agreements between EUROPOL and U.S.-based law enforcement authorities.

### Key International Agreements

Our bilateral agreements on extradition, mutual legal assistance, maritime drug smuggling, stolen vehicles, and other anti-crime measures are critical to implementing the Strategy. So too are the multilateral agreements into which the United States has entered. While multilateral agreements underlie the majority of the regional and international organizations in which the United States participates, a few are of special importance to the Strategy.

UN Drug Convention. The 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988 UN Drug Convention) is the principal international agreement underlying the world's efforts to stop the production and transportation of illegal drugs. Approximately 150 nations and jurisdictions around the world have signed, ratified or acceded to the 1988 UN Drug Convention, which also serves as the basis for global precursor chemical control, anti-money laundering measures, asset seizure provisions, extradition and mutual legal assistance. An original Convention signatory, the United States actively continues to promote its goals and objectives whenever possible.

Chemical Precursor Agreement. In May 1997, the Administration signed the Chemical Precursor Agreement with the European Union. The agreement provides for advance notification of chemical shipments between the parties so that the importing country can verify the legitimacy of the proposed end use and end user. For some chemicals, shipment will not be permitted absent the authorization of the importing country. Further, the agreement provides for information exchange on suspicious shipments to third countries. A joint U.S.-European working group met in November 1997 and established concrete measures and procedures to implement the agreement. As a result, law enforcement and regulatory authorities are now exchanging information on proposed shipments of controlled chemicals to identify and halt potentially suspect shipments.

### Multilateral Chemical Reporting Initiative (MCRI).

The MCRI is a U.S. initiative, launched in 1997, to promote information exchanges between



major chemical trading nations, which are essential to preventing diversion of chemicals from legitimate commerce to illicit drug manufacture. Information sharing limits traffickers' ability to "shop" among chemical source countries until they obtain chemicals from a country unaware of their intention to divert it for illicit purposes. With information exchange, chemical source countries can share information on the identities of illicit customers and curtail such shopping. The MCRI, an informal, voluntary cooperative arrangement, promotes the participation of all chemical source countries in the information exchange process to the extent permitted by their commercial confidentiality policies and regulations.

**OAS Mutual Assistance Treaty.** The Inter-American Convention on Mutual Assistance in Criminal Matters and its accompanying Optional Protocol (which allows for cooperation in international tax cases) were signed by the United States in 1995 and advance the Strategy's goals. Awaiting Senate ratification, these instruments are the first multilateral treaties among OAS members for international judicial cooperation.

**IPR Treaties.** The Administration promotes improved protection of U.S. intellectual property rights (IPR) through the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, the World Intellectual Property Organization (WIPO) Copyright Treaty, and the WIPO Performances and Phonograms Treaty. Collectively, these three treaties set international norms for protecting copyrights, patents, trademarks, trade secrets and semiconductor designs, as well as protecting copyrighted materials when they are transmitted over electronic networks such as the Internet.

**UN Aircraft Convention.** The United States is a party to three, long-standing UN conventions and one protocol aimed at preventing crimes against civilian aviation, including acts of terrorism: the Convention on Offenses and Certain Other Acts Committed Onboard Aircraft, the Convention for the Suppression of Unlawful Seizure of Aircraft, the Convention for the Suppression of Acts Against the Safety of Civil Aviation, and the Protocol for the Suppression of Violence at Airports Serving International Civil Aviation. The United States has also included provisions on cooperation against threats to civil aviation in its more than 100 bilateral aviation agreements.

*I intend to keep us involved with every freedom loving country in the world that will stand up to the terrorists and the thugs that would rob innocent people of their future.*

President Bill Clinton  
March 23, 1996

**Nuclear Non-Proliferation Treaty.** To protect Americans from the devastating consequences of weapons of mass destruction, the Administration vigorously and successfully negotiated extension of the Nuclear Non-Proliferation Treaty and ratification of the Chemical Weapons Convention during the past year. While often thought of in strictly military terms, these and related treaties also serve to reduce the ability of international criminals and criminal syndicates to obtain, transport and use deadly radioactive and chemical substances. The Administration will work together with the other signatories to these international agreements in reducing the threat

from criminal use of these substances.

OAS Firearms Treaty. The Administration has been at the forefront of creating a system for international cooperation to combat illicit trafficking in firearms. We are working to ensure that international efforts are consistent with our laws, and we are providing specific instruction to law enforcement officials in the Americas, Asia and Europe in techniques to identify and combat arms smugglers, and to facilitate prosecutions against specific gun smuggling criminal organizations.

In October 1997, after five months of negotiations in which the United States and Mexico played a leadership role, a working group of OAS member states reached final agreement on the text of a hemispheric convention to combat the illicit manufacturing of and trafficking in firearms, ammunition, explosives and related materials. The convention was adopted by the OAS and signed by a number of countries, including the United States, in November 1997. The convention contains specific provisions requiring the signatories to, among other things, ensure that all firearms are marked by the manufacturer and importer, designate a point of contact for cooperation and information exchange, make the crimes of illicit manufacturing and trafficking extraditable offenses, and pledge to exchange technical information to improve the signatories' respective efficiencies in combating these crimes. The Administration expects to forward this convention to the Senate for advice and consent to ratification in mid-1998.

International Bomb Convention. On December 15, 1997, the UN General Assembly opened for signature a new and important law enforcement treaty, the International Convention on the Suppression of Terrorist Bombings. The United States signed the Convention on January 12, 1998. The United States had initiated the negotiation of this convention in July 1996 in the aftermath of the June 1996 bombing attack on U.S. military personnel in Dharam, Saudi Arabia, in which 17 U.S. Air Force personnel were killed. That attack followed other terrorist attacks in 1995-96, including poison gas attacks in Tokyo's subways, bombing attacks by Hamas in Tel Aviv and Jerusalem, and a bombing attack by the Irish Republican Army (IRA) in Manchester, England. The Convention fills an important gap in international law by expanding the legal framework for international cooperation in the investigation, prosecution and extradition of persons who engage in such bombings. The Convention will be sent to the Senate in the near future for advice and consent to ratification.

## **2. Improving Cooperation With Foreign Governments and Law Enforcement Authorities**

### Training and Technical Assistance

United States law enforcement officials need capable, reliable counterparts overseas. Our training efforts have been devoted to: building relationships and capabilities in such areas as fighting organized crime; supporting counterterrorism capabilities through forensic, investigative and other specialized police training; teaching law enforcement forensics and investigative techniques; providing legal and investigative training in intellectual property rights enforcement; recognizing and investigating white collar crime; teaching anti-smuggling techniques at ports and borders; enhancing internal security to combat corruption; strengthening prosecutorial and judicial systems; providing firearms tracing and identification training; combating fugitive issues

through enhanced understanding and implementation of extradition regimes; and providing a range of specialized courses for middle and senior management law enforcement officials on how to develop lasting law enforcement institutions. Through these programs, we have trained thousands of foreign law enforcement officials all over the world.

Federal officials work closely with each other and with their foreign counterparts to ensure that training and technical assistance programs meet our anti-crime goals, our overall national interests and foreign policy objectives, and the needs of host governments. Our programs emphasize institution building in the host country for the best, long term results, maximizing our ability to reduce training and technical assistance costs over the long run. For example, INS offices overseas continue to provide training and technical assistance relating to anti-smuggling and fraudulent document detection to host country law enforcement officials worldwide. To date, in fiscal year 1998, 2,400 officials have been trained, resulting in 1,597 intercepts of criminals seeking to enter the United States.

The Bureau of Alcohol, Tobacco and Firearms (ATF) anticipates that in fiscal year 1998 it will respond to over 60,000 requests for gun traces from foreign law enforcement agencies. ATF and Customs are actively involved in training foreign law enforcement officers in seizure, identification and tracing of firearms, as well as providing technical advice on how to establish government offices regulating firearms, laboratories and other organizations to support host country illegal firearms interdiction efforts.

These programmatic activities will continue to be expanded as rapidly as possible. Five years ago, the President asked Congress to provide resources for a coordinated effort to combat international crime. With those funds, the Administration is making great progress both regionally and on a crime-specific basis.

#### Providing Regional Training and Technical Assistance to Enhance Foreign Cooperation

ILEA: Teaching Effective and Ethical Crime Control. The International Law Enforcement Academy (ILEA), established in April 1995 in Budapest, Hungary is a prime example of U.S.-provided training and technical assistance. Nine federal agencies provide instruction at the academy, which offers two types of programs. One is an eight-week program for mid-level police managers focusing on personnel, financial and investigative management, leadership, ethics and the rule of law. The other program is for criminal justice officials and focuses on combating organized crime, financial crime, nuclear smuggling and narcotics trafficking. Over 1,000 law enforcement officers and prosecutors have attended ILEA in just two years.

The Administration is in the process of establishing an ILEA for Latin America. The first pilot overseas course was held during November and December 1997. It was attended by 32 senior law enforcement officials from eight foreign countries, and it featured instructors from Justice and Treasury who provided instruction on advanced investigative techniques in money laundering and drug trafficking.

The Administration intends to replicate these initiatives by establishing a comparable academy in East Asia.

Other Regional Training Initiatives. Throughout the Caribbean and Central America, the Administration is working closely with senior foreign officials to develop regional training and technical assistance strategies to combat international crime. Increasing communication among the varying legal systems in the region, exchanging tactical law enforcement information, improving detection of false documents and smuggling activities, and increasing the speed and intensity of mutual legal assistance against criminals are central aspects of this effort.

In West Africa, American law enforcement and foreign policy agencies are working closely to disrupt and curtail West African criminal operations often involved in narcotics trafficking, money laundering and business fraud. The range of initiatives includes expanded use of diplomatic demarches -- formal diplomatic presentations of our policies to a foreign government -- implementation of stricter guidelines for visa issuance, enhancement of immigration and extradition proceedings, and development of public information documents.

With \$49.4 million in Freedom Support Act funds used in the Newly Independent States of the former Soviet Union (NIS), as well as Support for East European Democracy (SEED) Act funds in Central and Eastern Europe, the Administration has expanded rule of law and criminal justice reform programs in the NIS and in Central and Eastern Europe, providing training to promote human rights and professional integrity to nearly 10,000 law enforcement officials in those regions. The Administration will continue to promote joint case work between U.S. law enforcement agencies and their foreign counterparts and has institutionalized cooperative agreements that allow information sharing and collaboration in crime prevention, investigations and prosecutions. The Administration also has implemented programs in these regions using the U.S. "strikeforce" approach, which combines the efforts of prosecutors, judges and law enforcement agents, as a model for criminal investigation and prosecutorial training.

Federal efforts also have strengthened criminal justice systems in the NIS, Central and Eastern Europe, Central America, the Middle East and Africa to combat the weak law enforcement that has long benefited criminals in those regions. Comparable efforts have enhanced civil law enforcement capabilities and local policing in the NIS, Central and Eastern Europe, Lebanon and South Africa. These efforts have included support for units designed to investigate and prosecute human rights violations by law enforcement officials, develop institutional mechanisms to combat corruption, and discourage financial crime. Techniques include on-site auditing, inspection of financial institutions, and openness in public contracting. Similarly, battling corruption in developing countries and in countries in transition in Africa, Central and Eastern Europe and the Americas is a consistent focus of the Strategy. All these programs will continue to advance American interests not only by reducing prospects that U.S. nationals and businesses will become direct victims of criminal activities, but also by improving U.S. government interaction with stronger and less corrupt foreign governments.

#### Providing Crime-Specific Training and Technical Assistance to Enhance Foreign Cooperation

Terrorism. International terrorism takes many forms and can strike anywhere. Counterterrorism cooperation has been enhanced by the Department of State's Anti-Terrorism Assistance (ATA) program under which foreign security officials have received training in explosive detection and deactivation, hostage negotiations, airport security, crisis management, personal security

protection and human rights. In fiscal year 1997, 65 countries participated in the program. Since 1984, over 19,000 people from 104 countries have participated in the ATA program.

**Drug Trafficking.** The United States cooperates with its partners in conducting drug interdiction operations. These operations anticipate shifting trafficking patterns in order to disrupt the activities of criminal drug organizations and interdict illegal drugs in source and transit countries. Numerous agencies provide assistance to foreign partners to further their operational goal of drug interdiction. The Coast Guard provides assistance to our foreign partners to develop multi-mission maritime organizations, including organizational management, resource development, training, and standardization of procedures and interoperability capabilities that enhance international cooperation. The Department of Defense provides extensive detection and monitoring capabilities to U.S. and partner nation interdiction efforts through the Joint Interagency Task Forces (JIATFs), which facilitate interdiction operations between U.S. agencies and their foreign counterparts. The Customs Service provides assistance to partner nations and private shipping concerns to help develop port security mechanisms and systems to provide for exchange with other nations of drug trafficking information, as well as to train foreign government officials in contraband interdiction methods.

The Department of State coordinates programs to strengthen the criminal justice sectors of foreign governments to enable them to break up the full range of major trafficking activities and organizations and to enhance their ability to investigate, prosecute and convict major narcotics criminals. The State Department Bureau for International Narcotics and Law Enforcement Affairs (INL) funds a broad spectrum of drug and crime control programs around the world designed to strengthen host nation institutions and to help build the capabilities to carry out the full range of law enforcement, prosecutorial and judicial activities, and these programs will continue to receive major emphasis by the Administration.

**Alien Smuggling.** The Administration has created regional anti-alien smuggling capabilities in Central America and the Caribbean, suggested replacement of corrupt foreign immigration and customs officials, strengthened data sharing with and among European countries on global networks of alien smugglers, secured the repatriation of hundreds of Chinese migrants from smuggling vessels, and facilitated the training of law enforcement officials throughout the world in techniques to identify fraudulent documents. These federal efforts to reduce alien smuggling will continue.

**Trafficking in Women.** In April 1997, the Departments of Justice and State hosted 50 Russian and U.S. officials and representatives of nongovernmental organizations to examine the legal and law enforcement implications of trafficking of Russian women internationally. The Administration is providing criminal justice training in the NIS and Central America to deter migrant trafficking, and trafficking in women and children. Administration efforts to assist countries in combating trafficking in women will expand in the future pursuant to a March 1998 Executive Memorandum from the President. In addition to providing further training to foreign immigration and border patrol officials worldwide, Administration and Ukrainian officials have agreed to use Ukraine as a model for implementing a comprehensive strategy against trafficking in women. The United States would direct a portion of its foreign assistance to Ukraine to focus on three critical areas in the fight against trafficking in women: prevention, enforcement and

victim assistance.

**Stolen Cars.** The quality and supply of automobiles in the United States make them prime targets for thieves who transport them abroad. Approximately one fifth of all cars stolen in the United States find their way to other countries, mostly in Central and Eastern Europe and Latin America. To address this problem, the Administration is currently negotiating bilateral treaties in Central and South America -- several of which we anticipate will be ready to sign in 1998 -- to build upon our long-standing stolen car recovery treaty with Mexico and upon the treaties that we recently have concluded with the Dominican Republic, Belize, Poland and Guatemala. We also have conducted training of foreign law enforcement officials to locate, identify and recover those vehicles, all along working closely with the U.S. private sector to utilize its expertise in combating the international trade in stolen cars. The Administration plans to expand this initiative to recover even more vehicles that are stolen in the United States and then illegally transported out of the country.

**Money Laundering.** The Administration has created an anti-money laundering and financial crime program with activities that literally span the globe. Working in a coordinated fashion, U.S. diplomats, law enforcement agents, regulators and financial analysts have drafted and reviewed money laundering legislation and regimes in the Americas, the Middle East, Africa, Asia and Europe and have provided training and technical assistance to countries seeking to strengthen their capabilities against money laundering. In Russia, for instance, U.S. regulatory, law enforcement and foreign affairs specialists are working as a team with their counterparts to develop new laws, regulations and investigative capabilities. The Administration plans to implement new anti-money laundering initiatives in countries throughout the world, including in Kazakhstan, Kyrgyzstan, Uzbekistan and Romania. In 1997, the Administration also embarked upon an innovative, multi-year, multilateral training program with the EU in conjunction with CFATF and UNDCP in the Caribbean to address the problem of money laundering in that region.

**Intellectual Property Rights (IPR) Violations.** The protection of intellectual property rights throughout the world is a priority for the Administration and for U.S. industry. The Department of State, in conjunction with the U.S. Trade Representative, the Departments of Justice, Commerce and the Treasury, and the private sector, has drafted a comprehensive plan to improve foreign investigation and prosecution of IPR violations. The plan will include training foreign customs officials to identify pirated goods and training foreign judges and prosecutors in principles of intellectual property rights prosecutions.

### **3. Strengthening the Rule of Law Internationally as a Foundation of Democratic Government and Free Markets**

The United States will also continue its efforts to promote the rule of law as the foundation for democratic government and free markets. These efforts will focus especially on countries seeking to establish or consolidate democratic institutions, particularly those rebuilding after civil conflict. These emerging democracies are particularly vulnerable to the operations of international criminals. Poverty in many countries has provided ample incentive for the pursuit of illegal forms of enrichment at tremendous cost to overall social and economic development. In

the case of Russia and Central and Eastern Europe, part of the legacy of communism has resulted in legal systems inadequate to enforce the rule of law in a free market environment or to serve as the foundation for democracy. The success of all these states in earning the confidence of their citizens through effective law enforcement institutions depends greatly on the development of professional law enforcement officers, prosecutors and judges who understand and operate under the rule of law.

### Programs to Strengthen the Rule of Law.

The United States has implemented a variety of programs to strengthen, and in many cases to restructure, basic criminal justice systems abroad. Each of these programs entails fundamental changes in the ways in which the courts, prosecutors and police work and the ways in which they relate to one another.

Latin America. A successful transition to an accusatory system of criminal justice is widely believed to hold the key to overcoming historic inefficiencies in the administration of justice in Latin America that have permitted large numbers of crimes to go unpunished. Often overlooked, but equally important to this rearranging of functions, is the creation of an effective legal defense system, both public and private. Through the Department of State and AID, the United States has supported these and other extensive law enforcement and judicial reform efforts, including those to: (1) promote increased transparency and professionalism within the criminal justice system; (2) develop and provide national standards for police recruitment, vetting and training; (3) draft new criminal procedure codes and the implementing regulations for those codes, as well as manuals for use by police officers, prosecutors and judges; and (4) train police and prosecutors in developing investigative techniques and skills. Other programs funded by the State and Defense Departments aim to educate the police and armed forces to strengthen respect for human rights and the rule of law.

Implementation of these efforts will continue to be supported throughout the Western Hemisphere and elsewhere as appropriate. In other parts of the world, different historical contexts present different opportunities and even greater challenges in fundamental institution building.

Bosnia-Herzegovina. The United States is helping to develop competent, ethnically integrated police forces in Bosnia and Eastern Slavonia. In Bosnia, the United States is providing approximately 200 American police officers to the UN International Police Task Force (IPTF) which is monitoring the work of local police and helping to restructure and train the police to implement democratic policing principles and procedures. We also are providing a bilateral assistance program to the local police in support of the UN restructuring effort. This effort includes provision of equipment and training, some of which is implemented by the Justice Department's International Criminal Investigative Training Assistance Program (ICITAP). The Administration is participating in judicial institution reforms as well. In Eastern Slavonia, the United States assists the UN Transitional Administration in establishing effective police capabilities, and we also are supporting continued UN police assistance following Eastern Slavonia's January 1998 reintegration under the Government of Croatia.

Albania. In Albania, the United States has initiated a program, largely implemented by ICITAP, to help rebuild an indigenous policing capability that operates within international standards of democratic policing and human rights.

Romania. Working in conjunction with the UNCICP, the Administration is working with the government of Romania to design and implement a long term anti-corruption program to build local institutions and to strengthen Romania's capacity to fight organized crime. Funded by the Department of State, the program focuses on assisting the drafting of anti-corruption legislation by the Romanian parliament, developing and conducting train-the-trainer courses, establishing an anti-corruption commission, organizing visits by senior foreign law enforcement personnel to discuss how other countries address corruption issues, and developing a public information campaign on corruption issues.

South Africa. In support of South Africa's own recent national crime prevention strategy, the United States has provided training to the South African Police Service and the Ministry of Safety and Security in investigative techniques and case building. The United States also will provide expertise to assist judicial training and institutional restructuring along democratic lines, to institute anti-money laundering measures, and to establish a national witness protection program.

Haiti. In Haiti, we are helping to establish and train a civilian police force by funding the operation and development of the Haitian National Police (HNP) Academy and by contributing approximately 38 Creole-speaking Haitian-American police officers to the UN mission to serve as mentors to the HNP. The Administration is also supporting the development of the Haitian Coast Guard and the Counternarcotics Unit to reduce drug trafficking and related crimes. Additionally, we are providing assistance in drafting anti-money laundering laws.

Resident Legal Advisors. In addition, in a cooperative State-Justice program, the United States has dispatched several legal advisors to the NIS and to Central and Eastern Europe to assist governmental efforts to counter criminal activities by creating strong independent judicial systems and by drafting criminal law legislation, as well as by promoting the passage of such legislation. These long term resident legal advisors also coordinate U.S.-funded programs for institutional development, legislative and judicial reform, and training of public prosecutors and judges to apply the new legislation. These programs include all aspects of legal reform from evidence collection to prosecution. Currently, these advisors are stationed in Latvia, Poland, Russia and Ukraine with a new posting planned for Romania.

Building effective institutional mechanisms such as these takes time, and the Administration envisions that these rule of law programs will continue in the years to come.

### Global Cooperation Works

The Seychelles felt the influence of the FATF in 1996 when for the first time FATF issued a worldwide press release advising that all financial transactions into or out of that country should be treated with enhanced scrutiny because the government of the Seychelles had approved laws that could have given money launderers the opportunity to launder their ill-gotten gains with



impunity. In response to that international pressure, the Seychelles government did not implement the laws in question. With the Administration's support, FATF is also expanding its initiatives and influence in the Pacific Rim through the Asia-Pacific Group on Money Laundering of which the United States is a member. The United States is an active participant in other organizations that address money laundering, including the Egmont Group of financial intelligence units, CICAD, the Council of Europe, and the Offshore Group of Bank Supervisors.

### Need for Common Standards: Fighting Corruption and Bribery

The United States has had substantial success in developing international standards to counter international crime. By securing passage of the International Declaration On Crime And Public Security by the UN General Assembly in October 1996, the Administration has established an overall framework for international cooperation against crime. The United States has also focused attention on passing standardized legislation to criminalize alien smuggling, money laundering and intellectual property theft.

The Administration also has worked aggressively for adoption of international standards to thwart corruption in commercial activity, especially bribery linked to organized crime. Organized crime now uses bribery as one of its primary tools to establish front companies aimed at gaining control of legitimate businesses and penetrating the legitimate economy. This corruption can spread like a virus in the public and private sectors. Foreign governments, including our allies and trading partners, can no longer afford to condone bribery and other corrupt practices. In so doing, they not only harm legitimate American businesses, which are legally prohibited by U.S. law from engaging in such activity, but they further the interests of organized crime. Bribery and corruption must be criminalized, investigated and prosecuted both at home and abroad.

In a significant achievement, the United States and other OECD countries recently signed a convention requiring the criminalization of bribery of foreign public officials in international business transactions. The OECD Council has recommended that member countries take steps to eliminate the tax deductibility of bribes to foreign public officials. The United States has put forward an initiative in the WTO to enhance transparency and openness in government procurement as a means of combating bribery and corruption in government contracts and as a method for ensuring fair international competition.

In 1996, the OAS adopted the Inter-American Convention Against Corruption, a hemispheric treaty against corruption that has been signed by the United States and more than 20 other OAS member States. The Convention is now in force and has been ratified by at least eight states. On April 1, 1998, the Administration transmitted the Convention to the U.S. Senate for its advice and consent to ratification. The Convention is intended to create a hemispheric framework for combating public corruption. It contains provisions that call for the enactment of legislation criminalizing specified acts of corruption and for a wide range of international cooperation (such as extradition, mutual legal assistance and property measures) to enhance efforts to prevent, prosecute and punish acts of corruption. Similar work has been undertaken, with U.S. participation, at the 40-member Council of Europe. The Summit of the Americas process has also been productive in promoting common standards, with the United States and its hemispheric partners having signed an anti-corruption agreement in December 1996.

## Upholding Integrity Among Justice and Security Officials

In the post-Cold War era, no problem may be more pressing than upholding the integrity of justice and security officials, especially in countries where there have been significant problems with corruption. International crime and other problems will likely prove insurmountable if abetted by corrupt justice and security officials. Worse, internal corruption may, in time, threaten the very fabric of international stability and peace. This vulnerability is particularly evident in certain small countries where narcotics traffickers wield enormous influence over, if not virtual control of, resource-constrained governments.

The United States will call for an international conference within the next six months to frame the problem and develop model approaches for upholding integrity among key justice and security officials worldwide. The conference would collect basic facts on compensation, assess corrupting influences, review relevant standards of ethical conduct, and take stock of ongoing national, regional and global initiatives - all with a view to determining which approaches to promoting integrity work, which do not, and what new approaches might be developed.

### **X. Optimizing the Full Range of U.S. Efforts**

*Nothing we do will make us invulnerable, but we can all become less vulnerable if we work together.*

President Bill Clinton  
Speech at the United Nations  
October 22, 1995

As the twenty-first century approaches with its unprecedented potential for bringing together people from around the globe quickly, efficiently and anonymously, international criminals will be increasingly able to exploit this potential -- unless effective programs thwart their efforts. Achieving U.S. national security, foreign policy and law enforcement goals requires us to optimize efforts to fight international crime.

#### **A. Goal: Optimize the Full Range of U.S. Efforts**

The Strategy calls for increasing effectiveness through enhanced coordination among government agencies. It also calls for strengthening relationships with the private sector and with our overseas partners.

#### **B. Objectives**

Enhance executive branch policy and operational coordination mechanisms to assess the risks of criminal threats and to integrate strategies, goals and objectives to combat those threats;

Mobilize and incorporate the private sector into U.S. government efforts; and

Develop measures of effectiveness to assess progress over time.

## **C. Programs and Initiatives**

### **1. Enhancing Executive Branch Policy and Operational Mechanisms**

#### National Security Council

The National Security Council (NSC), established by the National Security Act of 1947, is responsible for coordinating the U.S. response to international crime, in addition to consideration of all other national security policy issues requiring presidential direction. The National Security Council consists of the President, Vice President, Secretary of State and Secretary of Defense. The Director of Central Intelligence and the Chairman of the Joint Chiefs of Staff attend meetings of the NSC as permanent advisors to the Council. By presidential directive, the Secretary of the Treasury, the Attorney General, and the Director of the Office of National Drug Control Policy attend meetings of the NSC as principal advisors on matters pertaining to their respective jurisdictions.

The NSC oversees the implementation of Presidential Decision Directive 42, the directive that specifically targets international crime. To ensure sustained and focused attention to international crime fighting, this presidential directive establishes the Special Coordination Group (SCG), an interagency team chaired by a senior member of the NSC staff and comprised of high-level officials from the Departments of Justice (including FBI and DEA), State, the Treasury (including Secret Service), and Transportation (including Coast Guard), the Office of National Drug Control Policy and the intelligence community.

#### Inter-Departmental Coordination

Specific aspects of international crime fighting are coordinated by different mechanisms that include groups led by ONDCP, and the Treasury, State and Justice Departments. These groups each include representatives from the intelligence community, as well as law enforcement and foreign policy specialists. ONDCP chairs the key interagency working group coordinating implementation of international counternarcotics policy. In addition, the Financial Crimes Enforcement Network (Treasury) and the Asset Forfeiture and Money Laundering Section (Justice) co-chair a working group on anti-money laundering operations. The Bureau for International Narcotics and Law Enforcement Affairs (State-INL) coordinates the overseas training and technical assistance components for these and our other international law enforcement activities. The operational component agencies of these departments also work hand in hand. Justice agencies such as the FBI and Treasury agencies such as the Customs Service regularly send liaison officers to the Department of State to help coordinate investigative and training assistance.

#### Intra-Departmental Coordination

Within federal departments there is also extensive coordination. At the State Department,

overseas anti-crime activities are coordinated by INL, and similar functions are performed at the Justice Department by the Criminal Division in consultation with the National Security Coordinators at each United States Attorney's Office. These activities are performed at the Treasury Department by the Office for the Under Secretary for Enforcement.

### Law Enforcement-Intelligence Coordination

To facilitate and improve our international anti-crime operations, federal law enforcement officials work in conjunction with the intelligence community in strict compliance with oversight laws prohibiting intelligence agencies from engaging in domestic law enforcement. The Administration has received statutory authority to permit law enforcement agencies to request support from the intelligence community to identify criminals who operate beyond our shores, track their movements and collect other information about their activities. This has added an important tool to our crime fighting efforts. To enhance cooperation and coordination between their legally separated primary functions, the law enforcement and intelligence agencies regularly exchange liaison officers and serve together on specialized teams. An FBI official serves as the deputy director of the Counterterrorist Center at the Central Intelligence Agency, and a CIA official serves as the deputy chief of the International Terrorism Section at the FBI.

### Overseas Coordination Mechanisms

The placement of more than 2,000 U.S. law enforcement agents and support personnel abroad is a vital tool to combat the growing threat of international criminal activity. Our missions overseas are the forward bases for protecting and advancing U.S. national interests, including our law enforcement interests. The FBI, DEA, INS, Coast Guard, Customs Service, Secret Service, Internal Revenue Service and other federal law enforcement agencies have personnel abroad. Some of their overseas representatives are assigned regional responsibilities encompassing both the countries in which they are posted and other nations in the region. The Diplomatic Security Officers at overseas posts support operations and investigations for law enforcement agencies that do not have a permanent representative at that location. Our missions have created law enforcement teams to coordinate country-specific law enforcement policies and programs. These teams also coordinate foreign institution building and training and technical assistance efforts with their foreign counterparts. These teams then report their activities to Washington so that strategies, policies and programs are updated in light of the realities in the field.

At our embassies and missions around the world, the Chief of Mission (usually the Ambassador) has the authority and responsibility for the direction, coordination and supervision of the various activities of all in-country official U.S. executive branch personnel, except military personnel under the command of a U.S. area military commander. The Chief of Mission also has the duty to keep fully informed with respect to all activities and operations of the U.S. government within that country. To facilitate that process, the Treasury, State and Justice Departments have signed a memorandum of understanding, dated November 14, 1996, clarifying the authority the Chief of Mission exercises over many individuals from a multitude of departments and agencies. The memorandum articulates clearly defined responsibilities with respect to the coordination, by the relevant Chiefs of Mission, of law enforcement activities abroad, including agreed principles to enhance coordination between each law enforcement entity's senior representative at post and the Chief of Mission or Deputy Chief of Mission.

The Administration will strive to enhance the effectiveness of each of these coordination mechanisms by continuing to review their operations, upgrade their communications links, and improve interoperability.

*We have to . . . understand what American foreign policy is about. It is to protect the security of [America] and the American people and our way of life. We have to develop a set of partnerships with countries in order to deal with global threats that we have not seen before.*

Madeleine K. Albright  
Secretary of State  
January 7, 1998

## **2. Mobilizing and Incorporating the Private Sector and Foreign Governments Into U.S. Efforts**

### Working with the Private Sector

Broad-based collaboration between the public and private sectors is vital. Such collaboration not only harnesses the wealth of experience and expertise that exists outside of government, but it also assures that governmental programs are well suited to meet the needs of Americans and U.S. business interests. It also reduces the risk that Americans and their businesses might inadvertently contribute to criminal activity -- for instance in the unwitting provision of financial services to international criminals -- or become victims of crime themselves.

Over the last 20 years, increased terrorist and related threats against U.S. overseas interests have caused many businesses to seek advice and assistance from the federal government. The Overseas Security Advisory Council (OSAC), a joint venture between the government and the U.S. private sector, provides liaison between public and private sector security officials, recommends planning and implementing security programs abroad, and suggests methods to protect the competitiveness of overseas American business operations. The OSAC Committee on Transnational Crime identifies ways to collect and disseminate economic crime information to protect Americans from financial and trade crimes. Similarly, regulators from the Federal Reserve Bank and from the Office of the Comptroller of the Currency and other federal officials regularly consult with bankers, financial analysts, securities specialists and related experts to take advantage of their experience and to elicit their help in fighting money laundering and financial fraud cases.

Public-private partnerships build trust, help establish consensus on goals to protect U.S. interests worldwide, and build support for Administration decisions to allocate resources. These partnerships are also of vital importance in safeguarding our nation's critical infrastructures from compromise and attack by enemies foreign and domestic. The Administration is committed to further outreach and information sharing with the private sector to meet these goals.

Governments working alone, or even in close cooperation with each other, will not be fully effective in countering international crime. Real and enduring success in this vital effort will

come only when the private sector -- including both individual and corporate citizens -- joins in that effort. To that end, the Administration will develop and implement a Strategic Communications Plan to engage the private sector in assessing the impact of international crime on the private sector and determining the role the private sector should play in countering that threat.

### Public Diplomacy

Another dimension in overseas coordination involves cooperation with USIS field officers responsible for crafting public diplomacy strategies to engage foreign audiences and opinion makers in support of U.S. policy objectives, including those in justice and law enforcement areas. The Public Affairs Officer frequently serves as the mission's press spokesperson and is the point of contact for all press, public affairs and public diplomacy activities. The PAO also plays an important role in advising the Chief of Mission and other embassy officials on foreign public opinion vis-a-vis U.S. policies. The PAOs and their staffs plan and implement a variety of professional and academic programs and exchanges, directed at key audiences in government, political parties, academia and the private sector, to help create a foundation of trust between U.S. and foreign societies. The USIS and PAOs will play a key role in development and implementation of the Strategic Communications Plan and other federal international crime control initiatives.

### **3. Developing Measures of Effectiveness**

With this Strategy we undertake a long term approach to the solution of the nation's international crime problem. If we are to ensure success, measuring progress along the way is imperative. The Administration will establish a system to measure progress on the major goals of this Strategy, provide feedback for Strategy refinement and system management, and assist the Administration in resource allocation. As with the performance system currently being created and implemented by the Office of National Drug Control Policy, the Administration is committed to continuously reexamining and refining the goals and objectives set forth in this Strategy. It will remain dynamic, flexible and responsive as the international crime threat changes and our knowledge of how to measure international criminal activity improves.

The measurement system will track our progress on the goals and objectives set forth in the chapters above. It will seek to quantify our success in: (1) disrupting major criminal organizations, (2) reducing criminal activity at our borders, (3) improving coordination among U.S. agencies, (4) improving coordination with other nations against criminal targets, (5) increasing adoption of international standards and norms to combat crime, (6) securing passage and implementation of major anti-crime conventions internationally, (7) reducing incidence and costs to the United States of intellectual property theft and economic crime, (8) improving the coordination of international investigations into and prosecutions of high tech crime, (9) strengthening international capabilities against smuggling and raising the cost of smuggling activities to smugglers, (10) strengthening international cooperation against alien smuggling and reducing the flow of illegal migrants to the United States, (11) fighting money laundering and financial crime, (12) increasing the number of nations that extradite nationals and that provide mutual legal assistance, (13) combating illicit smuggling in firearms, (14) combating illicit

trafficking in women and children, (15) decreasing the production and distribution of child pornography, (16) combating corruption and improving the administration of justice in foreign criminal justice systems, and (17) achieving the other goals and objectives of the Strategy. The system will allow us to maintain and enhance the most effective components of the Strategy, understand trade-offs that might emerge as the Strategy is implemented, improve any components of the Strategy which may have proved less effective, and undertake rigorous cost-benefit analyses to ensure that U.S. government resources are used efficiently and effectively.

### Presidential Decision Directive 42 (PDD-42)

Signed by President Clinton on October 21, 1995, PDD-42 specifically addresses the nation's fight against international crime. PDD-42 recognizes that such criminal activity threatens U.S. national security and directs the federal agencies to combat international crime from the criminal barons sheltered overseas to the violence and destruction they deliver to our streets. PDD-42 also provides continuity to earlier Administration policy, complements other presidential directives on alien smuggling, drug trafficking, terrorism and nuclear materials, and mandates intensified federal efforts against international criminals. The Administration's efforts under PDD-42 are well underway. As one example, in consultation with the Secretary of State and the Attorney General, the Secretary of the Treasury has identified egregious overseas sanctuaries, or "safe havens," for illegally obtained wealth and has negotiated with those governments to end the safe havens they offer. Successful negotiations have resulted in strengthened anti-money laundering regimes and weakened safe havens. If negotiations are unsuccessful, stronger measures will be employed. Also under PDD-42, the Secretary of State and the Attorney General are working together to deny visas to a broad range of international criminals and their families and prevent them from entering the United States.

## **XI. Conclusion**

As we approach the twenty-first century, our nation is secure and our standard of living remains among the highest in the world. As we benefit from the lowering of barriers across national boundaries and the globalization of trade in goods, services and ideas, we must nevertheless remain vigilant to the increasing threat posed by international crime. For as we benefit from these greater freedoms, so too do international criminals trafficking in drugs and weapons of mass destruction and engaging in fraud, theft and terrorism.

This global threat is real and potent. Criminals have long threatened Americans and U.S. businesses abroad. The effects of overseas criminal activities are increasingly felt, however, right here in America, in our homes and in our communities. These activities and those who carry them out must be dealt with decisively and with the full power of law enforcement, intelligence and diplomatic efforts. Only by concerted efforts at home and by forging alliances with our international partners will we ensure the protection of important U.S. interests today and tomorrow, at home and abroad.

This Strategy sets us on that course. It is an action plan consisting of specific goals and objectives which, when achieved, will lead us to a more secure and law abiding world in which

Americans as well as our friends and allies abroad can prosper in peace.

## **Annex 1. Summaries of Key Related Strategies**

The ICCS responds to the high priority accorded international crime in the National Security Strategy. It builds on and complements existing international anti-crime strategies, providing the framework for integrating all facets of the federal response to international crime. Key related strategies are summarized briefly below.

### National Drug Control Strategy

The National Drug Control Strategy is developed and published by the Office of National Drug Control Policy (ONDCP). The Director of ONDCP is vested by executive order with the lead responsibility within the Executive Office of the President to establish policies, priorities and objectives for the nation's drug control program, with the goal of reducing the production, availability and use of illegal drugs. Because the United States considers the operations of international criminal narcotics syndicates a national security threat, the ONDCP, in its role as the principal adviser to the National Security Council on national drug control policy, provides policy guidance and direction in the development of related national security programs. The Director also provides oversight and direction for all international counternarcotics policy development and implementation, in coordination with other concerned cabinet members.

The National Drug Control Strategy:

Outlines a ten-year conceptual framework to reduce illegal drug use and availability 50 percent by the year 2007.

Describes the nation's illegal drug profile, including use rates among all ages, and associated societal costs, and details drug production and availability.

Adopts five overarching Goals:

Educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco. Increase the safety of America's citizens by substantially reducing drug-related crime and violence.

Reduce health and social costs to the public of illegal drug use.

Shield America's air, land, and sea frontiers from the drug threat.

Break foreign and domestic drug sources of supply.

Elaborates 32 supporting Objectives in support of these Goals, reflecting the "need for prevention and education to protect children from the perils of drugs; treatment to help the



chemically-dependent; law enforcement to bring traffickers to justice; interdiction to reduce the flow of drugs into our nation; and international cooperation to confront drug cultivation, production, trafficking, and use."

Establishes that drug control is a "continuous challenge," and the key to reducing drug abuse is "prevention coupled with treatment."

Sets forth the development of Performance Measures of Effectiveness, a system for assessing the Strategy's success in meeting its Goals and Objectives over time.

### Counterterrorism Strategy

The United States will deter, defeat and respond vigorously to all terrorist attacks on our territory and against our nationals or facilities whether they occur domestically, in international waters or airspace, or on foreign territory. The United States regards all such terrorism as a potential threat to national security as well as a criminal act and will apply all appropriate means to combat it. In doing so, the United States will pursue vigorously efforts to deter, preempt and prosecute, individuals who perpetrate or plan to perpetrate such attacks.

The United States works closely with friendly governments in carrying out our counterterrorism strategy and supports allied and friendly governments in combating terrorist threats against them.

The United States seeks to identify groups or states that sponsor or support such terrorists, isolate them and extract a heavy price for their actions.

To ensure adequate preparedness to combat domestic and international terrorism in all its forms, the United States seeks to:

Reduce its vulnerabilities to terrorism at home and abroad.

Deter terrorism through a clear public position that our policies will not be affected by terrorist acts and that we will act vigorously to deal with terrorists and their sponsors. Our actions will reduce the capabilities and support available to terrorists.

Maintain the ability to respond rapidly and decisively to terrorism directed against us wherever it occurs, to protect Americans, arrest or defeat the perpetrators, respond with all appropriate instruments against the sponsoring organizations and governments and provide recovery relief to victims.

Develop, on a priority basis, effective capabilities to detect, prevent, defeat and manage the consequences of nuclear, biological or chemical materials or weapons use by terrorists. The acquisition of weapons of mass destruction by a terrorist group, through theft or manufacture, is unacceptable. There is no higher priority than preventing the acquisition of this capability or removing this capability from terrorist groups potentially opposed to the United States.

### Alien Smuggling Strategy

Federal agencies combat alien smuggling in concert with source nations, in the transit zones approaching our borders, at our borders, and within the United States.

### Acting in Concert with Source Nations

The Department of State works with source and transit nations where nationals, corrupt officials and criminal organizations provide assistance to alien smugglers in order to develop common policies and laws to prevent the departure of criminal-sponsored, non-refugee and undocumented aliens. This assistance includes training, equipment and, where possible, information regarding smuggling operations. The Administration seeks to ensure that repatriated migrants are not unfairly or unlawfully treated simply for seeking to emigrate without authorization. These efforts include monitoring returnees and information exchanges with host government officials on the post-return status of returnees. The U.S. Information Agency, in concert with the Department of State, coordinates information programs to discourage economic migrants from dealing with alien smugglers.

### Federal Efforts in Transit Zones

The State Department and INS work with the UN High Commissioner for Refugees and the International Organization for Migration to develop procedures that ensure migrants landed outside the United States are fairly and appropriately treated under standards that ensure protection of bona fide refugees. Under the pre-screening Carrier Consultant Program, State and INS work with air carriers to preempt attempts to use those carriers to gain illegal entry into the United States using fraudulent documents. Under this initiative and subject to safeguards for those genuinely fleeing persecution, embassies and air carriers work together to detect fraudulent documents and prevent unlawful boarding before departure to the United States.

### Efforts at the Borders and Within the United States

As practicable, the INS detains illegal aliens who, with the assistance of criminal syndicates, enter the United States. Unless those smuggled aliens have a credible claim for asylum, they will remain in detention pending a final determination of their asylum status to ensure repatriation if asylum is ultimately denied. To the extent possible, smuggled aliens will have priority in processing for asylum or removal. The roles of federal agencies involved in countering alien smuggling are delineated as follows:

The Department of Justice and INS are responsible for criminal enforcement in all U.S. prosecutions and for conducting law enforcement operations and investigations inside the United States.

The Department of State implements international policy and relations with foreign governments and international organizations.

The Department of Transportation and Coast Guard, with appropriate support from the Department of Defense, carry out alien interdiction at sea.

## Annex 2. Key Acronyms

ATA	Anti-Terrorism Assistance Program (State)
ATF	Bureau of Alcohol, Tobacco and Firearms (Treasury)
BP	Border Patrol (Justice)
BSA	Bank Secrecy Act
CCIPS	Computer Crime and Intellectual Property Section (Justice)
CFATF	Caribbean Financial Action Task Force
CFC	Chlorofluorocarbons
CIA	Central Intelligence Agency
CICAD	Inter-American Drug Control Commission (OAS)
CPCJD	Crime Prevention and Criminal Justice Division (UN)
CTC	Computer and Telecommunications Coordinator (Justice)
CTR	Currency Transaction Report
DEA	Drug Enforcement Administration (Justice)
DOD	Department of Defense
DOJ	Department of Justice
DOS	Department of State
DOT	Department of Transportation
DSS	Diplomatic Security Service (State)
FAA	Federal Aviation Administration (Transportation)
FATF	Financial Action Task Force
FBI	Federal Bureau of Investigation (Justice)
FinCEN	Financial Crimes Enforcement Network (Treasury)

FIU Financial Intelligence Unit

GTO Geographic Targeting Order

ICCA International Crime Control Act of 1998

ICCS International Crime Control Strategy

IEEPA International Emergency Economic Powers Act

ILEA International Law Enforcement Academy

INL Bureau for International Narcotics and Law Enforcement Affairs (State)

INS Immigration and Naturalization Service (Justice)

IIRIRA Illegal Immigration Reform and Immigration Responsibility Act of 1996

INTERPOL International Criminal Police Organization

IRS Internal Revenue Service (Treasury)

ITWG Infotech Training Working Group

MLAT Mutual Legal Assistance Treaty

NDCS National Drug Control Strategy

NICB National Insurance Crime Bureau

NIS Newly Independent States of the former Soviet Union

NSC National Security Council

NSS National Security Strategy

OAS Organization of American States

OECD Organization for Economic Cooperation and Development

OFAC Office of Foreign Assets Control (Treasury)

ONDCP Office of National Drug Control Policy

OSAC Overseas Security Advisory Council

PAO Public Affairs Officer

PDD-42 Presidential Decision Directive 42 (October 21, 1995)

RICO Racketeer Influenced and Corrupt Organizations Act

SCG Special Coordination Group on International Crime (National Security Council)

SDNT Specially Designated Narcotics Trafficker

Treasury Department of Treasury

UN United Nations

UNDCP United Nations Drug Control Program

USCG United States Coast Guard (Transportation)

USCS United States Customs Service (Treasury)

USIS United States Information Service

USSS United States Secret Service (Treasury)

WCO World Customs Organization

WMD Weapons of Mass Destruction

WTO World Trade Organization