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DISRUPT THE FINANCING OF U.S. AND GLOBAL SECURITY THREATS

PASS THE BIPARTISAN ENABLERS ACT

SUMMARY

Terrorist organizations, corrupt governments like China, Iran, Russia, North Korea, and Venezuela, drug cartels, and organized crime all have one thing in common: Their reliance on Western—and especially American—lawyers, corporate service providers, money managers, and others who help facilitate the financing of their illegal operations.

Illicit actors deliberately choose to work with these service providers because, unlike traditional financial institutions such as banks, they are not covered by our federal anti-money laundering (AML) laws. As a result, they can provide these criminal clients with important financial services without having to perform even basic background checks on them (including even knowing their identities). Over time, these loopholes have created an entire class of U.S.-based "enablers" of crime and corruption who use a "head in the sand" approach to their clients in order to provide services that directly undermine U.S. and global security.

The U.S. National Security Council (NSC) has identified these gaps in our federal AML laws as deficiencies that threaten core U.S. national security interests. And the U.S. Department of the Treasury (Treasury) lists closing the gaps in this framework as its top priority in its 2024 National Illicit Finance Strategy.

Finally, the Financial Action Task Force (FATF)—the intergovernmental AML standard-setting body formed by the U.S. and other major industrial nations—determined over 20 years ago that these service providers should be subject to the same AML laws as banks. **Yet the United States remains one of only two democracies in the world that do not apply its AML laws to these enablers.**

SPECIFIC EXAMPLES OF ENABLERS BEING USED TO UNDERMINE U.S. AND GLOBAL SECURITY



An enabler in Massachusetts formed shell companies used by a Chinese opioid trafficking organization to mail, repackage, and redistribute deadly fentanyl analogues and 250 other drugs to some 37 U.S. states.



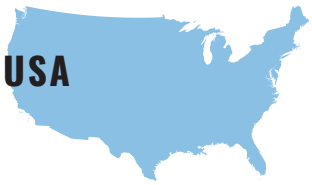
A New York lawyer used his law firm's Interest on Lawyer's Trust Account (IOLTA) to receive wire transfers for maintaining and servicing assets of a sanctioned Russian oligarch.



An enabler formed shell companies in California and other jurisdictions as part of a two-decade-long scheme by ten Iranian nationals to disguise more than $300 million worth of transactions in support of Iran's pursuit of nuclear weapons and sponsorship of terrorism.



Five enablers formed shell companies in the New York City area in order to obtain and transfer military-grade and dual-use technologies on behalf of the Russian government, including ammunition and electronic components that can be used in the development of nuclear and hypersonic weapons.



A Texas lawyer conspired to use his law firm's accounts, as well as charitable accounts established for providing legal services to indigent persons, to transfer the purported proceeds of opioid trafficking.

HOW THE BIPARTISAN ENABLERS ACT WOULD DISRUPT THE FINANCING OF NATIONAL AND GLOBAL SECURITY THREATS

The ENABLERS Act is a bipartisan AML bill that would help American national security and law enforcement officials crack down on the dirty money that terrorists, kleptocrats, drug traffickers, organized crime, and other criminals use to fund and profit from their illegal operations by authorizing Treasury to require people who provide certain financial services to their clients—such as forming a company, setting up a trust, or managing money—to adopt basic AML safeguards that can detect and prevent dirty money from moving through the U.S. financial system.

To promote efficiency and industry best practices, the specific safeguards required would reflect the money laundering risks presented by a particular service. These safeguards, all taken from the long-standing Bank Secrecy Act, could include requiring that a service provider:

+ identify the actual human beings behind a legal entity (e.g., a shell company) before providing services to that entity;
+ adopt due diligence policies that allow them to "know their clients"; and
+ report suspicious transactions made by those clients to a confidential database housed at Treasury that is accessible by American national security and law enforcement officials.

The ENABLERS Act was passed by the House of Representatives in 2022 as part of the annual defense bill, with the NSC publicly endorsing it later that year. Its supporters span the political spectrum, from the Republican Study Committee to over 80 good-government, labor, racial, and social justice organizations, the National District Attorneys Association to the U.S.'s leading anti-human trafficking organization.

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