Negative: Terrorism (Hybrid Threat Finance)

By “Coach Vance” Trefethen

***Resolved: The United States federal government substantially reform the use of Artificial Intelligence technology***

Case Summary: The AFF plan reforms current efforts at interdicting terrorist groups’ use of the banking system to process and launder money to fund their evil operations. It reforms the cooperation among several federal agencies and directs them to use AI in a strategy known as “Hybrid Threat Finance” (HTF). HTF increases cooperation (preventing information from becoming fragmented and lost) and has AI detect bad actors rather than focusing on specific transactions in the banking system.

Negative: Terrorism (Hybrid Threat Finance) 3

NEGATIVE PHILOSOPHY 3

We need to rethink the entire paradigm of money laundering policy instead of continually trying to “fix” it 3

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No one is measuring data on links between serious criminality and money laundering 3

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People who think 9/11 was based on terror financing didn’t actually read the 9/11 Commission Report, which debunked that myth 5

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Nobody can prove whether crime actually goes down as a result of confiscating laundered money. It might go up! 12

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6. Over 100x improvement needed to justify Plan 13

In Status Quo, the amount of laundered funds caught = 100 times the compliance costs of catching it. IF plan did 100 times better than Status Quo, we’d only break even 13

DISADVANTAGES 13

1. More harm to consumers and legitimate businesses 13

Money laundering enforcement penalizes banks and legitimate businesses more than criminals. And Aff wants to do more of it. 13

2. Civil rights lost 14

Increased focus on pre-empting “bad actors” (instead of focus on bad transactions) increases violations of civil rights, because the government punishes people before they’re convicted of a crime 14

Negative: Terrorism (Hybrid Threat Finance)

NEGATIVE PHILOSOPHY

We need to rethink the entire paradigm of money laundering policy instead of continually trying to “fix” it

Dr. Ronald F. Pol 2020 (PhD in policy effectiveness and money laundering) written 1 Dec 2018, published 25 Feb 2020 “Anti-money laundering: The world's least effective policy experiment? Together, we can fix it” <https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366> (accessed 20 Nov 2021)

The scale of the problem not addressed by “solutions” repeatedly “fixing” the same perceived issues suggest that blaming banks for not “properly” implementing anti-money laundering laws is a convenient fiction. Fundamental problems may lie instead with the design of the core policy prescription itself.

HARMS / SIGNIFICANCE

1. No measurable harm

No one can actually estimate or prove any specific serious harms that Anti-Money Laundering efforts are supposed to be solving

[Michael Levi](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Michael-Levi), [Peter Reuter](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Peter-Reuter) & [Terence Halliday](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Terence-Halliday) 2017 (Levi - Cardiff School of Social Sciences, Cardiff University. Reuter - School of Public Policy and Department of Criminology, University of Maryland. Halliday - American Bar Foundation ) Dec 2017 “Can the AML system be evaluated without better data?” [Crime, Law and Social Change](https://link.springer.com/journal/10611) volume 69 <https://link.springer.com/article/10.1007/s10611-017-9757-4> (accessed 20 Nov 2021)

The Anti-Money Laundering regime has been important in harmonizing laws and institutions, and has received global political support. Yet there has been minimal effort at evaluation of how well any AML intervention does in achieving its goals. There are no credible estimates either of the total amount laundered (globally or nationally) nor of most of the specific serious harms that AML aims to avert. Consequently, reduction of these is not a plausible outcome measure.

No one is measuring data on links between serious criminality and money laundering

[Michael Levi](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Michael-Levi), [Peter Reuter](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Peter-Reuter) & [Terence Halliday](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Terence-Halliday) 2017 (Levi - Cardiff School of Social Sciences, Cardiff University. Reuter - School of Public Policy and Department of Criminology, University of Maryland. Halliday - American Bar Foundation ) Dec 2017 “Can the AML system be evaluated without better data?” [Crime, Law and Social Change](https://link.springer.com/journal/10611) volume 69 <https://link.springer.com/article/10.1007/s10611-017-9757-4> (accessed 20 Nov 2021)(brackets added)

However, data and existing crime data collection efforts exemplify the superficiality of the claims that these are truly evaluations. The Methodology document for the fourth round evaluations makes sensible recommendations about both the nature of the data to be used for evaluation and ways in which they might be analyzed. However, the evidence from early 4th Round MERs [Financial Action Task Force Mutual Evaluation Reports] suggests that despite efforts to generate much better FIU [financial intelligence unit] and other process data, neither quantitative nor qualitative data on serious criminality have yet found a well-defined place in the evaluation process.

2. No link to terrorism

Terrorists don’t need much money and not linked to money laundering

Dr. Ibrahim Warde 2006. (PhD in political science from U. Calif.-Berkeley ) The devil’s bankers July 2006 LE MONDE DIPLOMATIQUE <https://mondediplo.com/2006/07/18clearstream> (accessed 21 Nov 2021)

Terrorist financing, by contrast, is a political phenomenon, involving relatively small amounts, and, at least since 9/11, the financing happens outside international banking channels. Terrorist financing is more like money soiling than laundering, since small sums of clean money (not illegally obtained) are used to fund acts of terror ([9](https://mondediplo.com/2006/07/18clearstream#nb9)). None of the post-11 September attacks has cost more than $20,000.

Financing is not the “lifeblood” of terrorism. That’s a myth people believe because it’s been repeated so often, without any actual study supporting it

Dr. William B. Vlcek 2015 (PhD from London School of Economics) Nov 2015 “Securitising money to counter terrorist finance: some unintended consequences for developing economies” INTERNATIONAL STUDIES PERSEPCTIVES Vol 16 https://research-repository.st-andrews.ac.uk/bitstream/handle/10023/8003/Vlcek\_2015\_ISP\_SecuritisingMoney\_AM.pdf;jsessionid=B4245198E54BC3410CD79CF251A468B8?sequence=1



U.S. government’s official National Risk Assessment (NRA) says Status Quo AML (anti-money-laundering) efforts are working and shows no link to terrorism

[Michael Levi](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Michael-Levi), [Peter Reuter](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Peter-Reuter) & [Terence Halliday](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Terence-Halliday) 2017 (Levi - Cardiff School of Social Sciences, Cardiff University. Reuter - School of Public Policy and Department of Criminology, University of Maryland. Halliday - American Bar Foundation ) Dec 2017 “Can the AML system be evaluated without better data?” [Crime, Law and Social Change](https://link.springer.com/journal/10611) volume 69 <https://link.springer.com/article/10.1007/s10611-017-9757-4> (accessed 20 Nov 2021)

What is striking is how little data or analysis of data played in most of the NRAs we reviewed. Singapore and the US simply used this document as an opportunity to describe the ways in which money is laundered; each type of money laundering was illustrated with a summary of a specific case. The Reports provided minimal quantitative data; estimated proceeds of crime in the US Report and the number of cases for three kinds of offenses in the Singapore Report. There was no indication in the brief methodology sections of the two Reports that an effort had been made to systematically survey experts about their assessments of threats/vulnerabilities/consequences or risks. The Reports included summary judgments of a comforting and rather empty kind: for example, the US Report states “AML regulation, supervision, enforcement, and compliance in the United States are generally successful in minimizing money laundering risks". No basis is provided for justifying that claim to the skeptical reader, who may perhaps be disturbed by the flow of large judgments and regulatory penalties in the U.S. against the most prominent banks caught in large scale and systematic violation of AML/CFT regulations.  Another major deficiency about the U.S. report is its narrow focus on domestic context and silence about possible risks associated with external criminal flows, beyond brief reference in the introductory parts. Given the role of the U.S. in international trade and its use of dollar clearing as the basis for its Federal and New York City & State global financial crime policing and prosecution role, this seems extraordinary unless it is implicitly deemed that foreign crimes and terrorism do not constitute a risk (or threat) to the U.S..

3. A/T “But 9/11 was linked to financing!”

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Dr. Ibrahim Warde 2007 (PhD in political science from U. Calif.-Berkeley) THE PRICE OF FEAR <https://books.google.com/books?id=KEo0UTXJN5oC&pg=PA3&source=gbs_toc_r&cad=4#v=onepage&q&f=false> (accessed 21 Nov 2021)



SOLVENCY

1. Lack of trained personnel

Plan advocate Joshua Fruth admits HTF won’t work if banks don’t have investigators with the right training

**[Note Carefully: Fruth’s Plan requires BANKS to hire AI professionals to carry out the requirements, not just government agencies]**

Joshua Fruth 2018 (Director of anti-money laundering advisory services at New Jersey based consultancy Matrix-IFS) 14 March 2018 Anti-money laundering controls failing to detect terrorists, cartels, and sanctioned states https://icsid.worldbank.org/sites/default/files/parties\_publications/C6106/2020.01.20%20Claimants\_%20Rejoinder/Factual%20Exhibits/C-0902-ENG.pdf

Institutions should adopt an “actor-centric” HTF model that targets bad actors with precision, increasing SAR efficacy rates and decreasing false-positive alerts. This concept relies heavily on a typology matrix, which analyzes a bank’s geographic nexus of services, products, and customer base, while cross-referencing identified risks in the global threat landscape. Matches between geography, product line, and high-risk customer profile are tied to specific threats, which leads to the implementation of targeted detection scenarios. Additionally, it is incumbent upon banks to also train their investigations, sanctions, and risk personnel in these new detection scenarios. Sound detection strategies are of little value if the people investigating the behavior lack the requisite knowledge to identify and escalate threat activity.

Professionals in AI are in short supply and the shortage is getting worse

Jair Ribeiro 2021 (AI specialist with Kimberly-Clark; former AI project manager at IBM) 31 May 2021 This is a great moment to look for a new job in Artificial Intelligence <https://towardsdatascience.com/this-is-a-great-moment-to-look-for-a-new-job-in-artificial-intelligence-c34df6efb9c3> (accessed 20 Nov 2021)

The recent explosion in data volume has created an ideal environment for Artificial Intelligence and Machine Learning solutions to find their way. Professionals with the skills to develop AI solutions, on the other hand, are still in short supply, and the trend is for this gap to widen.

Bank fraud detection AI professionals are in short supply. Demand exceeds supply even before the AFF plan kicks in and creates new demand

Jair Ribeiro 2021 (AI specialist with Kimberly-Clark; former AI project manager at IBM) 31 May 2021 This is a great moment to look for a new job in Artificial Intelligence <https://towardsdatascience.com/this-is-a-great-moment-to-look-for-a-new-job-in-artificial-intelligence-c34df6efb9c3> (accessed 20 Nov 2021)

To be considered an AI professional, in general, is required to master a variety of practical activities like analysis and forecasting, detection of anomalous events, such as fraud in bank transactions, image processing to detect objects/people, analysis of feelings from texts, and simulation of scenarios using AI to help in decision making and chatbots, for example. [**END QUOTE**] AI Professionals should also learn how to use popular tools such as TensorFlow, Sciki-Learn, Keras, Spark, Hadoop, Hive, BigQuery, Tableau, and PowerBi. Python is considered the primary programming language for AI development.
Conclusion
Companies need to train personnel and attract talents to face the enormous challenge represented by a talent shortage. At the same time, the more companies in all segments adopt AI and robotics technologies, the more they see benefits and realize how much their functions can be redesigned. [**HE GOES TO WRITE QUOTE**:] The demand for AI talent is increasing. There is a gap between supply and demand, with several functions available to each truly trained AI professional, the ones who can help companies capitalize on AI’s potential.

Backup evidence: Fruth’s plan is about reforming BANKS failing practices for detecting fraud (not just the government). Banks are going to have to reform their policies and hire AI specialists too.

Joshua Fruth 2018 (Director of anti-money laundering advisory services at New Jersey based consultancy Matrix-IFS) 14 March 2018 Anti-money laundering controls failing to detect terrorists, cartels, and sanctioned states https://icsid.worldbank.org/sites/default/files/parties\_publications/C6106/2020.01.20%20Claimants\_%20Rejoinder/Factual%20Exhibits/C-0902-ENG.pdf

Banks have spent billions on transaction monitoring systems that scrub their accounts for possible money laundering schemes. Detection rules are action-based and target suspicious transaction behaviors, such as excessive cash deposits, structured transactions intended to avoid government record-keeping thresholds, and rapid money movement through one bank to another.

2. Terrorists bypass banks

Example: Hezbollah. Funded directly by Iran, not through banks

Agence France Presse 2016. (French news agency) “Hezbollah brushes off US sanctions, says money comes via Iran ” 24 June 2016 <https://www.timesofisrael.com/hezbollah-brushes-off-us-sanctions-says-money-comes-via-iran/> (accessed 20 Nov 2021)

Hezbollah chief Hassan Nasrallah on Friday said his group would not be affected by fresh US sanctions because it receives its money directly from Iran, not via Lebanese banks. In a speech broadcast by the Shiite party's Al-Manar station, Nasrallah brushed off assertions that Hezbollah would be hurt by US sanctions on Lebanese financial institutions that work with the group. "We do not have any business projects or investments via banks," Nasrallah said, insisting the group "will not be affected."

Example: Afghanistan / Taliban. They aren’t connected to the global financial system

Bloomberg news 2021. (journalist Saleha Mohsin) 18 Aug 2021 “Bank-Averse Taliban Leave U.S. Struggling for Financial Edge” <https://www.bloomberg.com/news/articles/2021-08-18/u-s-grapples-with-financial-pressure-on-taliban-to-gain-wins> (accessed 20 Nov 2021)

The U.S. is grappling with how to exert financial pressure on the Taliban to ensure Afghanistan doesn’t return to its role as a safe harbor for international terrorist groups, but a dearth of formal banking channels is complicating efforts. The Taliban have long craved international recognition, and now that it has regained control of Afghanistan, status on the world stage will become key to the nation’s economic survival. The U.S. could bring the Taliban to the negotiating table to offer relief from economic sanctions in exchange for protecting the rights of minorities and women, and blocking terrorist groups like al-Qaeda from rebuilding a base in the Afghanistan or revamping terrorist financing efforts.  But the U.S. Treasury Department’s key method of applying those restrictions is the global financial system, and Afghanistan remains mostly outside of that. Instead it relies on physical U.S. dollars and a trust-based system called hawala.

Terrorists move funds and weapons using trade, invoices, and complex legal structures

Financial Action Task Force 2019 (FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction) July 2019 Terrorist Financing Risk Assessment Guidance <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf> (accessed 20 Nov 2021)

Due to the high volume and cross-border nature of assets managed and transferred, international finance and trade centers may be vulnerable to misuse for the movement or management of funds or assets linked to terrorist activity. In particular, cases have shown terrorist organisations have misused land, sea and air trade to move funds or other assets (e.g. weapons or vehicles) within and between jurisdictions. Common techniques include: under/over-invoicing, or falsification of trade documents. Such activity may be particularly challenging to identify, as terrorist organisations/individuals are known to rely on complex legal structures to hide the underlying beneficial owner.

Terrorists often just move physical cash around and don’t put it in the bank

Financial Action Task Force 2019 (FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction) July 2019 Terrorist Financing Risk Assessment Guidance <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf> (accessed 20 Nov 2021) (brackets added)

A number of FATF reports have identified use of cash as a common means through which terrorist financiers raise, move and use funds (including through physical transportation via foreign terrorist fighters). Lower capacity jurisdictions with a large cash based economies and informal/unregulated activities can therefore face additional TF [terrorist finance] vulnerabilities.

Lots of other channels for terrorist financing besides banks

Financial Action Task Force 2019 (FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction) July 2019 Terrorist Financing Risk Assessment Guidance <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf> (accessed 20 Nov 2021) (brackets added)

– Terrorist financiers use different channels to move funds and assets, including through the banking sector, money service business (MSB) sector, cash smuggling, informal remittances etc. It is important that a jurisdiction’s analysis includes a consideration of which channels may be higher risk for TF in order to identify the severity of identified vulnerabilities of specific sectors or products.

Terrorists are financed by natural resources in their own country. [AI in US banks can’t touch them]

Financial Action Task Force 2019 (FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction) July 2019 Terrorist Financing Risk Assessment Guidance <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf> (accessed 20 Nov 2021)

Terrorist organisations such as ISIL, al-Shabaab and al-Qaeda have relied on natural resources in their area of control (oil, gold, charcoal, talc, lapis-lazuli, etc.) as a source of income. Supply chains in source, transit and end use jurisdictions may be vulnerable to exploitation. Countries that are rich in natural/environmental resources, and particularity those with active terrorist organisations operating, will need to consider the TF risks associated with exploitation of such resources.

Natural resources bypass the banking system

Financial Action Task Force 2019 (FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction) July 2019 Terrorist Financing Risk Assessment Guidance <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf> (accessed 20 Nov 2021)

To what extent are natural resources imported from higher-risk jurisdictions? Some jurisdictions function as transit hubs particularly for precious stones and metals brought in through cabin luggage. What are the numbers of undeclared natural resource imports? What measures exist to detect smuggled precious metals and stones, at airports, for example? What due diligence measures are undertaken on supply chains and sourcing decisions? • Movement of funds: Are terrorist organisations using precious metals or stones, or other resources to bypass the official banking system? Are there weaknesses in the regulation and supervision of dealers in precious metals and stones?

3. No jurisdiction over foreign banks

Link: Affirmative can only regulate US banks regarding how they enforce money laundering rules

Their plan only claims to regulate US banks and they’d have no way to enforce it on foreign banks. But that creates a problem because…

Terrorist Financing (TF) goes cross-border through multiple jurisdictions, and it won’t work if they don’t enforce it too

Financial Action Task Force 2019 (FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction) July 2019 Terrorist Financing Risk Assessment Guidance <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf> (accessed 20 Nov 2021)

While a risk assessment presents a snapshot in time, this report highlights the importance of establishing regular mechanisms to monitor TF risk on an ongoing basis, taking into account current terrorism and TF threats and developments. In light of the cross-border nature of TF, jurisdictions that face a low domestic terrorism risk may still face significant TF risks. Likewise, even countries that assess their TF risk to be low will still need to regularly monitor and review their understanding, and to stay vigilant to potential changes in TF threats and trends.

Stopping Terrorist Financing (TF) requires foreign jurisdictions

Financial Action Task Force 2019 (FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction) July 2019 Terrorist Financing Risk Assessment Guidance <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf> (accessed 20 Nov 2021)

Jurisdictions will need to take a holistic approach when considering terrorism threats, as TF risk may be linked to terrorism occurring in jurisdictions that are not within close proximity. Jurisdictions will therefore likely need to collect information on domestic and international terrorism threats.

Must have foreign jurisdiction engagement to reduce Terrorist Financing (TF) risks [but not in AFF plan]

Financial Action Task Force 2019 (FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction) July 2019 Terrorist Financing Risk Assessment Guidance <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf> (accessed 20 Nov 2021)

Experience shows that ongoing engagement with foreign counterparts is particularly important in both detecting and assessing cross-border TF risks. Experience highlights the benefits of establishing regular contact points for terrorism and TF-related information exchange, formal analyst exchanges and the co-location of personnel.

4. Plan vagueness means plan failure

Link: Plan is missing many details

Failure: Terrorist Financing (TF) enforcement requires all details to be spelled out in advance

Financial Action Task Force 2019 (FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction) July 2019 Terrorist Financing Risk Assessment Guidance <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf> (accessed 20 Nov 2021)

An assessment of TF risk should result in clear and practical follow-up actions. Such follow-up actions may include (but are not limited to): amendments in CFT legislation and policies to address identified deficiencies, allocation of resources or training to key authorities, development of platforms or mechanisms to enhance information sharing on TF, enhanced engagement with sectors or institutions identified as vulnerable to TF, and/or implementation of a more systemic mechanism for collecting and maintaining TF or terrorism related information. Experience to date highlights the importance of clearly allocating and codifying (if possible) which authorities are responsible for follow-up actions (including updating the risk assessment), as well as setting timelines.

5. No measurement of success

**“Money laundering” itself is not a harm. Nothing is a harm until someone gets harmed. Even claiming that money laundering would go down by X%, let alone proving it, would still not be enough to justify an AFF ballot. They have to prove that terrorism or crime or some actual harmful thing would be substantially reduced by their plan.**

There exists no mechanism to measure the effectiveness or success of any anti-money laundering scheme, including the Affirmative’s

Dr. Ronald F. Pol 2020 (PhD in policy effectiveness and money laundering) written 1 Dec 2018, published 25 Feb 2020 “Anti-money laundering: The world's least effective policy experiment? Together, we can fix it” <https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366> (accessed 20 Nov 2021)

However, a primary goal for establishing the contemporary anti-money laundering regime was to use money flows to detect and prevent serious crime (G7 [1989](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366); United Nations [UN] [1985](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366), [1988](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366)). Curiously, however, no meaningful crime reduction or prevention measures were developed to measure success (Pol [2018b](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366), 295). Moreover, FATF’s ([2019a](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366)) “high-level objective” (protecting financial systems and the broader economy from the perceived threats of money laundering) lacks specificity, measurability, or any clear statement of the impact of policy interventions. It is so general as to be practically meaningless as an effectiveness measure (Pol [2018b](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366)). Associated metrics purporting to assess effectiveness also fail functionally to match public policy evaluation and outcomes principles and practice (Levi et al. [2018](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366), 310; Pol [2018a](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366)). The main problem is that the “effectiveness” methodology based on specified “outcomes” is “not an outcome-oriented framework as it purports” (Pol [2018a](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366), 216). Effort and activity wrongly labeled “outcomes” fail to evaluate the impact and effect of the policy intervention. In essence, the modern anti-money laundering system lacks meaningful success metrics.

AFF Burden: Prove success by showing a measurable, substantial reduction in the harms of money laundering, including terrorism. And there’s no way to do that.

Dr. Ronald F. Pol 2020 (PhD in policy effectiveness and money laundering) written 1 Dec 2018, published 25 Feb 2020 “Anti-money laundering: The world's least effective policy experiment? Together, we can fix it” <https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366> (accessed 20 Nov 2021) (brackets in original)

Arguably the “best” success measure involves a substantial, demonstrable, sustainable reduction in the harms from serious profit-motivated and other financially indicated crime, including terrorism. The social and economic damage wrought by terrorism, and by drug, human and arms trafficking, corruption, fraud, tax evasion and other serious crimes is immense. Materially reducing their incidence and impact benefits millions of people directly affected, and every community, economy, and society. Unfortunately, “suitable data to prepare informed estimates of cost and assessment of harm are lacking [or] unreliable. However, this does not mean that social harms cannot be identified” (Den Boer et al. [2017](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366), 1), only that there is insufficient data on the harms from crime, and the impact of policy choices, to currently be a suitable success measure.

Nobody can prove whether crime actually goes down as a result of confiscating laundered money. It might go up!

[Michael Levi](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Michael-Levi), [Peter Reuter](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Peter-Reuter) & [Terence Halliday](https://link.springer.com/article/10.1007/s10611-017-9757-4#auth-Terence-Halliday) 2017 (Levi - Cardiff School of Social Sciences, Cardiff University. Reuter - School of Public Policy and Department of Criminology, University of Maryland. Halliday - American Bar Foundation ) Dec 2017 “Can the AML system be evaluated without better data?” [Crime, Law and Social Change](https://link.springer.com/journal/10611) volume 69 <https://link.springer.com/article/10.1007/s10611-017-9757-4> (accessed 20 Nov 2021) (brackets added)

However, such regulatory, criminal procedure and criminal justice enhancements are not the same as serious and ‘organized’ crime reduction. For the latter, we need a broader set of tools, including a much more serious focus on measuring domestic and foreign crime proceeds and the harms that the offenses and their laundering cause: the latter may come from both the criminal acts themselves and the ‘threat actors’ who carry them out. We may expect different targets to have different susceptibilities to partial or complete deterrence by financial interventions. The extent to which Grand Corruption will truly be reduced by anti-PEP [politically exposed person] measures and ex post facto asset confiscation is an open question; likewise, after confiscation, some organized criminals may work harder at crime to get back to their earlier wealth or lifestyle expenditures. We are not suggesting that the conceptualization and generation of relevant data is at all an easy task but in its absence, claims that countries have less or more effective systems will be open to allegations that judgments about the effectiveness of their AML [anti money laundering] regimes are merely ad hoc, or impressionistic, or even politicized. Such allegations reduce the legitimacy of the evaluations and the institutions being evaluated. Despite our anticipation that greater criminological expertise will be displayed by country assessors over time, the design and operation of the AML/CTF [counter-terrorism financing] system will continue to reflect faith and process rather than build upon reliable evidence of actual positive impacts on institutions and social wellbeing.

No one can prove that Anti Money Laundering (AML), even if it works, achieves any goals like reducing crime or terrorism

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Evaluation is a touchstone of contemporary policy making; good policy requires systematic and transparent evaluation. AML is just the kind of broad policy intervention that requires evaluation to improve its design and operation, if not to justify its existence. Despite the publication of national Mutual Evaluation Reports (MERs) and, more recently, National Risk Assessments, the fact is that there has been minimal effort at AML evaluation, at least in the sense in which evaluation is generally understood by public policy and social science researchers, namely how well an intervention does in achieving its goals. [**END QUOTE**]Much of the problem lies in the nature of data that are available, what is used and how it is analyzed. Evaluation requires data and nowadays, it is generally quantitative, supplemented by an understanding of how the data are created and how they are processed. For AML, relevant quantitative data on serious crimes for gain is rare, though administrative and criminal justice data on AML processing have improved over time. [**THEY CONTINUE LATER IN THE CONTEXT QUOTE:**] The ideal evaluation would take some measure of the target activity, such as the total amount of money laundered, and estimate how much that has been reduced by the imposition of AML controls. However, as frequently repeated in MERs and other documents,  there are no credible estimates of the total amount laundered, either globally or nationally, as discussed in Section [2](https://link.springer.com/article/10.1007/s10611-017-9757-4#Sec2). Nor are there any clear international or even national measures of most of the harms that AML aims to avert, such as frauds or drugs/human trafficking.

6. Over 100x improvement needed to justify Plan

In Status Quo, the amount of laundered funds caught = 100 times the compliance costs of catching it. IF plan did 100 times better than Status Quo, we’d only break even

Dr. Ronald F. Pol 2020 (PhD in policy effectiveness and money laundering) written 1 Dec 2018, published 25 Feb 2020 “Anti-money laundering: The world's least effective policy experiment? Together, we can fix it” <https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366> (accessed 20 Nov 2021)(brackets in original)

LexisNexis ([2017](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366), [2018a](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366), [2018b](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366)) also examined compliance costs elsewhere. The estimated annual cost was $83.5 billion in five European countries,  $25.3 billion in the United States, and $2.05 billion in South Africa, or $110.85 billion in the surveyed countries. According to World Bank data, those countries represent 36.5 percent of world GDP (2017). Again, simple extrapolation suggests global compliance costs in the order of $304 billion, or 0.38 percent GDP. [Some estimates are higher still. Thomson Reuters ([2018](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366), 4, 26) says that companies on average spend 3.1 percent of turnover combating financial crime, or $1.28 trillion globally]. Necessarily applying a broad brush, the current anti-money laundering policy prescription helps authorities intercept about $3 billion of an estimated $3 trillion in criminal funds generated annually (0.1 percent success rate), and costs banks and other businesses more than $300 billion in compliance costs, more than a hundred times the amounts recovered from criminals.

DISADVANTAGES

1. More harm to consumers and legitimate businesses

Money laundering enforcement penalizes banks and legitimate businesses more than criminals. And Aff wants to do more of it.

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However, these findings appear consistent with other possibilities, for example, that “banks are a much easier target for regulators” (Pol [2019c](https://www.tandfonline.com/doi/full/10.1080/25741292.2020.1725366)) than criminals. If authorities recover around $3 billion per annum from criminals, whilst imposing compliance costs of $300 billion and penalizing businesses another $8 billion a year, it is reasonable to ask if the real target of anti-money laundering laws is legitimate enterprises rather than criminal enterprises. It is reasonable also to ask whether ordinary citizens are harmed more than banks and criminals, at least financially, by laws ostensibly aimed at financial crime. After all, banks typically pass their costs on to shareholders and customers - in lower dividends, higher fees, lower interest rates for savers, and higher rates for borrowers.

2. Civil rights lost

Increased focus on pre-empting “bad actors” (instead of focus on bad transactions) increases violations of civil rights, because the government punishes people before they’re convicted of a crime

John Roth Douglas Greenburg Serena Wille 2004 (staff members of the 9/11 Commission) Monograph on Terrorist Financing (article is undated; date is determined from the PDF properties indicating it was created on 28 Aug 2004, the fact that the 9/11 Commission terminated on 21 Aug 2004, and internal references in the document to events that happened in 2004) <https://govinfo.library.unt.edu/911/staff_statements/911_TerrFin_Monograph.pdf> (accessed 21 Nov 2021)

In light of the difficulties in prosecuting some terrorist fund-raising cases, the government has used administrative blocking and freezing orders under the International Emergency Economic Powers Act (IEEPA) against U.S. persons (individuals or entities) suspected of supporting foreign terrorist organizations. It may well be effective, and perhaps necessary, to disrupt fund-raising operations through an administrative blocking order when no other good options exist. The use of IEEPA authorities against domestic organizations run by U.S. citizens, however, raises significant civil liberty concerns because it allows the government to shut down an organization on the basis of classified evidence, subject only to a deferential after-the-fact judicial review. The provision of the IEEPA that allows the blocking of assets “during the pendency of an investigation” also raises particular concern in that it can shut down a U.S. entity indefinitely without the more fully developed administrative record necessary for a permanent IEEPA designation.