

Department of the Treasury  
Office of Terrorism and  
Financial Intelligence

Congressional Budget  
Justification and Annual  
Performance Report and Plan

FY 2021

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## Section I – Budget Request

### A – Mission Statement

Strengthen national security by using targeted financial measures to combat threats and protect the integrity of the financial system.

### B – Summary of the Request

The Department of the Treasury’s (Treasury) strategic plan guides program and budget decisions for the Office of Terrorism and Financial Intelligence (TFI). The FY 2021 Budget Request supports two of Treasury’s FY 2018-2022 Strategic Goals: Enhance National Security and Achieve Operational Excellence.

TFI requests \$172.751 million, which is a \$3.039 million increase from the FY 2020 enacted level. TFI requests these additional resources to continue to invest in its people as well as infrastructure, systems, and automated tools, thereby ensuring that TFI remains agile, innovative, and strategic in responding to the most pressing U.S. national security concerns. The budget prioritizes funding for Treasury’s targeted financial tools that protect the U.S. and international financial system from abuse, as well as countering the financial networks that support terrorists, weapons proliferators, organized transnational crime, rogue regimes, and other threats.

TFI’s economic authorities continue to play an increasingly central role in countering some of the nation’s most critical security threats. This Administration and Congress rely upon TFI to deploy non-kinetic tools at a rapid pace to proactively implement U.S. policy towards North Korea, Iran, Russia, Islamic State of Iraq and Syria (ISIS) and other terrorist organizations, Venezuela, human rights abusers and corrupt actors, narcotics traffickers, and other malign and destabilizing actors. As reliance upon TFI’s authorities has grown, the corresponding growth in personnel across TFI and increased demand placed upon secure systems requires additional investment in mission support areas. TFI’s infrastructure investments have been developed with careful consideration of the personnel increase request with the intent of developing and maintaining a collaboration network that facilitates our operational and policy goals.

### 1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2019		FY 2020		FY 2021		FY 2020 to FY 2021	
	Operating Plan		Enacted		Request		% Change	
New Appropriated Resources	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Terrorism and Financial Intelligence	440	\$159,000	526	\$169,712	575	\$172,751	9.3%	1.8%
<b>Subtotal New Appropriated Resources</b>	<b>440</b>	<b>\$159,000</b>	<b>526</b>	<b>\$169,712</b>	<b>575</b>	<b>\$172,751</b>	<b>9.3%</b>	<b>1.8%</b>
<b>Other Resources</b>								
Reimbursable	40	\$8,000	41	\$8,000	41	\$8,000	0.0%	0.0%
<b>Subtotal Other Resources</b>	<b>40</b>	<b>\$8,000</b>	<b>41</b>	<b>\$8,000</b>	<b>41</b>	<b>\$8,000</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total Budgetary Resources</b>	<b>480</b>	<b>\$167,000</b>	<b>567</b>	<b>\$177,712</b>	<b>616</b>	<b>\$180,751</b>	<b>8.6%</b>	<b>1.7%</b>

Note: FTE = Full-time Equivalent employment

## 1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
<b>FY 2020 Enacted</b>	<b>526</b>	<b>\$169,712</b>
<b>Changes to Base:</b>		
Maintaining Current Levels (MCLs):	-	3,983
Pay Annualization (2020 3.1% average pay raise)	-	\$757
Pay Raise (1.0% average pay raise)	-	\$738
FERS Contribution Increase	-	\$800
Non-Pay	-	\$1,688
Non-Recurring Costs	-	(\$2,539)
Efficiency Savings	-	(\$2,716)
Other Adjustments:	30	\$0
FTE Adjustment	30	\$0
Subtotal Changes to Base	30	(\$1,272)
<b>FY 2021 Current Services</b>	<b>556</b>	<b>\$168,440</b>
<b>Program Changes:</b>		
Program Increases	19	\$4,311
TFI-Wide Centralized Data Platform Infrastructure Support	-	\$602
Western Hemisphere/Human Rights Sanctions	3	\$657
Cyber Analysts and Data Scientists	9	\$1,583
Virtual Currency Investigators	4	\$812
Foreign Asset Control Staffing	3	\$657
<b>FY 2021 President's Budget Request</b>	<b>575</b>	<b>\$172,751</b>

### C – Budget Increases and Decreases Description

**Maintaining Current Levels (MCLs) ..... +\$3,983,000 / +0 FTE**

Pay Annualization (3.1%) +\$757,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +\$738,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +\$800,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +\$1,688,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

**Non-Recurring Costs ..... -\$2,539,000 / -0 FTE**

Non-Recur of IT Infrastructure Investments -\$2,539,000 / -0 FTE

One-time costs of the FY 2020 IT Infrastructure Investment initiative will non-recur.

**Efficiency Savings ..... -\$2,716,000 / -0 FTE**  
TFI Contractual Support -\$2,716,000 / +0 FTE

TFI will achieve cost savings and efficiencies in contract services through improved oversight of all TFI contracts, consolidating contracts where appropriate, and partnering with other agencies and Treasury Departmental Offices (DO) components to leverage common technology or administrative support needs.

**Other Adjustments..... +\$0 / +30 FTE**  
FTE Adjustment +\$0 / +30 FTE

The FY 2021 Budget reflects a +30 FTE technical adjustment from the FY 2020 Enacted Budget. This technical adjustment reflects increased efforts at TFI to hire and on-board new staff as provided for in prior year budget requests.

**Program Increases ..... +\$4,311,000 / + 19 FTE**  
TFI-Wide Centralized Data Platform Infrastructure Support +\$602,000 / +0 FTE

To best utilize the volumes of data currently available to TFI staff and positively leverage technology to expand the efficiency of TFI's limited personnel resources, TFI is establishing a data analytics program and staff, an overarching governing body (in close coordination with CIO), and an operational enterprise tool capable of fusing TFI's disparate data streams for Treasury Foreign Intelligence Network (TFIN) desktop analysis by TFI staff.

Western Hemisphere/Human Rights Sanctions +\$657,000 / +3 FTE

Administration and Congressional actions during the past 18 months in the Western Hemisphere require significant sanctions implementation efforts by the Licensing, Policy, and Regulatory Affairs teams, including: designing sanctions implementation architecture proposals for Treasury and interagency leadership, implementing new regulatory frameworks through general licenses (over 30 issued in the Venezuela program alone), publishing regulations, and public guidance such as frequently asked questions, and processing an onslaught of new licensing requests to authorize activity that may be otherwise prohibited but is in U.S. foreign policy interests.

Cyber Analysts and Data Scientists +\$1,583,000 / +9 FTE

The Office of Intelligence and Analysis (OIA) requests five cyber intelligence research specialists and one visual analyst to meet the increased demand from Treasury senior policymakers and Domestic Finance/Office of Cybersecurity and Critical Infrastructure Protection for intelligence support and analysis to counter the intensification of cyber-enabled threats to the U.S. financial services sector (FSS) and US national security interests more broadly. The analysts would focus on support to improve the sharing of cyber threat intelligence to the FSS, provide the Office of Foreign Assets Control (OFAC) intelligence support on targeting financial networks of malicious cyber actors, and provide tactical intelligence support to TFI cryptocurrency initiatives. OIA also requests three data scientists to analyze large tranches of data and to build assessments from that analysis. Data scientists are skilled in statistical analysis and trained specially to perform this type of work, which is critical to using Treasury's own data to answer analytic questions and inform policymakers.

Virtual Currency Investigators +\$812,000 / +4 FTE

Among the new and emerging threats to the use of sanctions as a tool for national security is the rapid development of virtual currencies as a mechanism to move value across borders while skirting the formal financial system that OFAC relies on as the implementing mechanism for its authorities. Presently, OFAC has a single investigator focused on the illicit use of virtual currency, and this investigator is often pulled away from purely investigative duties in order to share virtual currency expertise across TFI, since this area is of high concern but also an uncommon area of technical competency. Meanwhile, investigators across most sanctions programs are reporting increasing exposure to the use of virtual currencies by the targets of their investigations. Additional virtual currency investigators will allow investigations involving cryptocurrency across all of OFAC's sanctions programs to be able to exploit this investigative arena.

Foreign Asset Control Staffing +\$657,000 / +3 FTE

The requested Senior Enforcement Officers will provide essential investigative and legal knowledge to OFAC's enforcement process, deliberative memoranda, and final agency charging documents. These personnel will be responsible for working closely with Enforcement's investigators to coordinate the final phase of public enforcement actions through the OFAC Front Office (Director and Deputy Director) and handle all negotiations, meetings, and interactions with subject persons thereafter. These personnel will handle such matters for all U.S. economic and trade sanctions programs, and will reduce the workload and burden placed on other offices (e.g., the Office of Chief Counsel, OFAC).

### 1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019	FY 2020	FY 2021
	Actual Obligations	Estimated Obligations	Estimated Obligations
11.1 - Full-time permanent	57,132	69,145	76,035
11.3 - Other than full-time permanent	601	556	556
11.5 - Other personnel compensation	1,381	1,078	1,078
<b>11.9 - Personnel Compensation (Total)</b>	<b>59,114</b>	<b>70,779</b>	<b>77,669</b>
12.0 - Personnel benefits	18,307	22,637	24,084
<b>Total Personnel and Compensation Benefits</b>	<b>\$77,421</b>	<b>\$93,416</b>	<b>\$101,753</b>
21.0 - Travel and transportation of persons	2,434	3,969	3,665
22.0 - Transportation of things	98	0	2
23.2 - Rental payments to others	177	0	4
23.3 - Communications, utilities, and miscellaneous charges	15	67	712
24.0 - Printing and reproduction	19	0	0
25.1 - Advisory and assistance services	21,505	25,717	21,514
25.2 - Other services from non-Federal sources	1,718	533	2,121
25.3 - Other goods and services from Federal sources	44,695	47,680	45,900
25.4 - Operation and maintenance of facilities	9	0	0
25.7 - Operation and maintenance of equipment	328	399	538
25.8 - Subsistence and support of persons	5	0	0
26.0 - Supplies and materials	2,672	2,321	2,197
31.0 - Equipment	5,965	3,540	1,989
32.0 - Land and structures	4,322	70	356
<b>Total Non-Personnel</b>	<b>\$83,962</b>	<b>\$84,296</b>	<b>\$78,998</b>
<b>Total Obligations</b>	<b>\$161,383</b>	<b>\$177,712</b>	<b>\$180,751</b>
<b>Full-time Equivalents (FTE)</b>	<b>480</b>	<b>567</b>	<b>616</b>

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

**D – Appropriations Language and Explanation of Changes**

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE <i>Federal Funds</i> SALARIES AND EXPENSES</p> <p>For the necessary expenses of the Office of Terrorism and Financial Intelligence to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, weapons of mass destruction proliferators, human rights abusers, money launderers, drug kingpins, and other national security threats, [\$169,712,000] <i>\$172,751,000</i>, of which not less than \$3,000,000 shall be available for addressing human rights violations and corruption, including activities authorized by the Global Magnitsky Human Rights Accountability Act (22 U.S.C. 2656 note): Provided, That of the amounts appropriated under this heading, up to \$10,000,000 shall remain available until September 30, [2021] 2022. (<i>Department of the Treasury Appropriations Act, 2020.</i>)</p>	

**E – Legislative Proposals**

The Office of Terrorism and Financial Intelligence has no legislative proposals.



## Section II – Annual Performance Plan and Report

### A – Strategic Alignment

TFI programs support the following Department of the Treasury’s Strategic Plan for FY 2018-2022. Strategic objectives for Strategic Goal 3, to enhance national security:

- Objective 3.1 – Strategic Threat Disruption: Identify, dismantle, and disrupt priority threats to the U.S. and international financial system.
- Objective 3.2 – AML/CFT Framework: Identify and reduce vulnerabilities in the U.S. and international financial system to prevent abuse by illicit actors.
- Objective 3.3 – Economic Strength and National Security: Advance American prosperity and security through growth, investment, trade, and expanding the American industrial base while protecting national security.

TFI programs support the following strategic objectives for Strategic Goal 5, to achieve operational excellence:

- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.
- Objective 5.2 – Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury’s infrastructure.

### B – Budget and Performance by Budget Activity

#### 2.1.1 – Terrorism and Financial Intelligence Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	\$112,500	\$117,000	\$123,000	\$141,778	\$159,000	\$169,712	\$172,751
Other Resources	\$6,966	\$6,329	\$6,491	\$8,626	\$7,756	\$8,000	\$8,000
<b>Budget Activity Total</b>	<b>\$119,466</b>	<b>\$123,329</b>	<b>\$129,491</b>	<b>\$150,404</b>	<b>\$166,756</b>	<b>\$177,712</b>	<b>\$180,751</b>
<b>Full-time Equivalents (FTE)</b>	<b>385</b>	<b>414</b>	<b>428</b>	<b>444</b>	<b>480</b>	<b>567</b>	<b>616</b>

\*Note: FY 2015 - FY 2019 Other Resources dollars are actuals. FY 2015 - FY 2019 FTE are actuals.

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Target	FY 2021 Target
New or Modifications to Existing Sanctions Programs	N/A	N/A	5	5	7	I	DISC
Number of Designation Actions	N/A	N/A	867	1431	1120	I	DISC
Analytic Intelligence Support	N/A	N/A	385	523	637	I	DISC
Review and Support of Foreign AML/CFT Laws and Regulations	N/A	N/A	49	64	81	I	DISC

N/A: Not available; DISC: Discontinued; I: Indicator

New measures are being introduced in FY 2020. Refer to Section C for justification.

Description of TFI's Performance:

As described more fully above, TFI has strategically and tactically deployed all available economic tools and authorities to disrupt and counter key national security challenges. TFI focuses its resources on those actions that are most likely to create the greatest impact towards a stated program objective. Therefore, the number of actions taken cannot serve as a single determination of effectiveness, complexity, or level of resources required to complete the action. For instance, as TFI takes action against larger entities or individuals that are integrated into and impact global supply chains, the level of resources and complexity of planning for the action increases substantially. For each action, resources are required to monitor collateral impacts, issue required licenses, engage with the public to answer questions, participate in bilateral and multilateral exchanges to ensure international support for actions, meet reporting requirements in a timely manner, monitor for potential evasion, and execute all required regulatory changes, among other things. Workload indicators tracked in FY 2019 were the following:

- New or Modifications to Existing Sanctions Programs: This indicator measures new actions or expansion of existing sanction programs, and the data is collected by OFAC. The measure reflects an increase in workload requirements as any new country programs or expansion in scope of existing programs are by and large in addition to current workload and not in lieu of already existing work, and therefore, cumulative. Conversely, ongoing program requirements are much less frequently removed. The creation or modification of sanctions programs requires a significant upfront dedication of policy, program, legal, and regulatory resources to ensure proper coordination and documentation of the changes.
- Number of Designation Actions: This indicator measures number of actions taken to impose sanctions, and is collected by OFAC. It is important to note that for "Program-Specific Designations" may not always represent a true reflection of TFI's extensive efforts across programs or toward a particular program. From FY 2017 to FY 2018, TFI activity increased across a number of high priority programs. However, the FY 2018 numbers do not reflect the approximately 700 Iran sanctions that were implemented on November 5, 2018, in conjunction with the full snapback of sanctions following the President's withdrawal of the United States from the JCPOA. Though these sanctions technically occurred in FY 2019, the preparation for the tranche was exceedingly complex and required several lines of effort over the last several months of FY 2018.
- Analytical Intelligence Support: TFI includes both formal analytical intelligence briefings as well as final analytical intelligence products that were published. The significant increase from FY 2017 to FY 2018 represents increased demand as well as a higher prioritization on production. In FY 2021 this indicator will be replaced with an expanded indicator that includes the vast array of OIA products, including number of IIRs published and the number of finished intelligence pieces published.
- Review of Foreign AML/CFT Law and Regulations: This measure tracks/includes participation in Financial Action Task Force (FATF) mutual evaluations (ME), which are peer evaluations of countries' levels of effectiveness and implementation of the FATF anti-money laundering and countering the financing of terrorism (AML/CFT) Standards. The data is collected from the Office of Terrorist Financing and Financial Crimes (TFFC). Participation in MEs usually requires several extended on-site visits in country, extensive analysis of a country's AML/CFT system, and follow-up meetings to provide in-depth analyses and ratings. Additionally, the metric includes reviews and comments on reports produced by the nine FATF-style Regional Bodies; and, work assessing and reviewing

countries as part of the International Cooperation Review Group, which oversees the FATF process that identifies and reviews jurisdictions with strategic AML/CFT deficiencies that may pose a risk to the international financial system and closely monitors their progress. Finally, this metric includes strategic support to certain high priority bilateral partners in an effort to enhance their AML/CFT laws, regulations, and structures. This effort may include, but is not limited to, bi-lateral and multi-lateral meetings, foreign travel, and reviewing draft legislation.

TFI proposes to create a number of new indicators and measures for FY 2021 which will be reflected in the FY 2022 Budget. Among these are regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year; the number of roundtables with private sector on Money Laundering/Terrorist Finance threats, vulnerabilities, and risk; the number of overseas/domestic engagements with foreign officials by TFFC officials; the timeliness of response to de-confliction requests received from law enforcement; the number of security clearances processed by OIA's Office of Security Programs (OSP); and the percent of customer satisfaction with OIA products. See Section C for changes in performance measures and indicators.

### **Terrorism and Financial Intelligence Budget and Performance**

*(\$172,751,000 from direct appropriations, \$8,000,000 from reimbursable resources):*

TFI serves a distinct role in enhancing national security by deploying Treasury's tools and authorities to protect the U.S. and international system from abuse and by combating rogue regimes, terrorist facilitators, weapons proliferators, money launderers, drug kingpins, human rights abusers, cyber criminals and other illicit finance and national security threats. TFI does this by strategically applying the policy, law enforcement, intelligence, and regulatory tools, and authorities of its components in a calibrated manner to achieve maximum impact. In FY 2019, TFI successfully applied its diverse targeted financial measures, including financial sanctions and regulatory tools that address major national security challenges. These challenges include North Korea, Iran, Russia, Syria, Venezuela, ISIS, al-Qai'da, Hizballah, human rights violators and others. In an effort to identify, disrupt, and dismantle these threats, TFI was able to deny revenue sources to these illicit actors and organizations.

#### North Korea

In the past year, TFI has supported the Administration's goal to achieve the final, fully verified denuclearization of North Korea by maintaining pressure on North Korea's finances and economy, thereby stemming the flow of illicit revenue to its weapons program which continues to pose a threat to global security. TFI deploys a variety of financial tools and authorities to curb the North Korean threat, including sanctions; measures for anti-money laundering and countering the financing of terrorism (AML/CFT); regulatory actions under Section 311 of the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act); foreign engagement; and private sector partnerships; among other actions.

In 2019, TFI targeted illicit actors serving as gateways for North Korea to access the international financial system. This includes targeted DPRK illicit efforts aimed at schemes used

to evade U.S. and UN sanctions, launder funds, and finance the regime's weapons of mass destruction and ballistic missile programs.

Overall, in FY 2019, TFI has sanctioned more than 20 individuals, entities, and vessels related to North Korea. This economic pressure campaign has created the conditions to bring the U.S. and North Korea to the negotiating table to finally achieve fully verifiable denuclearization with the hope of bringing peace to the Korean peninsula.

### Iran

Treasury continues to play a leading role in the implementation of the Administration's Iran policy. Treasury's actions have disrupted the Iranian regime's ability to fund its broad range of malign activities, including supporting its proxies Hizballah and Hamas. Following the Administration's decision to fully re-imposed the nuclear-related sanctions that had been lifted or waived under the Joint Comprehensive Plan of Action (JCPOA), in November 2018, Treasury took the largest single-day action by sanctioning over 700 individuals, entities, aircraft, and vessels. Treasury followed that up through a variety of targeted financial measures that disrupt funding sources such as oil, its primary source of funds, as well as other areas such as banking, petrochemicals, shipping, and metals. Treasury re-imposed U.S. sanctions on the Iranian regime and has continued to apply pressure to reduce Iran's capacity to continue its support for terrorism, human rights abuses, ballistic missile proliferation, destabilizing activities, and support of militant groups. Sanctions have included designations of the then-Governor of the Central Bank of Iran for conspiring with the Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) to conceal the movement of millions of dollars to enrich and support Hizballah; individuals and entities supporting Mahan Air, an airline previously designated for its support to terrorism, and a currency exchange network that was funneling millions of dollars to the IRGC-QF.

Of note, in September 2019, Treasury designated the Central Bank of Iran, National Development Fund, and Etemad Tejarate Pars Co. under its counterterrorism authority for its support of Hizballah and IRGC-Qods Force. In addition, as of the end of FY 2019, TFI has issued sanctions on 450 individuals and entities for a range of activities related to terrorism, proliferation, and human rights abuses, and to thwart Iran's exploitation of the global financial system. In addition to sanctions, TFI continues to deploy other tools to achieve maximum pressure on Iran to hold Iran accountable for its destabilizing activities. For example, TFI recently issued advisories to financial institutions detailing Iran's efforts to deceive legitimate businesses, including through the use of front and shell companies, to fund its malign activities. Likewise, Treasury officials have traveled the world, meeting with officials in dozens of countries to warn them of Iran's illicit activities and garner their support for our pressure campaign.

### Russia

TFI has also undertaken a comprehensive and strategic financial pressure campaign to counter the scale and sophistication of Russia's malign activities. TFI has strategically deployed tools to maximize financial pressure on the Kremlin while minimizing unintended consequences within the international financial system. These efforts have included a robust sanctions program, enforcement actions, foreign engagement, and private sector partnerships to deter their illicit activity. During FY 2019, the Administration sanctioned 58 new individuals or entities,

including 18 designated under Ukraine/Russia-related sanctions under the Countering America's Adversaries Through Sanctions Act. TFI sanctioned powerful Russian oligarchs and many of the companies they own or control.

### Counter-Terrorism

TFI's financial tools are also making an impact in the fight to combat terrorism, to include ISIS, al-Qai'da, Hizballah, Hamas, the Taliban and others. The Office of Terrorist Financing and Financial Crimes (TFTC), introduced in FY 2017, was created to disrupt the financing of terror through the sharing of intelligence and coordinated actions between the U.S. and six Gulf country partners—Saudi Arabia, Bahrain, Qatar, Kuwait, Oman, and the United Arab Emirates—as well as through capacity building. In FY 2019, TFTC conducted two rounds of multilateral designations. These designations were put into place to expose and disrupt Taliban actors and their Iranian sponsors that seek to undermine the security of the Afghan Government and to additionally disrupt an Iranian-backed terrorist group by designating the senior leadership of Lebanese Hizballah. Additionally, TFI led discussions and training sessions with Gulf partners on regional terrorist financing issues.

Beyond coordinated sanction actions, TFI continued targeting Hizballah and its supporters, including leadership, operatives, facilitators, financiers, investors, and key global procurement networks. In FY 2019, TFI conducted 33 Hizballah-related sanction designations, and saw more designations in calendar year 2019 by the Departments of State and the Treasury than in any single prior year.

### Venezuela

The U.S. along with other international partners have applied unprecedented financial pressure on the Maduro regime in Venezuela in light of the actions and policies of the Government of Venezuela, including serious abuses of human rights and fundamental freedoms; the deepening humanitarian crisis in Venezuela; establishment of an illegitimate Constituent Assembly; rampant public corruption; and ongoing repression and persecution of, and violence toward, the political opposition. Specifically, Treasury has designated over 200 individuals and entities pursuant to its sanctions authorities, including state-owned oil company, PDVSA, and former President Maduro and members of his inner circle, cutting them off from the U.S. financial system. TFI will continue to impose financial constraints on those responsible for Venezuela's severe decline and the illicit financial networks used to mask their wealth.

### Human Rights

TFI has also applied our tools and authorities to combat corruption and human rights abuses through the *Global Magnitsky Human Rights Accountability Act*. In FY 2019 under this program, TFI has sanctioned approximately 30 individuals and entities for serious human rights abuse and/or corruption. Consistent with the growing human rights-related workload and Congress's focus on these areas, TFI will continue to take action against human rights and corruption related targets around the globe, including implementing sanctions under *Global Magnitsky* and other authorities, and will continue to assess the impact of these activities on TFI's mission.

### Financial Action Task Force (FATF)

TFI has also focused on improving systemic enhancements to the global financial system, including Treasury's assumption of the presidency of the Financial Action Task Force (FATF), the AML/CFT standard setting body, from July 2018 through June 2019. TFI set three priorities during its term:

- Clarifying how the FATF standards on regulation and supervision apply to virtual currency service providers to mitigate the use of virtual currencies by illicit actors;
- Maintaining the FATF's emphasis on combating terrorist financing; and
- Enhancing FATF's work on preventing the financing of the proliferation of weapons of mass destruction.

During FY 2019, Treasury participated in FATF peer review processes of ten countries. These comprehensive AML/CFT assessments evaluate countries against the FATF standards for both technical compliance and effective implementation. FATF also clarified how its standards apply to virtual asset service providers, which include virtual currency exchangers and administrators.

TFI led the FATF to adopt new standards that require countries around the world to regulate and supervise virtual currency providers for AML/CFT. TFI also led U.S. efforts to issue guidance on how countries can effectively regulate and supervise virtual currency providers. Additionally, TFI, through the Office of Terrorist Financing and Financial Crimes (TFFC), worked with the United Nations to incorporate into international law the FATF standard that countries prohibit any funds to terrorists and/or terrorist organizations even without any link to a specific terrorist act.

In FY 2019, TFI led FATF to foster improved information-sharing between governments and between financial institutions to put both in a better position to detect, deter, and disrupt illicit finance, one effort among many that will continue into FY 2020 and beyond.

Under the U.S. Presidency of the FATF, two key U.S. allies became full members of the FATF. In addition, due in part to TFI leadership, the FATF under the U.S. Presidency agreed to impose countermeasures on Iran for the first time in three years.

Throughout FY 2020 and FY 2021, TFI will focus heavily on strategically deploying its tools and authorities for maximum impact against national security and foreign policy challenges, as well as addressing risks to and vulnerabilities within the U.S. and international financial system. TFI will continue to focus on applying targeted financial measures against North Korea, Iran, Russia, and Venezuela, in addition to identifying, disrupting, and dismantling terrorist organizations, drug kingpins, transnational criminal organizations, and other threats to the U.S. and our international partners.

### **Terrorism and Financial Intelligence Offices Supporting the AML/CFT Mission**

This budget request supports three of the four components within TFI that exercise AML/CFT authorities and responsibilities. The fourth component, Financial Crimes Enforcement Network, reports directly to the Under Secretary for TFI but is budgeted separately as a bureau within the Treasury.

### Office of Terrorist Financing and Financial Crimes (TFFC)

TFFC is responsible for formulating and coordinating comprehensive strategies to target national security and foreign policy threats and safeguard the U.S. and international financial systems from abuse. In performing its mission, TFFC works across TFI, as well as interagency and law enforcement, to ensure that Treasury's tools are strategically applied and calibrated for maximum impact against global threats such as North Korea, Iran, Venezuela, Russia, ISIS and Hizballah, among others. TFFC also leads the development of AML/CFT regulatory and outreach initiatives and collaborates with Federal law enforcement on financial crime methodology analysis. Domestically, TFFC performs a critical role in working with key stakeholders to increase the security of our financial systems, leading public-private sector dialogues, financial experts meetings, and other strategic initiatives to identify and address potential vulnerabilities. TFFC also serves as the primary interlocutor with international partners whether on a bilateral basis or in multi-lateral fora to enhance information sharing, advance systemic reforms, synchronize targeted actions, and increase pressure on other countries to address specific illicit finance concerns in line with U.S. national security priorities. TFFC serves as the head of the U.S. Delegation to the Financial Action Task Force, the international body that sets standards and promotes effective implementation of AML/CFT legal, regulatory and operational measures that protect the integrity of the international financial system. The United States held the FATF Presidency from June 2018-June 2019, and TFFC's Assistant Secretary served in that role. Throughout this time period, he and his staff spent months determining FATF priorities, working with member countries, and organizing the week long FATF plenary, which took place in Orlando, FL in June 2019. TFFC is also leading Treasury's efforts to operationalize the Terrorist Financing Targeting Center.

### Office of Intelligence and Analysis (OIA)

As one of 17 members of the U.S. Intelligence Community (IC), OIA is responsible for informing Treasury decisions with timely, relevant, and accurate intelligence and analysis of financial networks and illicit actors. It supports this mission by: producing all-source intelligence analysis that identifies threats to and vulnerabilities within the international financial system; driving and delivering intelligence that meets the needs of Treasury decision makers; and providing the security infrastructure to protect Treasury's physical and information security apparatus. OIA's efforts inform and support the Department's ability to address illicit finance and national security threats, including Iran, North Korea, Russia, ISIS, al-Qaida, and illicit cyber actors. OIA works with the Office of the Director of National Intelligence and other IC agencies to help ensure the Department's intelligence needs are met. OIA's security office ensures that all necessary Treasury personnel are properly trained to safeguard information systems and infrastructure. OIA's security office also maintains counterintelligence and insider threat programs designed to deter, detect, and mitigate foreign intelligence and insider threats to Treasury.

### Office of Foreign Assets Control (OFAC)

OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against over 40 targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy, or economy of the United States. OFAC acts under Presidential national emergency powers, as

well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction. Many of the sanctions are based on United Nations and other international mandates, are multilateral in scope, and involve close cooperation with allied governments. OFAC vigorously enforces the sanctions programs it administers, and conducts civil enforcement investigations against U.S. and non-U.S. individuals and entities who threaten the integrity of its sanctions programs. OFAC’s enforcement actions and activities – including civil monetary penalties, non-public disruptive intervention, and public outreach – illuminate evasion schemes and enlist the private sector in its sanctions efforts. Additionally, OFAC administers a licensing program through which it reviews and then authorizes or denies requests to conduct certain transactions or activities that would otherwise be prohibited. OFAC is continually evaluating and adjusting its sanctions programs to ensure that it is prohibiting illicit activity, while allowing activity that is consistent with or advances U.S. national security and foreign policy.

**C – Changes in Performance Measures**

In 2019 new measures and indicators were determined by a working group between Treasury and TFI to effectively measure the growing workload of TFI and better align with enhanced reporting across Treasury bureaus and offices. These will be reflected in the FY 2022 Budget tables.

<b>Performance Measure or Indicator</b>	<b>Proposed Change and Justification</b>	<b>Indicator/ Measure</b>
1. Number of new sanctions programs modified by EO or Congressional mandate during the fiscal year	This indicator measures new actions or expansion of existing sanction programs. The creation of sanctions programs requires a significant upfront dedication of policy, legal, and regulatory resources to ensure proper coordination and documentation of the changes. Previously TFI reported New or Modificaitons to Existing Sanctions programs but the indicator has been spilt and refined to better capture TFI workload. The data is collected by OFAC.	Indicator
2. Number of sanctions programs modified by EO or Congressional mandate during the fiscal year	This indicator measures actions or expansion of existing sanction programs. The modification of sanctions programs requires a significant upfront dedication of policy, legal, and regulatory resources to ensure proper coordination and documentation of the changes. Previously TFI reported New or Modifications to	Indicator



	Existing Sanctions programs but the indicator has been spilt and refined to better capture TFI workload. The data is collected by OFAC.	
3. Regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year (Target 75%)	This measure ensures that OFAC publishes regulatory documents related to sanctions in a timely manner. The preparation for regulatory documents can be complex and include several lines of effort across OFAC. The data is collected by OFAC.	Performance Measure
4. Designations and identifications released on time to the public without errors (Target 90%)	This performance measure captures the number of actions taken to impose sanctions without errors. The preparation for each action is exceedingly complex and requires several lines of effort. In 2020 Congressional Justification (CJ) TFI reported the indicator number of designation actions but now is performance measure with a target. Designations released on time and without errors strengthens effectiveness of US sanction programs. The data is collected from OFAC.	Performance Measure
5. Conduct outreach events for the other US government agencies, the public, the business sector, and foreign government per calendar year (Target 60 events)	For TFI to be successful in their mission involvement and buy-in with the private sector and government officials is necessary. This performance measure tracks the amount of outreach events conducted by TFI.	Performance Measure

<p>6. Participation in FATF international mutual evaluations and follow up reports)</p>	<p>FATF Mutual Evaluations are peer evaluations of countries' levels of effectiveness and implementation of the FATF AML/CFT Standards. Additionally, the metric includes reviews and comments on reports produced by the nine FSRBs; and, work assessing and reviewing countries as part of the ICRG. Participation on mutual evaluations usually requires several extended on-site visits in country, extensive analysis of a country's AML/CFT system. Previously TFI reported Review and Support of Foreign AML/CFT laws and regulations in the CJ. The modified indicator includes FATF ME and follow-up reports which better represents TFI workload. The data is collected from TFFC.</p>	<p>Indicator</p>
<p>7. Number of roundtables with private sector on ML/TF threats, vulnerabilities, and risk</p>	<p>This indicator measures the number of roundtables with the private sector TFFC conducts. Roundtables contribute to the success of TFI mission since private sector buy-in support compliance. The data is collected by TFFC.</p>	<p>Indicator</p>
<p>8. # of overseas/domestic engagements with foreign officials by TFFC officials</p>	<p>TFFC is tasked with the majority of the outreach and engagement with private sector and foreign officials. This indicator tracks the number of engagement with foreign officials. The data is collected by TFFC.</p>	<p>Indicator</p>
<p>9. Respond to de-confliction requests received from law enforcement (target: TBD)</p>	<p>OFAC is tasked with providing a timely response to law enforcement agencies regarding conflicts in law enforcement information. The data is collected by OFAC.</p>	<p>Performance Measure</p>

10. Number of security clearances processed	This indicator reports the number of security clearances processed by OIA’s Office of Security Programs (OSP). The data is collected by OIA.	Indicator
11. Number of analytic products published (includes Number of IIRs published, Number of finished intelligence pieces published)	This indicator includes both formal analytical intelligence briefings and final analytical intelligence products that were published. In the 2020 CJ for TFI, OIA reported Analytical Intelligence Support published but the indicator has been modified to include the vast array of OIA products. The data is collected from OIA.	Indicator
12. Percent Customer Satisfaction with OIA products (performance measure)	OIA products are rated by customers using a survey. The rating help OIA improve the quality of products and customer support. The information is collected from OIA.	Performance measure

**D – Evidence-Building Activity**

TFI is an organization of 800+ people in five independent, but complimentary offices that work together using its tools and authorities, including sanctions, to enhance national security. This is done by applying policy analysis, law enforcement information, intelligence analysis, and regulatory tools in understanding and addressing threats such as rogue regimes, terrorist organizations, human rights abusers, drug traffickers, money launders, proliferators of weapons of mass destruction (WMDs) and more. Analytics and other information—regulatory reporting, foreign government information, and record keeping rules—inform our approach to policy implementation, diplomatic engagement, and sanctions and designation targets and more. Similar sources of analytics and data are also used to ensure that the domestic and international financial systems are protected from abuse by illicit actors.

**Section III – Additional Information**

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**A – Summary of Capital Investments**

A summary of capital investment resources, including major information technology and non-technology investments can be found at:

<http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>

This website also contains a digital copy of this document.