

# Analysis: Terror financing fines fall after Sept. 11

WASHINGTON (AP) - Despite the Bush administration's pledge to battle terrorist financing, the government's average penalty against companies doing business with countries listed as terrorist-sponsoring states fell sharply after the Sept. 11 attacks, an Associated Press analysis of federal records shows.

The average penalty for a company doing business with Iran, Iraq, North Korea, Sudan or Libya dropped nearly threefold, from more than \$50,000 in the five years before the 2001 attacks to about \$18,700 afterward, according to a computer-assisted analysis of federal records.

After the attacks, Bush grouped North Korea, Iran and Saddam Hussein's Iraq together as an "axis of evil" countries with both weapons of mass destruction and links to terrorists.

A Treasury Department spokeswoman said that despite the smaller average fines, the administration was doing a good job of enforcing economic penalties against nations considered sponsors of terrorism. Molly

Millerwise said the department's Office of Foreign Assets Control, or OFAC, "is committed to ensuring that U.S. entities abide by U.S. sanction laws. We are not in the business of making money."

The smaller average fines could indicate that companies are making fewer large deals with terrorist countries, said Adam Pener, who advises businesses on how to avoid dealing with terrorist nations.

"I would argue this is a good sign OFAC is doing its job," said Pener, chief operating officer of the Conflict Securities Advisory Group. "OFAC in a lot of ways is a deterrent. Especially in the post-9-11 era, companies are policing themselves a lot more."

Vice President Dick Cheney was a vocal critic of trade embargoes while he headed Halliburton, a Houston-based oil services conglomerate, from 1995 to 2000. Under Cheney, Halliburton expanded its trade with Iran through an offshore subsidiary. That arrangement is now being investigated by a federal grand

jury.

Nineteen executives or directors of companies fined by OFAC for dealing with state sponsors of terrorism were top campaign fund-raisers for Bush.

One example is Joseph J. Grano Jr., chairman of the federal Homeland Security Advisory Council, which the president created by executive order and whose members he selected. Grano formerly headed the U.S. subsidiary of the Swiss bank UBS AG. It paid more than \$100 million in fines for trading U.S. currency to Iran and other nations and for transferring funds to Iraq during Saddam's rule.

Bush renewed the ban on trade with Iran in March 2001. Since Sept. 11, 2001, the Treasury Department has added hundreds of names to the list of people and businesses whose U.S. assets are frozen because of suspected links to terrorism. The department also has traced terrorist financing and seized more than \$200 million in terrorist assets.

OFAC is the agency that enforces U.S. restrictions on trade with drug traffickers,

terrorists and countries on the State Department's list of state sponsors of terrorism. Part of that job involves investigating and punishing companies that have outlawed transactions with such countries, organizations or individuals.

U.S. laws such as the Trading With the Enemy Act prohibit most trade with those designated countries: Iran, North Korea, Sudan and Cuba. Libya was on the list until this year, after its government agreed to disclose and dismantle its clandestine nuclear and chemical weapons programs. The Bush administration also removed Iraq from the banned list this year after the U.S.-led invasion that ousted Saddam.

The AP used publicly available OFAC records to compile a database of penalties paid by companies for doing business with terrorists or their state sponsors. The database includes entries for more than 500 such cases since 1996.

Analysis of the database showed average penalties for violating the embargoes fell for every terrorism-sponsoring country after the attacks:

- The average corporate penalty for doing business with Cuba was four times higher before the attacks. The pre-attack average penalty was nearly \$98,000; the post-attack average was about \$23,500. The State Department accuses Cuba of bankrolling some terrorist groups and sheltering members of Basque and Colombian terrorist organizations.

- Penalties for prohibited business involving Iran were nearly twice as high before the attacks. The pre-attack average penalty for an Iran transaction was more than \$33,500; the post-attack average fine was about \$17,300.

- Fines for trading with Iraq while Saddam was in power averaged more than \$101,000 before the Sept. 11 attacks, then fell by more than a third to about \$74,800 afterward.

- Companies accused of dealing with Libya paid fines averaging more than \$41,000 before the attacks, a figure more than three times higher than the postattack average of about \$12,800.

- There was only one fine since 2001 involving a deal with North Korea. It was for

prohibited transactions from the 1990s. The State Department says North Korea shelters members of Japanese terrorist groups, although the communist North is not known to have sponsored any terrorist acts since the 1987 bombing of a Korean Air Lines flight by North Korean agents.

The Treasury Department previously had kept most of OFAC's fines secret. The office released documents detailing its enforcement cases in 2002 under a Freedom of Information Act lawsuit and agreed to begin posting monthly lists of companies which paid penalties. That process began in April 2003.

The AP database includes all penalties detailed in those documents but does not include fines assessed for deals solely involving drug traffickers or embargoed countries not directly linked to terrorism such as Yugoslavia and Haiti.

OFAC does not release information detailing fines against individuals accused of violating the embargoes. Those fines also were not included in the AP database.

## Politics

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Americans may mobilize in the same manner that they did in the mid 1980s against Ronald Reagan."

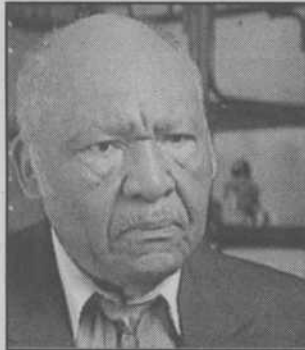
Some lawmakers are already discussing how to narrow their focus.

"We've got some evaluating to do. We've got a lot of evaluating to do. But one thing I don't want us to do is take the focus off of those things that affect people on a day-to-day basis," says Congressional Black Caucus Chairman Elijah Cummings (D-Md.). "I think that the Democratic Party has got to continue to do that, and it has been our philosophy that if we continue to press and press hard on those issues that affect people on a day-to-day basis, that hopefully will yield success."

Tate says she believes there will be little if any compromising by either party. "At this point, the Democrats seem very firm in wanting to stand as the rival party to Bush's Republican Party."

Blacks seeking Republican help will be an essential in this battle, agrees Wade Henderson, executive director of the Leadership Conference on Civil Rights.

"I think the judges issue is the curtain-raiser. It is the first act in the new adminis-



*"You've got to be realistic about politics. We keep playing politics as if it's some playground activity."*

—Arthur Fletcher Jr., former assistant secretary of labor in the Nixon administration

tration to redefine its commitment to fair values, the values for all Americans," says Henderson. "If the president nominates someone who represents the principles of an Antonin Scalia or a Clarence Thomas, then clearly a line has been drawn and there will be strong opposition."

Henderson says that opposition must include reaching out to moderate Republicans, such as John Warner of Virginia, Lincoln Chafee of Road Island, Arlen Specter of Pennsylvania and Olympia Snow and Susan Collins of Maine for help in pushing moderate judges that are palatable to both parties.

"As a community, we have to come together for a conversation about those areas where common ground should be possible even though we are on different

sides of the political aisle."

Though hopeful, Democrats recognize the challenge ahead.

"Obviously, we're going to have a very competitive situation. But I think though there is a sense that we're going to move past gridlock," says Rep. Albert R. Wynn (D-Md.). "The president is going to move a domestic agenda which he has not done. He's going to need Democratic cooperation from both Houses."

There are signs that the public wants both parties to be more productive.

"Unless they begin to address the issues listed below, they risk being labeled a 'Do Nothing Congress'," the NAACP says in a statement outlining a list of unaddressed issues. "More importantly, millions of people will continue to suffer needlessly."

The statement, titled, "Unfinished Business in the 108th Congress", lists 33 civil and social issues that have gone unaddressed by the current Congress. They include legislation to eliminate racial profiling, to prevent hate crimes, to re-enfranchise ex-felony offenders, to abolish mandatory minimum sentences, to eliminate predatory lending, to eliminate high stakes testing, to increase minimum wages, to allow students with minor drug offenses to receive federal financial aid, and to fully fund Leave No Child Behind.

Cummings says the CBC has tried numerous strategies to bring attention to such issues in the Republican Congress, including uniting with other ethnic caucuses to create strength; reaching out to Republican leadership.

"We even had a meeting with the Blue dogs trying to figure out what we had in common," he says, referring to Democrats with conservative leanings. "We have to find ourselves going more into some of those districts of Republicans, particularly where there's the possibility of electing a Democrat in the future, and talk about some of these issues where we're having difficulty getting cooperation."

## Alabama

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also supported a candidate for president, Constitution Party nominee and League member Michael Peroutka, who got only 2,007 votes in Alabama to 1.2 million for President Bush.

Parker's win and opposition to Amendment Two are more likely linked to support for Moore — who supported Parker and opposed the amendment — than racism or Confederate leanings, said Jess Brown, who teaches political science at Athens State University. "I think the Moore wing of the Republican Party has a lot of grassroots energy and support in rural Alabama," Brown said.

In the meantime, at Oasis Elementary, where tests show most students know less than 15 words of English, educators are working to improve scores. They're also hiring outside consultants to better train teachers.

"We'll always have new children who don't speak the language, yet each year more and more students are required to pass," Principal Elizabeth Clipper said. "How do we ever catch up?"

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