



# AML Advisor

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## Obama on Organized Crime and Money Laundering

Transnational organized crime and money laundering have mushroomed in the Western Hemisphere, Eurasia, Africa and every corner of the world. Its customers are the wealthiest countries, so revenues will shrink with the global recession. But its “cost of goods sold”—drugs, migrant workers, tax-free goods, etc.—will also drop. Organized crime syndicates are well-capitalized, well managed businesses and will emerge from the cycle in full vigor. Meanwhile, violence breaks out daily along our border with Mexico and crime groups are jeopardizing our solidarity with Canada.

What will be the new administration’s position on organized crime and money laundering? Very tough, it appears:

*This nexus (of organized crime syndicates) is a danger to every country in the region – including our own. Thousands of Central American gang members have been arrested across the United States... There are national emergencies facing Guatemala, El Salvador, and Honduras. Mexican drug cartels are terrorizing cities and towns. President Calderon was right to say that enough is enough. We must support Mexico’s effort to crack down. But we must stand for more than force – we must support the rule of law from the bottom up. That means more investments in prevention and prosecutors; in community policing and an independent judiciary.*

*Barack Obama  
May 23, 2008*

President Obama’s policy positions—which have been much the same as Joe Biden’s—anticipate heavy investment in law enforcement and in anti-money laundering initiatives. This will be a regional policy, in which the United States is a pro-active partner—rather than one among several states acting independently. The focus is on drugs, which constitute the bulk of criminal revenues.

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To the South, Obama supports expanding the Bush administration's Merida Initiative to help fund security measures in Mexico, Colombia and the rest of Latin America. Perhaps 90% of the cocaine consumed in the U.S. and virtually all the methamphetamines arrive via Mexico. Competing Mexican drug cartels have turned border cities into war zones. Obama has promised to combat the Mexican cartels and to establish programs to decrease both the supply and demand for drugs. He supports continuing U.S. aid to Colombia to fight narco-trafficking and to strengthen civilian enforcement.

Canada, particularly British Columbia, has become a major drug supplier. Growing and smuggling marijuana accounts for some 5% of BC's GDP and employs over 100,000 workers (according to the BC Organized Crime Agency). BC has also become an important transit point for heroin and other drugs from Eurasia. Drug traffic from Canada into Seattle and the Northwest has become an increasing problem. It is no coincidence that President Obama appointed Gil Kerlikowske, Seattle's police chief, as his new drug czar (subject to Senate confirmation). From Kerlikowske, we can expect a tough position on trafficking in hard drugs, though less so on possession.

Domestically, \$4 billion in stimulus funds will go to increasing the number of police on the streets. This amplifies the 2007 COPS amendment sponsored in the Senate by Joe Biden and cosponsored by Barack Obama.

President Obama has not broached legalizing drug use nor has Attorney General Holder, but both have taken strong positions on discrimination. Our drug laws are intensely discriminatory against minorities. If the laws are changed, there could be a huge impact on organized crime, money laundering and the Government's regulatory and enforcement apparatus.

Based on past positions of the President, his cabinet members and his advisors, the Obama administration appears committed to an activist law-enforcement and regulatory agenda, (particularly targeting trafficking in hard drugs), and money laundering measures.

*(This edition of the AML Advisor will appear as an article in the March issue of the IPMI Journal.)*

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**Questions?** *Do you need to know more about how to set up or improve your anti-money laundering program? Training courses? AML audits? We can help.* And our precious metals and jewelry industry professionals are also accredited by the Association of Certified Anti-Money Laundering Specialists (ACAMS). Call me, Mike Riess, at: (203)661-6715 or reach me by e-mail at: [MRIESS@MAT-MGT.COM](mailto:MRIESS@MAT-MGT.COM)

To find out more about the Patriot Group of Materials Management Co. and about our AML programs and services, visit our website at: [WWW.MATERIALSMANAGEMENT.NET](http://WWW.MATERIALSMANAGEMENT.NET). There you'll also find the final regulations and a wealth of background information.

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