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## Homeland Security Department Experiments With New Tool to Track Financial Crime

By ERIC LICHTBLAU

**W**ASHINGTON, Dec. 11 - The Department of Homeland Security has begun experimenting with a wide-ranging computer database that allows investigators to match financial transactions against a list of some 250,000 people and firms with suspected ties to terrorist financing, drug trafficking, money laundering and other financial crimes.

The program, developed by a British company and used in recent test runs at the Department of Homeland Security, gives investigators what amounts to an enormous global watch list to track possible financial crimes at American border crossings, banks and other financial institutions.

"This is something that's shown promise," said Dean Boyd, a spokesman for the department's Immigration and Customs Enforcement agency. While the program is still in its trial stage, Mr. Boyd said, "it's interesting technology, and it would give us another tool in the box, but there's been no decision made on whether to put it into operation or not."

He stressed that the software had not been used as part of any criminal investigations or other operations.

David Leppan, chief executive of World-Check, the British company that has provided the database to American officials, said the recent test runs had produced a number of promising hits on people with suspected criminal ties overseas who had entered the United States with more than \$10,000 in cash or made other financial transactions in this country that were reported to the government.

The program provides yet another indication of the wide-ranging efforts by American officials to look for new technological tools in fighting terrorism and other international crime. But it also raises privacy and civil liberties questions because domestic security officials are relying on a private overseas firm to provide a voluminous list of people and companies that it considers to represent a "high risk" of committing financial crimes, based on an assortment of public records and data.

"There's a real risk in a situation like this because there's really no accountability," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, an advocacy group based in Washington devoted to privacy issues. "People can find themselves on a watch list incorrectly, and the consequences can be very serious."

Mr. Rotenberg likened the trial program at the department to a Pentagon operation disclosed last year in which JetBlue airlines agreed to turn over data on millions of its passengers to a private contractor doing antiterrorism work for the military. In both cases, Mr. Rotenberg said, government officials effectively "outsourced" the job to private firms "in order to develop profiles on people and circumvent U.S. privacy laws."

With a proliferation of private companies looking to profit from a surge in national security contracts, he said, "we'll see more arrangements like this, and we're likely to see more and more

companies in the dot-connecting business."

Officials at the Department of Homeland Security and at World-Check said they were mindful of privacy concerns.

"We're not hiding in alleyways taking pictures of people," said Brendan Cohen, director of United States operations for World-Check, which is allowing the department to use its database free on a 12-month trial basis. "It's just that there's so much information already out in the public domain that by the time the mainstream media or a government agency gets onto someone, there's already a lot of information out there on them."

Mr. Boyd said that if his agency went ahead with the program, it was likely to use the private database as a tip sheet of sorts. "Hits" from the company's list of "high-risk" targets would then allow investigators to initiate follow-up work, develop intelligence and open criminal investigations or move to freeze financial assets if warranted.

"We've obviously got an obligation to go to a court of law and prove our case, and we've got a higher burden of proof" than does World-Check in establishing whether someone does in fact have criminal ties, Mr. Boyd said.

Homeland Security lawyers have not yet done any legal analysis of the database's privacy implications, he said, but such a review would be conducted if the department decided to put the program into operation.

World-Check provides its financial profiles to about 800 private clients and governmental agencies around the world. In developing its watch lists, the firm says, it relies on data from some 140,000 public sources - including lists of "banned" financiers developed by governments worldwide, news reports and court filings. As a result, the list includes far more names than many governments have on their own watch lists.

For instance, the company's high-risk list includes both Viktor Bout, a well-known international arms trafficker, and his older brother, Serge. But the United States Office of Foreign Assets Control, which administers financial sanctions against banned foreign individuals and entities, does not include Serge Bout on its list.

Mr. Leppan acknowledged that his company used lower standards than most governments in declaring someone a high risk to engage in financial impropriety, but he said that flexibility gave the firm's clients a head start in tracking crime.

In early 2002, for instance, World-Check added to its high-risk list a terror suspect in Southeast Asia who went by the name of Hambali. Months later, the United States Office of Foreign Assets Control added Hambali to its own list of "banned" foreigners. Hambali, captured in Thailand last year, is in American custody and is accused of organizing two deadly nightclub attacks in Bali in October 2002.

World-Check's financial profiles also list the suspects' corporate affiliations and their aliases. The profile for Hambali, for instance, lists eight aliases and variations on the spelling of his name.

"Once somebody knows that they've been blacklisted," Mr. Leppan said, "the likelihood of them opening up a bank account or applying for a passport in their own name is very slim, so they're going to use variations of their name. That's why keeping a running database is so important to what we do."