



Gadhafi's Death Raises AML Concerns Experts Minimize Risk of National, Cybersecurity Threats

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The death of Libya's ousted ruler Moammar Gadhafi isn't seen as the catalyst of a major cyber threat, says Paul Rosenzweig, a former DHS deputy assistant secretary for policy.

"As always, any unusual event in the world can 'stir up' people, and those who are stirred up might, if they are capable, choose a cyber-response ... but that's a stretch," Rosenzweig says. "In other words, I think Gadhafi is kind of just a status quo event in cyberland."

While Gadhafi's death might not represent any immediate cyberconcerns, it does raise serious concerns about money laundering and terrorist financing for financial institutions. Funds linked to Gadhafi and his associates are expected to accelerate as news of the death spreads throughout the world.

"Regardless if Gadhafi is the strongman leader of a country, an organized criminal enterprise or the leader of a gang of hoods, the question always is, 'Where is his stash and who has access to it?'" says [Kevin Sullivan](#), an AML expert and former money-laundering investigator for the New York State Police. "Since everything in and out of Libya is currently under scrutiny, I'd be looking at previous associates and increased volume and traffic."

Gadhafi, who since 1969 led an autocratic government in Libya, was overthrown by rebel forces in a civil war backed by the North Atlantic Treaty Organization, better known as NATO, earlier this year.

On Thursday, interim Prime Minister Mahmoud Jibril told CNN Gadhafi was killed during an attack on his house. Rebels reportedly confirmed the story.

The news puts banking institutions on alert for [money-laundering](#) activities and violations to the [Bank Secrecy Act](#).

Steps Financial Institutions Must Take

Since May, when news of Osama bin Laden's death hit airwaves and the world feared cross-border money movements linked to supporters of Al Qaeda and Islamist extremists, most financial institutions have stepped up measures to monitor financial trails linked to regions of the globe earmarked for potential terrorist activity.

"Many institutions have invested in more money-laundering detection," says [Hugh Jones](#), president and CEO of Accuity. "But the risk is that you don't have to move money through a large institution; those smaller institutions are not as likely to have made the same levels of investment, and those are the ones that criminals are likely to use."

The U.S. already took preliminary precautions in February, when Gadhafi and his family began moving funds to safe havens and anonymous accounts. The U.S. government at that time banned financial transactions with state-owned Libyan entities.

But there's little doubt hidden funds linked to Gadhafi are out there, and those funds are likely to start moving at an accelerated pace over the next few days.

"For Gadhafi, time has just run out, but his relatives and network of associates will now use his death to re-kick-start the money movement process," says Tony Wicks, AML expert for NICE Actimize. "We have to remember that Gadhafi ran his business affairs with holdings in other people's names, figurehead directorships, and based on his own internal web of trust. Any bonds now lie in tatters. His conspirators will make their move, cash-in and try to benefit from Gadhafi's death."

Banks should scrutinize unusual payment patterns for businesses with any links to Libya and other parts of Northern Africa, especially when funds are being moved to the Middle East or to other identified safe havens. Businesses affiliated with natural resources, such as mining and petroleum, where the cash flow is significant and easy to move, should raise red flags.

"The other thing to think about is that his regime moved money in ways that the Western World did not like," Accuity's Jones says. "That means they are going to have to rework the way they move money, out of an oil well, for instance ... so there is heightened risk for short-term activity."

Though it should be "business as usual" at this point for all U.S. banks and credit unions, NICE Actimize's Wicks says picking up on suspicious activity requires applying a risk analysis to all funds transfers with any suspicious ties.

Cybersecurity Overall

Beyond money-laundering, security threats linked to Gadhafi's death are minimal.

When asked what potential impact Gadhafi's death will have on cybersecurity, Jim Harper, director of information policy studies at The Cato Institute, says simply, "None."

Sen. John McCain (R-AZ) on Thursday released a statement regarding the death of Moammar Gadhafi. "The death of Muammar Qaddafi marks an end to the first phase of the Libyan revolution," he says in the statement. "While some final fighting continues, the Libyan people have liberated their country."

Editors Eric Chabrow, Tracy Kitten and Jeffrey Roman contributed to this report.