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United States Senate

WASHINGTON, DC 20510-3603

November 3, 2006

Honorable Henry Paulson
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 205

Dear Mr. Secretary:

As you are well aware, the Department of the Treasury has a vital role to play in our nation's efforts to combat terrorists and their state-sponsors. In the wake of the September 11th attacks, your agency has worked to deny sources of funding to our enemies through such measures as shutting down so-called "charities" that raised money for terrorist organizations, sanctioning banks that have facilitated money-laundering operations and rolling-up informal fund-transfer arrangements.

These initiatives have made a real contribution to the national security in a world in which our foes have proven both determined to do us harm and ingenious in securing the means by which to do so—often from Western sources, including some in the United States. You and your team, notably Under Secretary for Terrorism and Financial Intelligence Stuart Levey, are to be commended for understanding the vital role that financial weapons can play in keeping America safe and in bringing them to bear so effectively.

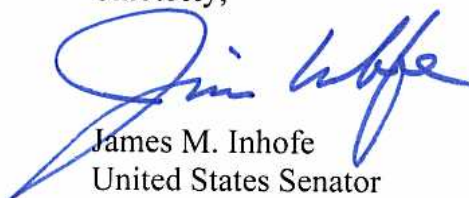
In that connection, I urge the Department of the Treasury to prepare for the possibility that appropriate financial measures may need to be adopted if we were to find ourselves confronting a new terrorist-sponsoring regime via a Sandinista victory in Nicaragua. The last time Daniel Ortega was in power in Managua, his government was actively involved in terrorism—including deadly attacks against the United States. During the period since his rejection by the Nicaraguan people nearly twenty years ago, his FSLN party has remained closely linked with designated state-sponsors of terror like Iran, Syria and North Korea and with Hugo Chavez's Venezuela.

There are, consequently, ample grounds to fear that a Nicaragua ruled by Ortega would use such resources as are available to it for purposes contrary to the security of the United States. Of particular concern is the prospect that the estimated \$850 million in money transfers in the form remittances from Nicaraguans living in the United States could find their way into the hands of our enemies.

The decision as to who will govern Nicaragua is, of course, one to be made by that country's voters. How to address the security implications that would arise should a government in Managua that has been a responsible partner in counter-terrorism efforts be replaced by one that will likely provide a safe-haven for and willing partner to terrorists, however, are matters for our government to decide.

I know we can count on Treasury, in coordination with the Departments of State and Homeland Security, to be prepared to mitigate the dangers that Nicaraguan remittances might constitute in the event of a Sandinista victory.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim Inhofe", is written over the typed name and title.

James M. Inhofe
United States Senator