

# Somali: Cash lifeline to Somalia: Restored but precarious

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*Amid heightened scrutiny from banks and federal regulators, Minnesota's Somali money transfer shops are fighting to stay alive.*



The \$100 that Burnsville resident Farah Ahmed recently sent to his elderly father in a small city in Somalia arrived within 48 hours.

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Ahmed's money home travels a winding and well-traveled path from his pocket to Amal Money Wire, a modest money transfer branch office in Minneapolis, then on to a bank in another state. The bank wires a block of money, including Ahmed's \$100, to a clearinghouse agency in Dubai, which eventually disburses the funds from Minnesota to its satellite offices in towns, cities and refugee camps in Somalia.

"It's an unbelievable service," said Ahmed, who paid a mere \$5 fee for the transaction.

Tracing the path of Ahmed's aid to his father offers a window into a system that is fighting to survive in Minnesota in the wake of heightened scrutiny.

The state's 14 Somali money transfer shops were shut down for more than two weeks when Sunrise Community Banks, the last known Minnesota bank to wire money to Somalia, closed their accounts.

The closings sparked protests in the Somali community — the nation's largest — as people who wire money to support families in their famine-stricken native land wondered how their relatives would get by without what, for many, is their only source of income.

Now most of the shops have reopened, but the situation is precarious. They are using out-of-state banks or running on credit. They are being extra cautious, refusing to name their new banking partners, for fear the exposure may make those banks nervous about the relationship and flee, too.

#### A banker's point of view

More U.S. banks such as Sunrise are cutting off services to the money transfer shops that help countless people send money to Somalia and nearby countries in the embattled Horn of Africa. The banks are growing uneasy about the business amid stiffened federal banking rules designed to clamp down on terror financing.

"When you take the dollars and cents and compare it to the risk involved, there really is an imbalance," said David Reiling, CEO of Sunrise Community Banks in St. Paul, which stopped wiring money Dec. 30. "And obviously, there was a definite risk imbalance and one that tipped us over from a legal aspect when the court cases and the convictions started to really transpire."

He cited at least two recent cases involving people convicted of using money wiring to send support to Al-Shabab, designated by U.S. authorities as a terrorist group in Somalia.

“It was really those cases where, in studying and researching them, we determined that we could not have prevented that,” he said.

Reiling said he wants to continue doing business with the money transmitters. He is working daily with federal agencies, elected officials and the Somali community to do two things: 1) secure a temporary waiver from regulations, like that granted to humanitarian aid organizations providing relief to East Africa; and 2) come up with a permanent solution.

Reiling said he believes the permanent fix must come from a coordinated effort, especially from federal agencies that are privy to information about investigations that the banks don't have.

Omar Jamal, first secretary of the Somali Mission to the United Nations, said the underlying problem is that banks and federal agencies clearly have concerns about money laundering and terror financing, but the money service business owners, in general, are not openly discussing those concerns.

Back at work, and wary

On Jan. 13, Tawakal Money Express in Minneapolis opened for business again, handling smaller transactions of up to \$500 at a time. Company officials declined to name the cooperating bank, saying they feared that people who dislike Muslims may harass bank officials and Tawakal Express could lose banking services again. The roundabout process is adding time and cost to their business expenses.

“We're trying to make sure all of our customers have an opportunity to send money,” said Hamza Abubakar, compliance officer and marketing strategist for Tawakal Money Express in Minneapolis. “The main heart of the operation is the bank.”

The money transfer businesses act as brokers between the people wanting to send the money in Minnesota and the banks that do the actual wiring of money overseas, he explained.

With fewer and fewer banks willing to get involved with money wiring to Somalia, “this was a door that has been getting slimmer,” Abubakar said. “This is an issue that goes back to 2001.”

Money-transfer companies came under heavy scrutiny immediately after the Sept. 11, 2001, terrorist attacks, as U.S. government leaders acted on information that Osama bin Laden’s terrorist network used money wiring to finance its activities.

From 2001 to today

Garad Nor knows the scrutiny all too well.

The CEO of Tawakal Express, a global money transfer company that operates in 11 U.S. states, Nor opened one of the first Somali money-transfer businesses in Minnesota. He started his business in the early 1990s in Marshall, Minn.

Nor, who became an American citizen, later moved to Minneapolis and continued to work in the money-transfer business.

But within months of the Sept. 11 attacks, U.S. agents raided and blocked the accounts of five Minneapolis money-transfer operations, including his company Aaran Money Wire Service Inc.

Nor, who also goes by the name Garad Jama, was in Dubai the day he learned through CNN that his name was listed among 62 individuals and organizations that the U.S. government said had helped fund Osama bin Laden.

He returned immediately to defend himself, and nine months later, after he sued several members of then-President George W. Bush’s cabinet, Nor’s name was finally removed from the United Nations list of entities believed to have terrorist ties. The U.S. Treasury Department unfroze his business’ assets.

Nor opened a new company — Tawakal Money Express. Today, he says he is fighting fear once again.

He said while there are risks involved in the business, the systems and training he has put in place mitigate those problems. His staff receives updated lists from the federal Office of Foreign Assets and Control. Tawakal also recently provided a training workshop on preventing money laundering for employees working in Somalia to help them better detect any suspicious activity.

Tawakal is one of the first ones to initiate training to address that concern, Jamal said.

In addition, Nor travels to Dubai regularly to check the compliance procedures at the headquarters office. His business is moving from accepting cash only toward a system that uses electronic payments.

“We are doing a lot of things the government wants us to do. But the banks are saying we just want to exit this business,” Nor said. “We have to take away that fear that the bank is feeling.”

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