

Money and Terrorism

- SRA-211, Threat of Terrorism and Crime
- Penn State Altoona
- Larry Garvin

Working Together

- "What the world does not need is terrorists, politicians, insurgents, and drug lords working as a team..."
- This phenomenon has become increasingly frequent.
- Example: Carlos Rivas & Pablo Escobar
- They worked together to bring drugs from Columbia to the United States.



vid

- <https://www.youtube.com/watch?v=UYfJnkShWDc>

Concepts are Intertwined

- So far we have learned concepts of terrorism as separate ideas
- Makes it easier to learn
- Reality
 - Aspects such as psychological and sociologic reasons for terrorism are deeply connected
 - Typologies are not clear cut
 - Instead reasons and ideologies are mixed and thus makes for clear understanding of reasons murky
 - And to that money makes it even more murky

Money, Money, Money

- Thus....
- Bad guys love money more than they hate other bad guys
- Terrorists will work with disagreeable adversaries and compromise principles where money is involved
- Um, assuming they have principles

How does money laundering work?

- <https://www.youtube.com/watch?v=257wV-AbKaE>

New world disorder: the economics of terrorism

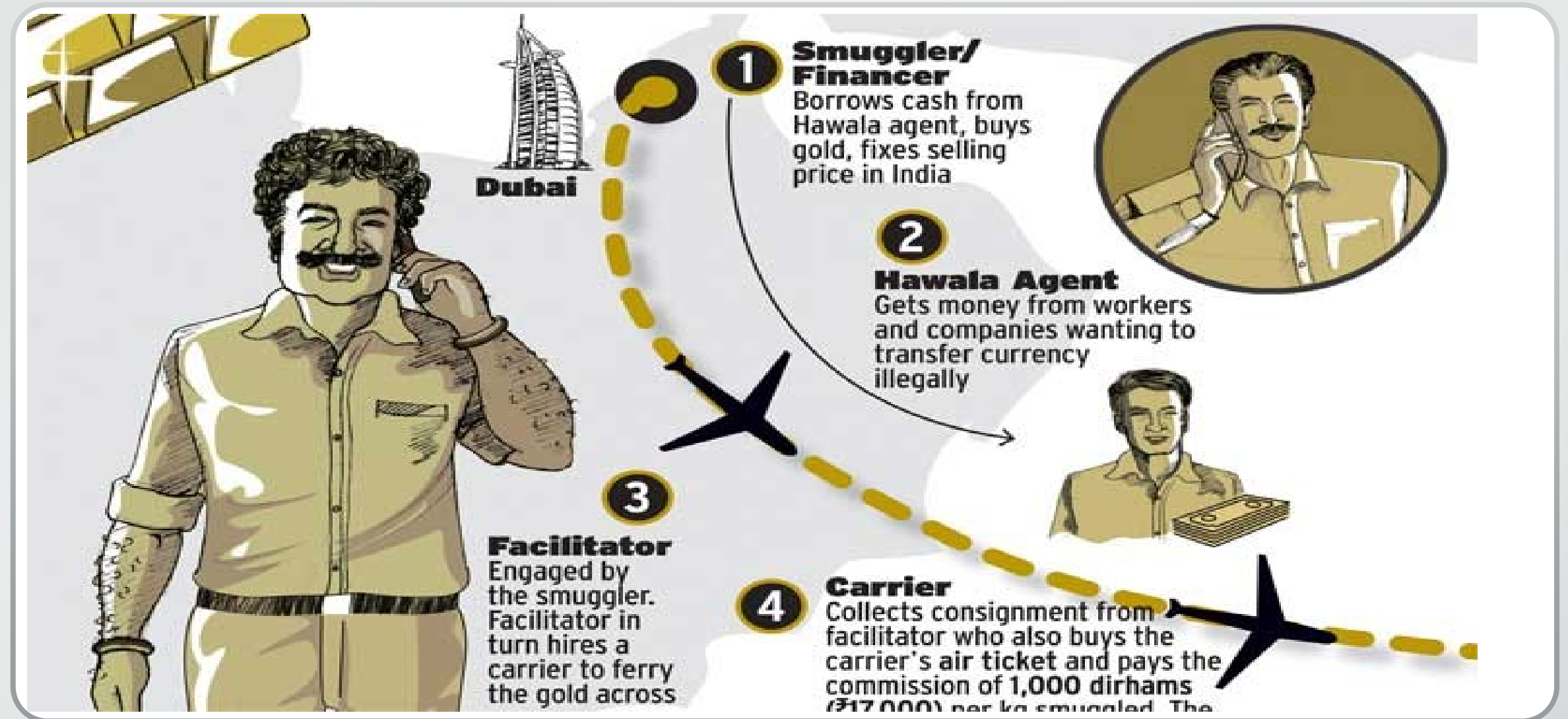
- Terrorism poses an undeniable threat to societies throughout the world today.
- And to make matters worse....

Economic Cost

- * Higher expenditures on defence and police.
- * Losses of human life.
- * High inflation.
- * Dislocation of economic activities.
- * Damages to property.
- * Slowdown overall economy.
- * Decline in investments.

Addressing the Challenges of Combatting Terrorist Financing

- Terrorist financing is the process by which terrorists fund their operations in order to perform terrorist acts.
- Terrorists need financial support to carry out their activities and to achieve their goals.
- There is little difference between terrorists and other criminals in their abuse of the financial system.
- While different from money laundering, terrorists often exploit similar weaknesses in the financial system.



Addressing the Challenges of Combatting Terrorist Financing

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- Terrorist organizations come in many forms, ranging from small, underground networks to large, regional bodies.
- Most recently, the terrorist group Islamic State in Iraq and the Levant (ISIL, or sometimes referred to as ISIS) has garnered attention for its particularly ruthless attacks and its unique funding streams.
- Generating capital by way of bank robbery, pirating oil fields, and robbing other economic assets, ISIL has access to approximately a half billion dollars' worth of financing.
- As with most terrorist organizations, the actual acts of terrorism are relatively low-cost compared to the damage they inflict; however, the operational costs of sustaining an organization are significant.

Addressing the Challenges of Combatting Terrorist Financing

- Terrorist cells exercise several methods to raise and “clean” their money, ranging from illegal activities like organized fraud or narcotics, to legitimate funding sources, including charitable organizations or legitimate businesses.
- With ISIL/ISIS, and sadly so many other terrorist groups, their revenue streams are diversified and far-reaching.
- <https://www.youtube.com/watch?v=NJOubxlegts>
- <https://www.youtube.com/watch?v=fYDArl--Qpo>
- Regardless of how they raise their capital, the end goal is to ultimately disguise the funds by exploiting global financial systems.

Addressing the Challenges of Combatting Terrorist Financing

- Detecting and reporting terrorist financing red flags is the most effective way to combat terrorist financing and stop the flow of funds.

More Money

- <https://www.youtube.com/watch?v=qRFM61jvB4I>
- Criminal terrorist organizations are now emerging
- Criminals have begun to use terrorism to further their goals
- Terrorists have turned to criminal behavior to financially support themselves
- The line has become so blurred between the two that it is difficult if not impossible to separate crime from terrorism

Economics of Terror

- The strategy of containing terrorists by cutting off access to financial resources is unlikely to work
- The underground economy is booming
- Some estimates put the terror economic network at 5% of the worlds gross domestic product
- As the money is laundered, it works its way into legitimate banks which become dependent on the inflow of money

Sources of Revenue

- Criminal activities such as smuggling, robbery, narcotics, etc. **WHAT ELSE?**
- Investing illegally in acquired money in legitimate businesses
- Illegally obtained funds from governments by pretending to be legitimate organizations in need
- Contributions from related ethnic and religious groups who sympathize with the terrorists
- State supported terrorism provides funds to advance their own interests
- <https://www.youtube.com/watch?v=NJOubxlegts&t=18s>

Financing Terror

- **Terrorism financing** refers to activities that provides financing or financial support to individual terrorists or [terrorist groups](#).
- A government that maintains a list of terrorist organizations normally will also pass laws to prevent [money laundering](#) being used to finance those organizations.
- Laws against money laundering and terror financing are used around the world.
- In the [United States](#), the [Patriot Act](#) was passed after the [September 11 attacks](#), giving the government [anti-money laundering](#) powers to monitor financial institutions.
- The Patriot Act has generated a [great deal of controversy](#) in the United States since its enactment.
- <https://www.youtube.com/watch?v=uXPZ4OXFhil>
- The United States has also collaborated with the United Nations and other countries to create the [Terrorist Finance Tracking Program](#).

Financing Terror

- <https://www.youtube.com/watch?v=oQVRUxALZIs>
- https://www.youtube.com/watch?v=sq_iP5lQsAU
- <https://www.youtube.com/watch?v=otHmgWznaMM>
- <https://www.youtube.com/watch?v=YFk57RRoGyo>

Financing Terror

- Terrorists need money to finance operations
 - Safe houses
 - Cars
 - Guns
 - Equipment
 - Communication hardware
 - Additionally – clothes, food etc
- They are involved in criminal enterprises to make money to support the operation (sounds like mafia huh)
- This is a relatively new development in terrorism
- 100 years ago, terrorists avoided criminal activities to make money

Most international terrorism would come to a halt if terrorist organizations were deprived of money for operations

Activities

- Robbery
- Counterfeiting
- Money laundering
- Kidnapping
- Drugs-the most lucrative. Every terrorist entity that has had the opportunity to engage in the drug trade has done so
- Anything else?

2 Sides Criminal/Terrorist Activity

- Criminal groups which add terrorism in support of their criminal activities
- Terrorist groups which turn to crime for financial support
- Unfortunately, both groups are sometimes supported by politicians and government officials

D Company

- Dawood Ibrahim headed one of the largest criminal organizations in India
- Smuggling, extortion, arms trafficking, killing
- Organized a series of terrorist bombings
 - March 12, 1993 in Bombay
 - To avenge anti-Muslim riots
 - 257 killed; 700 injured
 - This was all supported by Pakistani intelligence

Dawood Ibrahim

- According to the United States Department of Treasury, Ibrahim may have had ties with [Osama bin Laden](#).
- As a consequence, the United States declared Ibrahim a "Specially Designated Global Terrorist" in 2003 and pursued the matter before the United Nations in an attempt to freeze his assets around the world and crack down on his operations.
- The [Bush administration](#) imposed several sanctions on Ibrahim and his associates.
- Indian and Russian intelligence agencies have pointed out Ibrahim's possible involvement in several other terror attacks, including the [2008 Mumbai attacks](#), as per Interpol.
- In 2010, a US Congressional report claimed that "D-company has a "strategic alliance" with [Pakistan's ISI](#)".
- Ever since he took to hiding, his location has been [frequently traced](#) to [Karachi](#), [Pakistan](#), a claim which Pakistani authorities have denied.

Dawood Ibrahim

- <https://www.indiatimes.com/culture/who-we-are/10-most-unknown-facts-about-dawood-ibrahim-298542.html>

Russian Mafia

- Collapse of the Soviet Union unleashed extraordinary levels of crime
- Organized crime controls 50% of the Russian economy
- Part of the issue is that Law enforcement is underpaid and infiltrated
- They are major weapons dealers, they sell to anyone
- This is a major concern because of the poverty on Russia
- Walter Laqueur-"The extent of Russian army and police corruption is virtually unprecedented in history."

Chechnya

- Long history of attempting to become independent of Russia
- Recent history illustrates criminal/terrorism link
- Achieved independence in first Chechen war 1994-96
- Descended into state of anarchy
- They have a new goal of creating an Islamic state including nearby Dagestan
- Engaged in terrorism
- Second Chechen war, 1999-2002, Russia won

Chechen Mafia

- The Chechen Mafia is one of the largest ethnic [organized crime](#) groups operating in the former [Soviet Union](#) next to established [Russian mafia](#) groups.

Chechen Mafia

- Consists largely of criminals and Muslim patriots
- Heavily involved in Russian organized crime
- Many groups are back by the Chechnya mafia and support other nations in conflicts
- Extremely sophisticated, thousands of members
- They have a corporate organizational structures
- Infiltrate all aspects of Russian society and government

Chechen Terrorism

- During the first Chechen war, 150 Chechen terrorists took over a Russian hospital and took 1000 patients as hostages
- They demanded the Russians leave Chechnya or else
- Russia launched a rescue attempt which failed costing a 120 hostages
- Negotiated a safe return to Chechnya w/ 100 of the hostages; and were welcomed home as heroes and released the hostages
- Chechens concluded that this would work well
- But the Russians learned not to yield to terrorists

Chechen Terrorism Round 2

- The Chechen's tried again during the second Chechen war
- 2002 Moscow Theater attack
- 2004 Beslan school massacre
- This time the Russians responded with force and all of the attackers and many hostages were killed each time

FARC

- Revolutionary Armed Forces of Columbia were established to bring communism to Columbia
- Terror and the sale of narcotics earns them over 400 million dollars a year
- They betrayed their idealism for crime
- Ironically, most of this money is invested by the FARC leaders in Western investments
- <https://www.youtube.com/watch?v=SKJblKuj84E>

Predatory War Economics

- The local population is financially destroyed in the name of some cause
- Examples
 - FARC in Columbia
 - PLO in Lebanon
 - PLO in Palestine
 - Syria in Lebanon
 - Look at Pg 94-95

Islamist Groups and Crime

- Islamist groups have become financially independent by getting involved in the drug trade
- They are experts in narcotics, smuggling, counterfeiting...
- Oddly, Islam prohibits the use of drugs or alcohol
- Islamist terrorists justify the sale of drugs to Americans as jihad because it takes American money and damages the united states
- Radical Islamic clerics have issued fatwas – a religious decree encouraging this sort of behavior

Hawala

- People wishing to transfer money from one place to another take it to a hawala dealer
- Individuals at another location then get the money from another hawala dealer at the other end
- Records are quickly destroyed, and the money cannot be traced
- This is a tremendous resource for criminal organizations who need to move money
- <https://www.youtube.com/watch?v=EO8OkkM8db5>

Zakat

- 2% of all transactions is to be deducted for charitable causes in the Arab world
- This money is difficult to track
- Charitable causes quickly give way to a ready source of funding for terrorism
- Combined with Hawala, it is virtually impossible to stop the money
- <https://www.youtube.com/watch?v=3xXWP-BZh3w>

Hilarious End of Chapter Story

- In 1975, the PLO and Christian Phalanges broke into the British Bank in downtown Beirut
- Couldn't crack the safe, so they flew in a team of Corsican mobsters
- The three groups split the booty
 - The mobsters left with their third
 - The Christians bought guns
 - Yasser personally flew his share to Switzerland and deposited the money in some Swiss banks



vid

- <https://www.youtube.com/watch?v=3Gfw6oOEZfw>