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## Financing Terrorism: A Look at the Past, Present, and Future of Defunding Terror Organizations

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**Financing Terrorism:**  
**A Look at the Past, Present, and Future of**  
**Defunding Terror Organizations**

By: Mitchell Wasmund

## **ABSTRACT**

Terrorism is a major problem facing governments across the globe in the 21<sup>st</sup> century. Terror organizations, domestic and international, are complex and vary in structure as well as how they are financed. By using various governmental and journalistic resources, this paper will examine four different terror organizations in how they are operated and financed. It will focus on what are the current practices by law enforcement officials to stop the sources of terror organizations' funds. This paper will also examine future areas of concern related to where terror organizations will receive their financing in the future. The impacts of economic stagnation and its effects on terror networks recruiting its members will be discussed. The key findings of this paper include how law enforcement should be vigilant in their current efforts to stem the funds of terror organizations. Law enforcement should also beware of terror organizations using human trafficking in the coming years as a source of funds. Lastly, the promotion of economic growth policies, banking transparency, and anti-money laundering tools should be accepted by policy makers in all countries where terrorism is a credible threat.

## INTRODUCTION

“There are two things a brother must always have for jihad, the self and money.”

— An Al-Qaeda operative (as cited by Benner, 2011)

Terror networks require funding because it takes funds to train, transport, and recruit operatives as well as buy equipment. When those funds are taken away, it becomes challenging for terrorists to operate. Terrorism comes in many forms: domestic, international, ideological, political, or cause-specific. The two ingredients that are essential for any terrorist organization to survive are devotion to the cause and money. It is impossible to stop an individual from committing a terror act if they are motivated solely on ideology. However, individual acts are often committed in small scale. As tragic and horrific as those acts may be, large terrorist attacks are orchestrated by sophisticated operations, in need of large sums of cash in order to perpetuate their heinous crimes and flawed ideology. This essay will define various forms of terrorism, describe how terror organizations operate, focus on solutions towards identifying and curbing the financial power of terror organizations, and discuss how global economic sluggishness contributes towards the spread of terror.

As the 21<sup>st</sup> century was ushered in, new challenges were posed to the international intelligence and counter-terrorism operations communities. In some cases, these problems have proliferated into the deaths of thousands. The Islamic State of Iraq and Syria (ISIS), Al-Qaeda, and Boko Haram are growing in rank, and perhaps, more dangerously, in their coffers. Domestic terrorism is a real threat in many countries, notably Colombia, Spain, and the United States.

Unfortunately, much of the public’s attention to terrorism has been directed at the acts themselves (understandably so). What is largely overlooked is how these operations are financed. By looking at the monetary support that these terrorists receive, governments and law

enforcement agencies can comprehensively attack terror by force, and where it especially hurts, in their treasury. In some cases, the general public's awareness of the financing of terrorism can greatly contribute towards defunding the terrorists and their organizations. Terror organizations, like any other organization (i.e. governments, businesses, charities) need revenue. Without money, their support wanes, ideology fades, and recruits diminish.

There is a plethora of literature and governmental studies on the operations of terror organizations. How they are structured, financed, internally operated, etcetera has been identified. What remains puzzling to many in the international community is the future of financing for large-scale terror organizations. These organizations are highly adaptable; many of them willing to do heinous things in order to accomplish their goals. They are also trending towards decentralization and splinter cells, in order to avoid detection and not endanger fellow members. This paper will discuss future areas where terrorists might seek to gain additional financing on top of activities they are already conducting. Currently, many terrorists groups that are not state sponsored (such as Hamas and Iran), receive funding through extortion, ransom, robbery, taxes, or selling materials on the black market such as narcotics and oil.

This paper will discuss how effective solutions taken against one terror group would also be effective if applied to newer terror groups, or groups that have changed their sources of funds. However, new revenue streams are developing for terror organizations. For example, human trafficking is growing at an alarming rate. In the Middle East, ISIS main currency is the dollar. How did that become so? How should the coalition fighting ISIS combat this? Thirdly, the black market has long been a source of funds and equipment for terrorists. Now some terrorists are using the black market for trafficking of body parts. Lastly, many terror organizations recruit

people because of their economic lot in life. In combatting terrorism, it is important to identify the impacts of economic sluggishness and how an economy can impact terror activities.

### **Problem Statement and Research Questions**

Although the structure, financing, and operations of various terror networks/organizations have been identified, their adaptations to current law enforcement efforts to stop their funding remain somewhat unknown. This paper will discuss how law enforcement needs to anticipate changes in where terrorists derive their sources of funds in order to stay one step ahead and prevent future terror attacks by attacking terror organizations where it hurts most – in their treasury. This paper will also discuss how the performance of macro-economies impacts the strength and capabilities of different terror organizations, and how policy makers should create pro-growth policies to help retain people in the “normal economy” and not join the ranks of terror networks due to lack of opportunity.

The paper will focus on individual terror organizations first by looking at how they are operated and financed. There is plenty of literature from governmental and journalistic sources to answer this question. Additionally, some terror organizations are adapting financing strategies similar to one currently used by other terror organizations. This overlap provides law enforcement an opportunity to implement already proven and effective revenue cutting strategies to different terror groups.

Secondly, it will focus on what current practices are used to debilitate terrorists’ ability to obtain financing. There are many (inter)national government agencies fighting terror in its various forms. This paper will gather best practices that can be used by multiple governments to thwart terrorism. Thirdly, this paper will answer the question, “What are future areas of concern relating to the financing of terrorism?” Lastly, this paper will analyze the effects of economic

stagnation on terrorism. Specifically, how a lack of opportunity in the job market can lead to disaffected youths joining the ranks of various terror organizations.

Money is often thought of the root of all evil. With terror, it is the life-blood that sustains it. This paper will examine how terror organizations are financed, what is being done to stop their revenue collections, what are the future areas of concern for terror financing, and how to address these areas of concern.

## LITERATURE REVIEW

### Defining Terrorism

The focus of this analysis will be on domestic and international terror groups. Terrorism, as defined by the Federal Bureau of Investigation (FBI), is acts that are “calculated to influence or affect the conduct of government by intimidation or coercion, or to retaliate against government conduct” (Definition, 2013). The FBI describes domestic terrorism as:

“...acts dangerous to human life that violate federal or state law; appear intended (i) to intimidate or coerce a civilian population; (ii) to influence the policy of a government by intimidation or coercion; or (iii) to affect the conduct of a government by mass destruction, assassination, or kidnapping; and Occur primarily within the territorial jurisdiction of the U.S” [or a given country] (Definition, 2013).

International terrorism differs slightly from domestic terrorism in that it

“occur[s] primarily outside the territorial jurisdiction of the U.S. [or a given country], or transcend national boundaries in terms of the means by which they are accomplished, the persons they appear intended to intimidate or coerce, or the locale in which their perpetrators operate or seek asylum” (Definition, 2013).

The domestic terror groups that this paper will examine are the ETA, an acronym for Euskadi Ta Askatasuna which translates into "Basque Country and Freedom" (What is ETA, 2011), and the Revolutionary Armed Forces of Colombia (in Spanish: *Fuerzas Armadas Revolucionarias de Colombia*—FARC). International terror groups examined in this paper are Al-Qaeda and ISIS.

### ETA

The ETA is an armed nationalist organization in northeastern Spain and southwest France. Founded in 1959 during the fascist reign of Franco in Spain, has since evolved from a group promoting traditional Basque culture to a paramilitary/terrorist group with the goal of gaining independence for the Basque Country. Since 1968, ETA has been held responsible for killing 829 people, injuring thousands, and undertaking dozens of kidnappings. The group is



proscribed as a terrorist group by many in the international community. There are more than 400 imprisoned members of the group in Spain, France, and other countries (Spanish Interior Ministry, 2011). Their main threat is to Spain. Therefore, for the purposes of this paper, it is classified as a domestic terror organization.

**Operations.** The ETA is primarily financed by extortion, the practice of obtaining something, especially money, through coercion or force (What is ETA, 2011). The ETA ransoms its kidnapped victims for money, commits robberies, and accepts donations to its political wing to finance its 2 million Euro annual budget (ETA, 2008). It has negotiated many ceasefires, one of which, set in 2010, is yet to be broken, unlike the previous four. However, they still pose a threat to the region.

**Defunding Practices & Areas of Concern.** In the past, in order to defund this organization, Spanish courts declared the ETA's political wing illegal. Authorities have also arrested many of the prominent leaders in the group. Through these arrests, law enforcement effectively curbed the power of the ETA, which used to operate on a much larger budget. Infiltration and surveillance was paramount in this effort (What is ETA, 2011). These tactics have proven effective in the fight against domestic terror groups; law enforcement should continue to use to surveillance, infiltration, and arrests to defund the ETA as it looks for different revenue streams other than extortion.

Human and sex trafficking is a major problem in Europe. There is an estimated 50,000 victims of human trafficking in Spain alone (Human Trafficking, 2015). It would not be surprising if another nefarious group, such as the ETA tried to take advantage of this lucrative trade. Infiltration and surveillance will be instrumental in keeping the ETA a non-factor and out of the headlines and out of human trafficking rings. Law enforcement should remain vigilant in

conducting sex trafficking sting operations. The public must also be aware of the warning signs of potential human trafficking victims. Some of the signs include living with their employer, poor living conditions, inability to speak alone, scripted responses, abuse, submissiveness, and the employer holding victim's legal documents (20 Ways, 2015). Public awareness has proven effective in countering how Al-Qaeda receives its funds (this will be discussed later). This point should not be taken lightly; public service announcements are easily distributed and are generally well-received in the communities they try to help.

## **FARC**

Revolutionary Armed Forces of Colombia or in Spanish "*Fuerzas Armadas Revolucionarias de Colombia (FARC)*" started similarly to the ETA. It began as a political movement and evolved into a paramilitary organization. However, its power and relevance are still impactful to this day. In 1948, the left-wing presidential candidate, Jorge Gaitain was assassinated (Colombia Reports, 2014). What ensued was a civil war, killing 200,000-300,000 Colombians. The war was fought between the land-holding elites on the right, and Marxist reformists on the left. FARC came from the latter, the Marxist ideology. FARC consisted of mostly peasants; it adopted a guerilla warfare strategy after being eradicated from most of Colombia. In the foothills of the Andes, FARC consolidated power and was a small operation until the 1970s. It eventually grew to 40,000 members. Currently, it has less than 7,000 (Profiles, 2013).

**Operations.** Small-scale guerrilla movements are chiefly predatory and rely on financing through extortion, robbing banks, and kidnappings (as cited by Cook, 2011). It had control of a few towns. Then, FARC capitalized on drug trafficking. Selling primarily cocaine, mostly to US markets, FARC operated on a multi-million dollar budget. However, it remained true to its

ideological roots. After taking over a village, FARC would impose taxes and provide governmental functions, mostly schools and healthcare, to these villages. Between the tax revenue and money from drug trafficking, FARC could recruit and train more militants. Then it would take over new areas, and the cycle would repeat itself all the while promoting welfare for the peasant farmers and assisting them with growing cocaine for export (Cook, 2011). FARC's appeal to the low-income class was its calls for land reform. FARC would battle for land held by elites and rival narcotic-trafficking groups, and, in turn, give it to its supporters- mostly poor, non-land owning farmers. Many people followed FARC's riches, "as Colombian cities grew and the urban poor became increasingly disenfranchised, the coca industry offered an escape from the dreags of urban life. In fact, many of the major coca-producing regions were marked by a population influx" (Cook, 2011). Moreover, FARC grew so powerful in the late 1990s, both militarily and politically, the Colombian president gave FARC 40% of the land in Colombia in a peace effort (Cook, 2011).

FARC was able to tax commerce, extort companies, both foreign and domestic, collect ransoms for kidnappings, and sell cocaine. It also set up a black market operation and laundered assets through the financial services sector. Its revenue stream was diverse and difficult for law enforcement to suppress.

**Defunding Practices & Areas of Concern.** From an Anti-Money Laundering (AML) perspective, drug traffickers must hide the source of their illicit income. To do so, they generally reinvest the money from the black market into their operations or on luxury items. In Colombia, this occurred most typically in real estate, soccer teams, import/export business, hotels and casinos, smuggled imports, and construction (Cook, 2011). Progress has been made as money-laundering experts have identified these sectors and provided guidance for banks to assist in

identifying illegal activity. The anti-money laundering tools available to various governments, including the U.S.A. and Colombia, include freezing of assets and U.N. sanctions. However, the difficult part about this is getting law makers in various U.N. countries to pass the laws that allow law enforcement officials to impose sanctions and freeze assets (Terrorist Financing FATF Report, 2015). The law makers do not want to cede control and sovereignty to other nations and governments.

Law enforcement and policymakers, seeking to defeat FARC, have many tools available to identify and eliminate money launderers who turn FARC ‘dirty’ money into ‘clean’ money. Following the money is a priority among policymakers; it should be pursued with more tenacity and resources. From a strategic targeting perspective, the peso brokers in Colombia, who conduct the world’s largest underground foreign exchange of U.S. dollars, offer an exceptional link between trafficking groups and FARC (Cook, 2011). These brokers are ideal leverage because they are motivated by greed. They do not hold allegiance to the cartels, FARC, or Colombian government. “They are engaging in illegal activity and earning a hefty profit by enabling drug traffickers, drug producers, tax evaders, contra-band smugglers, and various other criminal organizations. This motivation makes them an easy target for recruitment” (Cook, 2011).

The FARC’s Financial Commission is a cornerstone in FARC’s structure. FARC is mostly decentralized; however, its Financial Commission connects its various independent fronts. By targeting its FARC’s financial wing, it offers law enforcement officers a high-value target in the fight against the FARC. It can also provide more intelligence on its operations, locations, and infrastructure.

The strengthening of international Anti-Money Laundering policies needs to occur in order to give law enforcement the tools to go after FARC and other terror organizations who try

to use the 'real' economy for financial gain. Asset forfeitures, economic sanctions, and public shaming all require lengthy judicial or legislative processes; however, their long-term effects are essential to curbing the power of many terror organizations (Cook, 2011). Cash seizures and asset freezes are sharp tools in money-laundering cases. However, they require intense investigations that drain resources. Cash seizures also require good luck as it is rare to find substantial sums of cash in police raids. Furthermore, cash seizures cannot bring down criminal enterprises in isolation.

In order to fight against narcotics-funded insurgencies, the U.S. needs to fuse law enforcement agencies with intelligence capabilities and push for stronger AML policies, both in the target country and on the international stage. Progress has certainly been made in this area by agencies such as the DEA, Treasury, U.S. military, and the Colombian government.

The promotion of free trade and increased transparency has also been mutually beneficial for the United States and Colombia. The Free Trade Agreement signed in 2006 and updated in 2014 promotes the reduction of tariffs, increases transparency in the banking sector, and, of course, increases trade (Cook, 2011). This has harmed and will continue to harm the corrupt import/export businesses in Colombia by removing the arbitrage opportunities. According to the Oxford Dictionary, arbitrage is the buying and selling of currency in different markets in order to take advantage of differing prices for the same currency (Definition of Arbitrage, 2015). The Black Market Peso Exchange (BMPE) takes advantage of arbitrage opportunities. It originated because of a lack of free trade between Colombia and the United States. Colombia had a history of smuggling goods to avoid high tariffs (Cook, 2011). Promoting growth through free trade agreements provides two main benefits to the fight against FARC. First, the implementation of the free trade agreement between the U.S. and Colombia has reduced the black-market demand

for dollars by removing high tariffs. “Without a huge black-market demand for dollars, many Colombian money exchange houses would go out of business, and the remaining business would be subject to stricter oversight” (Cook, 2011).

Secondly, and perhaps most importantly, economic growth would provide an alternative for Colombians who currently grow coca. The extensive poverty in Colombia is partially the culpability of the state; it is also a consequence of the drug culture that has enticed workers into the rural countryside. As Richani states, "Coca and other illicit plantations generated a reverse migration process; the unemployed migrated from cities to areas of colonization" (as cited by Cook, 2011).

Instead of focusing on agricultural assistance programs, the Colombian government should divert resources to focus on urban growth. This would attract and support an influx of the rural poor who typically are the main recruits of FARC. Furthermore, as the population moves back towards cities, controlled by the government, not by FARC, FARC will lose profits from taxes on those persons, have a smaller recruiting pool, and will be looked upon more harshly by citizens who are disaffected by them (through extortion, kidnappings, threat of violence, etc.). The topic of economic malaise and its contribution to terrorism will be revisited again.

Lastly, human trafficking is also increasing in the United States and South America. FARC could take advantage of this income stream. Colombian and American governments should remain vigilant in their fights against human trafficking and promote the signs and signals of victims of human trafficking to the public.

The FARC of the 1980s, 1990s, and 2000s bears a striking resemblance to ISIS today. The key difference, besides ideology, is ISIS mostly profits from oil revenue, not narcotics.

**ISIS**

**Operations.** ISIS is an ideology committed towards radical Islam. It has many sources of funding. At first, much of its money came from extortion. It would ransom its kidnapped victims. ISIS would also loot and rob homes of people who do not agree with them. Then, ISIS began to hold vast swaths of territory. Therefore, it would impose taxes in order to raise money. It mostly taxes commerce and transportation. In turn, it provides governmental services to curry favor with the local population (Bronstein & Griffin, 2014). ISIS has conquered many towns, some of them formerly controlled by the USA and its allied Iraqi Army forces. When the United States left Iraq in 2011, it left behind equipment and money for the Iraqi Army to defend its people from the few remaining terrorists. Since then, ISIS has taken much of that equipment and discovered much of that money. In fact, the main currency of ISIS is the U.S. dollar (Schanzer, 2015). Its third source of revenue, and its largest, is the money it derives from black market sale of oil. It is estimated, ISIS makes \$30 million a month from the sale of oil (CBS, 2015).

**Current Practices and Future Concerns.** Since ISIS is so young, not much is known about its structure or operations. It is also different from the other organizations discussed in this paper as it is attempting to become a state with defined territory. Therefore, de-financing operations have been limited. The focus has been on the military defeat of ISIS. However, precision military operations can severely diminish ISIS' ability to finance itself and pay its insurgents.

First, the coalition led by the United States against ISIS must gain control of the oil fields and refineries that ISIS owns. It is their main source of revenue. By cutting off its black market sales of oil, ISIS would have a difficult time paying and retaining its recruits and equipment as well as paying for its attacks in foreign countries (Egypt, Kuwait, Lebanon, France). In the very least, the coalition needs to shut down the Turkish border with Syria which would cut off ISIS'

ability to sell oil on the black market. Secondly, the coalition must not allow ISIS to gain any more territory. ISIS pillages and plunders all the new lands it controls. Then it taxes the local population. The coalition must take back territory in order to diminish tax and extortion revenues. Essentially, ISIS must be rendered a complete military defeat in order to stop its horrible atrocities. Its flawed ideologies will continue to persist; however, if it does not have any territory to control to train and recruit fighters, then ISIS' organizational structure will turn into something resembling Al-Qaeda. Law enforcement already knows how to combat Al-Qaeda which would make it theoretically easier for law enforcement officials to counter the shattered state of ISIS. Al-Qaeda was seriously diminished before the U.S. withdrew from Iraq in 2011. It was estimated it had 700 fighters in Iraq pre-2011 (Press, 2012). Since then, Al-Qaeda has essentially been out of the headlines, although still a threat, as discussed in the next section. This could be true for the fate of ISIS if a comprehensive strategy for its quick defeat were to be adopted by the U.S. led coalition currently fighting it.

### **Al-Qaeda**

**Operations.** Al-Qaeda operates in many different countries. It has splinter cells in Iraq, Syria, the Arabian Peninsula, Afghanistan, Pakistan, and many countries in northern Africa. Their structure is largely decentralized because of its many cells. Before the U.S. invasion of Iraq and Afghanistan, Al-Qaeda was mostly in Afghanistan with its leader, Osama Bin Laden. However, contrary to popular belief, Al-Qaeda was not solely financed by Bin Laden. Many believed the rumors that the extremist mastermind planned and financed the attacks on 9/11, Nairobi embassy bombing, the Bali bombings, and 2010 bombing of an oil tanker in the Strait of Hormuz (Benner, 2011). While it is true that he planned and orchestrated these attacks. His 'billionaire fortune' did not finance it. In fact, he does come from a wealthy family, but Bin



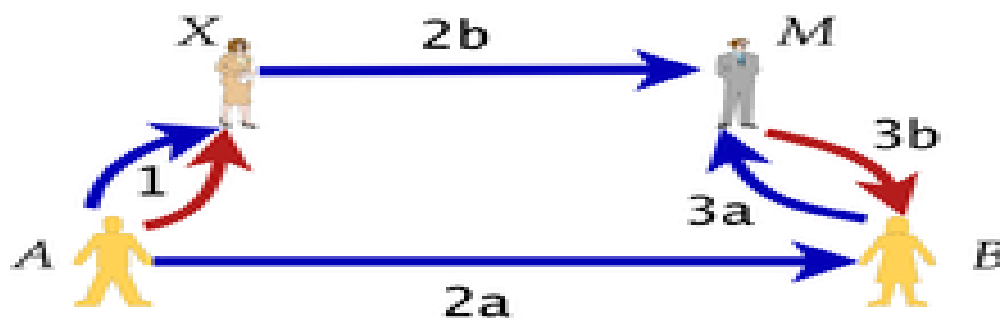
Laden invested his money in business opportunities in Sudan that were not successful. He returned to Afghanistan in the early 1998 with a very limited amount of money. It was not enough money to sustain Al-Qaeda's \$20 million annual budget pre-2001. After 2001, when Al-Qaeda stopped paying the Taliban in Afghanistan for protection and favor, its budget dwindled to \$2-\$3 million annually. It is estimated that the 9/11 attacks cost \$500k, Nairobi cost \$10k, oil tanker cost \$120k, and the Bali bombings cost \$20k- sums of money that Bin Laden did not personally have access to (Terrorist Financing Staff Monograph, 2012). These are relatively small amounts of money compared to Al-Qaeda's operating budget. However, the "overhead" for terror organizations such as Al-Qaeda can be extensive. It takes money to train operatives, transport them, and buy equipment for them.

In order to raise the money to conduct these terror acts, Al-Qaeda relied on charity and donations of radical Islamic sympathizers. It is important to understand two different things about Islamic culture that make it particularly difficult to detect money transfers to and from terror organizations. First, one of the five pillars of Islam is 'zakat' or 'charity' (Pillars of Islam, 2012). Giving to those in need is a must in the Islamic faith. Some take a fraudulent definition of zakat and give to those wanting to export terror directly through donations. Furthermore, since many Muslims donate to charity, there are thousands of charities in the Middle East and North Africa. The sheer number of charities makes it difficult to vet the charities for their true purposes. Some of them are set up for the sole purpose of giving funds to terrorists. Many Muslims accidentally donate to charities that were/are giving money to terror organizations. Thanks to public ridicule, led mostly by the Saudi Arabians in the 2000s, many Muslims are aware of this and now become more informed about the charities they donate to before they actually donate (Terrorist Financing Staff Monograph, 2012). Law enforcement officials have

also increased their scrutiny of these corrupt charities therefore severely hampering their ability to act as a conduit of funds from radical Islamic sympathizers to the insurgents themselves.

Secondly, in order to transfer money, Al-Qaeda relied on halawas, a traditional way of transferring money that is unique to Islamic culture (Passas, 2006). In order to illustrate how a Halawa works please see the following figure with the accompanying explanation.

**Figure 1.** Halawa Functional Diagram



*“The figure shows how Hawala works: (1) a customer (A, left-hand side) approaches a hawala broker (X) in one city and gives a sum of money (red arrow) that is to be transferred to a recipient (B, right-hand side) in another, usually foreign, city. Along with the money, he usually specifies something like a password that will lead to the money being paid out (blue arrows). (2b) The hawala broker X calls another hawala broker M in the recipient’s city, and informs M about the agreed password, or gives other disposition instructions of the funds. Then, the intended recipient (B), who also has been informed by A about the password (2a), now approaches M and tells him the agreed password (3a). If the password is correct, then M releases the transferred sum to B (3b), usually minus a small commission. X now basically owes M the money that M had paid out to B; thus M has to trust X’s promise to settle the debt at a later date” (Halawa, n.d.)*

Hawalas became particularly important to Al-Qaeda’s financial structure after the 1998 East Africa bombings which led to increased scrutiny of the formal financial systems. Bin Ladin turned to an established hawala network operating throughout the Middle East to transfer funds efficiently. Hawalas are not subject to government oversight and do not keep detailed records. Although hawalas do keep records, it is often in shorthand and is difficult to decipher. Al Qaeda

used 10-15 trusted hawalas, who certainly knew of the purposes of the money (Terrorist Financing Staff Monograph, 2012).

**Financial institutions** .UN resolutions against Bin Ladin and the Taliban made the use of financial institutions problematic. Al Qaeda's extended network of supporters and operatives did use the formal financial system before 9/11. Hawalas associated with al Qaeda sometimes relied on banks as part of their hawala operations. One Pakistani bank had 1,900 branches which made it easy to transfer funds (Terrorist Financing Staff Monograph, 2012).

Hawala also enabled operatives to access the banking system without having to open an account. Fund-raisers for Al-Qaeda also used banks to save and transfer money. Most banks probably did not know their institutions were being used to facilitate the flow of funds to Al-Qaeda, although some may have. Corrupt individuals on the inside of these banks may have facilitated the transactions. The-total lack of regulation and oversight of the financial industry in the UAE and Pakistan before 9/11 allowed these activities to flourish (Terrorist Financing Staff Monograph, 2012). Al-Qaeda insurgents who had a lower profile than its core leadership, were able to use traditional banking systems more easily, including in the United States where the terrorists that carried out the 9/11 attacks frequently used ATMs, credit cards, bank accounts, and wire transfers.

**Couriers.** Al-Qaeda relied on an extensive network of trusted carriers both before and after 9/11. This was due to the secure and trusted manner of delivering money the "old fashioned" way. Couriers are much harder to detect than halawas, bank accounts, and wire transfers. The couriers also had low profiles, perhaps because of their varied ethnicities, language skills, and legal documentation. Depending on the length of the route, one or several couriers would be used. Most did not know the specific purpose of the money they were transporting.

One example was the transfer of \$1 million from the United Arab Emirates to Pakistan (Terrorist Financing Staff Monograph, 2012).

**Current Practices and Future Concerns.** Shortly after 9/11, many of these couriers for Al-Qaeda were killed or captured by American law enforcement. By physically transporting money, it necessarily slows down the transfer money compared to a wire transfer. Moving money over large distances also takes coordination and communication, both of which take time. Remember, Al-Qaeda operates in several countries and helps fund splinter cell terror groups. Transporting money from Afghanistan to Mali is no easy task. By attacking this key link in the money chain, law enforcement can and have seriously crippled Al-Qaeda's ability to conduct its operations. As the war on terror has continued, the supply of trusted couriers has diminished from its pre-9/11 high. The continued capture and killing of these operatives will prove instrumental towards degrading and defeating Al-Qaeda.

Corrupt charities, such as the Wafa Charitable Foundation, are now out of business, with many of their principals killed or captured. Charities that have been identified as portals for terrorist financing have seen their donations diminish significantly and their activities come under more scrutiny due to pressure from the public and various governments (Terrorist Financing Staff Monograph, 2012). What remains challenging is to control foreign branches of Middle Eastern charities and the prevention of charities from reopening under a different name. Furthermore, an additional challenge is the prevention of corruption at non-governmental agencies. Despite the real reduction in overall funding, Al-Qaeda continues to fund terrorist operations with relative ease. The amounts of money required for most operations are small, and Al-Qaeda can still rely on dedicated donors who knowingly fund it. It can also depend on sympathizers who divert charitable donations to Al-Qaeda, unknowingly to many of the donors.

In addition, “there is evidence that donations increased substantially after the United States attacked al Qaeda in Afghanistan, suggesting considerable anti-U.S. sentiment among the donors” (Terrorist Financing Staff Monograph, 2012). This sentiment is alive and well, which is jarring to U.S. officials as the U.S. increases its presence in Afghanistan, Iraq, and Syria due to recent developments in those areas.

Another issue is that it is very likely that sympathizers diverted funds from unwitting donors. To stop such revenue from well-intentioned donors, it is necessary to capture or kill the facilitators who raise the funds or to remove the corrupt imams, NGO officials, or others who divert funds from actual charitable causes to Al-Qaeda (Terrorist Financing Staff Monograph, 2012).

In regards to Al-Qaeda using financial institutions to harbor and transfer money, banks in the Middle East must take responsibility for knowing who their customers are and for vetting out criminal, unusual, or shady behavior. Unfortunately, even if actions are taken to almost completely wipe out Al-Qaeda’s finances (i.e. capturing couriers, freezing bank accounts, shutting down corrupt charities, and arresting halawas), much of what Al-Qaeda does, does not require a lot of money. Recruiting online is free, and, as mentioned above, the attacks it committed never cost more than \$500k (i.e. 9/11). It would only take a couple of committed, wealthy donors to still pose a dangerous threat to the general public.

Law enforcement officials must maintain their current efforts in order to curb the power of Al-Qaeda. This includes: capturing or killing halawas and couriers, shutting down corrupt charities, arresting sympathetic donors and imams, and freezing bank accounts linked to Al-Qaeda donors and operatives. Al-Qaeda is a fluid organization that is highly adaptable because of its committed members. It will be very difficult to completely stop them; however, by

applying intense pressure to their whole network of funds, their ability to replicate a 9/11 similar style attack will be thwarted.

### **Economic Sluggishness**

Terror organizations' members are usually similar demographically speaking. They are young, unemployed males. This is not true of all terrorists or their leadership, but generally speaking, this is the case. In order to reduce the pool of potential recruits, governments should not just be dedicating resources towards monitoring, surveilling, and capturing [would be] terrorists, but gear economic policy and resources towards reducing unemployment, especially among young adults. Full employment, as defined by *Investopedia*, is between 4-5% (Investopedia, 2015). Unemployment in France among males under 25 years of age is 24.4%, U.S.A. 11%, Colombia 9%, and Spain 46% (Unemployment Rate, 2015). In the Middle East, the data is unclear on young, male unemployment. In many countries, ravaged by civil unrest and war, the rates are certainly high. Although unemployment will never be 0%, the more people the economy is employing, the less likely they are to join terror organizations. Just like how Al-Qaeda or FARC will never completely be extinct or be de-funded, the fewer funds they have then the less likely they will be in carrying out successful attacks. Similarly, the less recruits they have then the less likely they will be in sustaining threats. Many would argue that jobs for terrorists is not the issue, but good economic opportunity and outlook would undermine terror organizations' recruiting efforts by providing alternatives to young adults who could be indoctrinated by flawed ideologies. The international community needs to prop up unstable governments and attempt to bring order to countries that are on the verge of collapse, such as Yemen, Libya, and Tunisia.

National governments should also focus on pro-growth policies, supporting free trade, promoting transparency in financial institutions, and enhancing tools available to law enforcement so they can freeze assets and work with international law enforcement agencies more easily. These steps would hurt terror organizations both directly and indirectly while providing law enforcement with more tools to stop terrorism before it occurs.

### **SUMMARY AND CONCLUSION**

The ETA, FARC, ISIS, and Al-Qaeda all pose serious threats across the globe. All of them have successfully carried out attacks resulting in the deaths and injuries of thousands of innocent people. Force will always be the best tool available towards defeating these extremists. However, targeting terror organizations' ability to attract donations, transfer money, and fund themselves through black market trade will seriously hinder their capacity to continue their operations and sustain credible threats and attacks.

The ETA is financed mostly through extortion. Law enforcement must continue to infiltrate and survey the group. These tactics have proven effective; ETA has not been nearly as active or have as many members compared to twenty years ago. Law enforcement should be wary of the ETA attempting to diversify its revenue stream through human trafficking. This is true for FARC and ISIS as they could adopt this tactic as well.

FARC is mostly financed through the trafficking of narcotics. In order to curb their ability to project power, policy makers in Colombia and the U.S.A. should pass laws promoting free trade, banking transparency, and collaboration among law enforcement agencies. They should also promote growth policies to attract the rural poor back into urban areas where the Colombian government has control. This would diminish the recruiting pool for FARC, reduce FARC's tax revenue, and lessen the number of people willing to grow and cultivate coca.

ISIS is the most powerful of the groups discussed in this paper. Its budget is the largest and it has the most members. They must be defeated militarily in order to take away their funds. They sell \$30 million in oil every month. The oil refineries and oil fields must be taken away from them. Land controlled by ISIS must be recaptured by the Iraqi and Kurdish forces in the coalition with United States and many other countries. This will reduce the tax revenue ISIS takes as well.

Al-Qaeda is a decentralized operation. The key to taking away their financing is to target the links that connect the individual cells and core leadership. By and large, law enforcement has done precisely that. However, Al-Qaeda still makes use of halawas and couriers; they must be killed or captured which would diminish Al-Qaeda's ability to transfer money. Law enforcement must continue to identify charities and sympathizers that are conduits of funds from suspecting and unsuspecting donors and Al-Qaeda.

Economic sluggishness is also a key contributor to the recruits and membership of terror organizations. The young, male unemployment rate in many countries is exceedingly high. Policy makers must divert resources not just to defeating terrorism, but also to provide economic opportunity, especially towards young men. This would reduce the recruiting pool for terror networks. Free trade, banking transparency, sanctions, and frozen assets are all economic tools that would, directly and indirectly, adversely affect terror organizations.



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