

European response to the money laundering activities to finance terrorist groups in the Mediterranean region

1. Introduction

Although a global response on terrorism is a crucial necessity, a regional one that takes into consideration the particular conditions of the Mediterranean region is also crucial.

The Euro-Mediterranean Code of Conduct on Countering Terrorism states:

“The countries of the Euro-Mediterranean partnership, guided by the principles and objectives of the Barcelona Declaration, are united in the struggle against terrorism. The threat that terrorism poses to the lives of our citizens remains serious and terrorist attacks seriously impair the enjoyment of human rights. We remain determined to strengthen co-operation and co-ordination to respond to this global challenge. Today, we reiterate our total condemnation of terrorism in all its forms and manifestations and our determination to eradicate it and to combat its sponsors”.

To go from rhetoric to action, one of the ways to respond to the terrorism challenge is the implementation of a coordinated regime to avoid money laundering activities to finance terrorist groups.

Terrorism can be defined as premeditated, politically motivated violence perpetrated against non-combatant (but also combatant) targets by subnational groups or clandestine agents, usually intended to influence an audience. Terrorist groups are motivated by domestic and international politics, social causes, and extreme religious beliefs. Thus terrorism is a complex and diverse phenomenon¹. In other definitions, like those given by the European Union (EU)² or the United Nations Security Council,(UNSC)³ it is

¹ Definition taken from “Money Laundering, financing Terrorism and Suspicious activities” Benton E Gup – Nova Science publishers, Inc – New York - 2006

² EU Framework Decision on Combating Terrorism 2002: “...offences...hich, given their nature or context, may seriously damage a country or an international organisation ...seriously intimidating a population or compelling a Government or international organisation to perform or abstain from performing any act, or seriously destabilising or destroying the fundamental political, constitutional, economic or social structures of a country or an international organisation...”

³ UNSC Resolucion 1566 (2004): “...criminal acts, including against civilians, committed with the intent to cause death or serious bodily injury, or taking of hostages, with the purpose to provoke a state of

stressed that the purpose of terrorism is to compel either a government or international organization to do or to abstain from doing something.

Terrorism requires funding. One effective means to combat it is to cut off terrorist access to financing. However, the financing of terrorism as well as terrorism in general is a global problem requiring a multilateral well coordinated approach within the framework of various international forums as the United Nations, the Financial Action Task Force on Money Laundering (FATF) and the G8.

Terrorism is not an expensive action. According to the Commission of Inquiry on 11 September, "the conspirators spent between 400,000 and 500,000 US dollars to develop and carry out their attack". However, implementation, maintenance and logistics networks that need to be global need real investment in the medium term.

More broadly, the report by the General Accounting Office (GAO, The U.S. Court of Auditors with greater powers of investigation), notes that the illegal funds flowing across the world are evaluated, according to UN estimates to be between 500 billion and 1000 billion. Of these funds, a significant portion is dedicated to terrorism.

It thus appears that a clear understanding of the circuits of the hidden money would be a crucial contribution to better fight international terrorism.

The coordination mechanisms and solutions found at a global level may well be adapted and applied to the reality in the Mediterranean region as a response to money laundering activities to finance terrorist actions.

The aim of this paper is to assess the transnational terrorism threat in the Mediterranean region, to identify the financing organization of terrorism considering both the raising and movement of funds and to examine the ongoing and other potential responses to the terrorism financing challenge, drawing the main conclusions from the issues referred.

2. The transnational terrorism threat in the Mediterranean region

Terrorism in the South Mediterranean region is led by Al Qaeda in the Islamic Maghreb (AQIM), an organization that evolved from the Algerian militant group, the Salafist

terror in the general public or in a group of persons...intimidate a population or compel a government or an international organization to do or to abstain from doing any act..."

Group for Call and Combat (*Group Salafiste pour la Prédication et le Combat* - GSPC) in 2007. GSPC formed in 1998 as an outgrowth of the once-powerful and extremely violent Groupe Islamique Armée (GIA). GIA's popularity declined following a series of massacres in which it killed thousands of Algerian civilians. A significant increase in terrorist activity has been noted since 2007 in North Africa, where AQIM conducted a series of spectacular attacks, mainly by suicide bombers, one of them well known as it killed 18 security personnel in one ambush alone south east of Algiers⁴.

It is interesting to deep in the relation between State weakness/failure and terrorism. From Algeria, AQIM has spread over weak or failed States in the Sahel. Two States that are considered to be bases of AQIM would qualify as either failed or at least weak States: Mali and Niger. Also there might be AQIM presence in Mauritania, and Chad. Concerning the Islamic Maghreb, and apart from Algeria and Mauritania, AQIM's operations have not been reported in other countries (Morocco, Libya and Tunisia). Within these countries, Morocco has shown special efforts, having initiated a strong strategy to combat terrorism and prevent the efforts of AQIM to widen the theatre of regional jihad in North Africa. The strategy is comprehensive in nature and sets out multiple objectives which turned out Morocco's position as a strong sign of hope in the chaotic North African political environment.

In the wake of this, the analysis of the situation in the Mediterranean cannot be detached from the study of the situation in Sahel.

Some authors as Fernando Reinares, state that international terrorism linked to the global neo-Salafist Jihad movement poses both internal and external risks and threats to European society as a whole, and more specifically to the countries on Europe's southern flank, what the leaders of this violence define as the 'distant enemy'. However, the risks and threats of terrorism come in large part from organisations linked to North African networks made up of a multinational and multiethnic mix of individuals radicalised in the Maghreb itself or in immigrant communities of Maghrebi origin established on European soil.⁵

⁴ Camille Tawil "New Strategies in al-Qaeda's Battle for Algeria". Terrorism Monitor Volume 7, Issue 22.

⁵ Fernando Reinares. "The Mediterranean Region and International Terrorism: A New Framework for Cooperation?" <http://www.realinstitutoelcano.org/analisis/882/Reinares882.pdf>.

There is a remarkable question related to recent events: The Democratic upheavals in the Magreb, can they de-legitimize Al Qaeda? We must consider that the democratic processes open a new window of opportunity to defuse the terrorist threat. It proves that people in the Arab world can be mobilized not only by religion or terrorism, but also by democratic ideals. On the other side, the popular protests might open up the possibility that al-Qaeda will attempt to take advantage of the unfolding drama in its effort to destabilize the region.⁶

There are other matters for concern linked to the evolving scenario after the revolts; as if is the relationship or even support to authoritarian regimes, still an acceptable option. Moreover, which is going to be the equation between stability and security and possible acts of terrorism in the future?

The links with other forms of violence and crimes expand the potential of the terrorist threat in the region. Some officials, as Major General Jonathan Shaw, from the UK Ministry of Defence, view the impact of transnational terrorism, illegal immigration and international crime has considerable potential to undermine trade and investment, trust and confidence of the international community, national welfare systems, cultural or national identities and even domestic peace and stability. The challenges we face in security terms now will only become more urgent. We have yet to grasp the potential regional impact of the demand for scarce resources (especially water), climate change, desertification, ageing populations in Europe and increasingly young populations in Africa. MG Shaw shares the concern that terrorist organisations across the globe may now be linking themselves to organised criminals and working closely together to bolster their capabilities. We may see increasing collaboration between these groups in order to facilitate weapons and drugs movement, and possibly violent attacks.⁷

There are other situations that have a direct impact on the spread of terrorism in the area, as the implications of the Western Sahara conflict. This conflict between Morocco and the Polisario Front has been in the agenda of the Security Council for close to 20 years, when the Council took up the issue and established MINURSO, the UN mission in Western Sahara, to organize a referendum of self-determination with independence or

⁶ 2011 Report Update: the consequences of terrorism and other terrorist threats in the Sahel & Magreb

⁷ Euro-Mediterranean Security. Moroccan and British Perspectives. Royal United Service Institute (RUSI) Occasional Paper, November 2010. Edited by Alastair Cameron.
http://www.rusi.org/downloads/assets/RUSI_Euro-Mediterranean_Security_2010.pdf.

integration with Morocco as possible outcomes. Throughout this period, the UN could not show any real progress toward resolution of the conflict, other than occasional outbursts of optimism, that eventually have come to naught.⁸

To effectively combat terrorism it would be necessary to articulate cooperation mechanisms among the countries in the region, as intelligence sharing, including Algeria and Morocco. Nowadays with the conflict pending to resolve this cooperation is impossible.

This is indeed a matter for concern and some efforts have been made to cope with the impact of the Western Sahara conflict scenario. The War on Terror led by the US at the global scale has raised geo-strategic stakes in the region. In 2002, fears that the Sahara would become a hiding place for Salafist cells brought the US State Department to promote the so-called Pan-Sahel initiative, providing training and anti-terrorist equipment to countries in the region bordering with the Sahara (Mali, Niger, Chad and Mauritania). The Pan-Sahel Initiative (PSI) trained and equipped one rapid-reaction company, about 150 soldiers, in each of the four Sahel states. This initiative was renamed and expanded in 2005 to include as new partners Algeria, Morocco, Tunisia, Senegal and Nigeria. The new Trans-Sahara Counterterrorism Initiative (TSCTI) is conceived as a long-term interagency plan to combat terrorism in Trans-Saharan Africa by helping the participating countries ‘to stop the flow of illicit arms, goods, and people through the region’.⁹ Anyway, the conflict continues to favor the continuity of the terrorist threat in the area.

The European Union offers an array of policies and mechanisms that contribute to the fight against terrorism in the Mediterranean region by implementing the measures under the four main pillars of the European Union Counter-Terrorism Strategy: prevention, protect, pursue, and respond, as well as the increase of the international cooperation.

Preventing by tackling the factors or root causes which can lead to radicalization and recruitment; Protecting citizens and infrastructure to reduce the vulnerability to terrorist attacks; Pursuing terrorists across borders; to impede planning, travel, and

⁸ Anna Theofilopoulou. “Western Sahara”.

<http://www.theglobaldispatches.com/articles/western-sahara>.

⁹ Andreu Solà-Martín. “Conflict resolution in Western Sahara”. African Journal on Conflict Resolution. Volume 9, Number 3, 2009

http://www.humansecuritygateway.com/documents/AJCR_ConflictResolution_WesternSahara.pdf

communications; to disrupt support networks; to cut off funding and access to attack materials, and bring terrorists to justice; and Responding, to manage and minimize the consequences of a terrorist attack, by improving capabilities to deal with: the aftermath; the co-ordination of the response; and the needs of victims.

Also, the Lisbon Treaty offers new possibilities for the European Union to act collectively - the Member States and the European Institutions - also in the field of counter terrorism. However, many steps to implement the treaty have yet to be taken. All players have to adjust and to adapt to the new situation. Especially in the field of external relations, the creation of European External Action Service offers new opportunities to improve the coordination between traditional external policy instruments and internal instruments.

Also, the field of new technologies and the internet offers a new dimension in which the EU is currently working. The Commission has taken up the initiative of four Member States¹⁰ and their sub-project "Exploring the Islamist Extremist Web of Europe - Analysis and Preventive Approaches" and started a public/private partnership approach for countering terrorist use of the internet. It has started a dialogue between law enforcement authorities and service providers to reduce the dissemination of illegal terrorism-related content on the internet and organized two conferences (the first in November 2009, the second in May 2010). A European Agreement Model to facilitate public/private cooperation on the issue is under development.¹¹

It is also important to highlight that the cooperation with the African Union and the Arab League is of crucial importance.

The African Union has promoted and supported international instruments which regulate practices that could contribute to terrorism, such as the Palermo Convention on Transnational Organized Crime, the Ottawa Convention on Anti-Personnel Landmines, the UN Plan of Action on the Illicit Trade in Small Arms in all its Aspects, and the UN Conventional Arms Register. In addition to international instruments, Africa has also considered and developed common positions, to counter and regulate those activities associated with terrorism such as drug trafficking, arms trafficking, illegal human

¹⁰ United Kingdom, Germany, The Netherlands and Czech Republic.

¹¹ Report on EU Action Plan on combating terrorism. 17 January 2011.
<http://register.consilium.europa.eu/pdf/en/10/st15/st15893-re01.en10.pdf>

trafficking, mercenaries, organized crime, corruption and money-laundering and weapons of mass destruction.¹²

The Arab League has adopted as well numerous counterterrorism instruments and mechanisms, through its Council of Ministers of Justice and Interior, aiming to generate greater cooperation between Arab countries. However, the mechanisms to facilitate judicial cooperation in terrorism cases between countries do not exist, and most discussions and cooperation are political rather than technical and operational. More broadly, the tendency of Arab regimes to ‘jealously guard’ security management and the mutual suspicion between them, which generates a preference for more discrete bilateral cooperation in counterterrorism matters, have limited the Arab League’s ability to serve as a forum for stimulating critical information-sharing and other forms of cooperation between North African countries and the rest of the Arab world.¹³

¹² Preventing and combating terrorism in Africa. The Peace and Security Agenda. African Union.
http://www.africa-union.org/root/au/AUC/Departments/PSC/Counter_Terrorism.htm

¹³ Eric Rosand. “Countering Terrorism and Building Cooperation in North Africa: The Potential Significance of the UN Global Counter-Terrorism Strategy”.
http://www.realinstitutoelcano.org/wps/portal/rielcano_eng/Content?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/ari162-2009

3. The financing organization of terrorism: the raising and movement of funds

a. The raising of terrorism funds

In general, terrorist organizations may raise funds through: legitimate sources, including the abuse of charitable entities or legitimate businesses and self-financing, criminal activity, state sponsors and activities in failed states and other safe heavens. The examples below focus on how terrorists raise and move funds.

These sources of terrorist financing can be divided into two general types: financing from the top, in which large-scale financial support is aggregated centrally by states, companies, charities or permissive financial institutions; and financing from the base, in which terrorists fundraising is small-scale and dispersed, for example based on self-financing by the terrorists themselves using employment or welfare payments. A single terrorist organization may use several financing methods.

Terrorist organizations may raise funds through the methods related below:

1) Raising funds from legitimate sources

a) Abuse of charitable entities

Terrorist organizations receive considerable support and funding from and through legitimate sources including charities, businesses, and through self-funding by terrorists and their associates from employment, savings, and social welfare payments. This includes the phenomenon known as "black washing" where legal funds, for example money stemming from collection by charities or governmental subsidies and social benefits, are diverted for purposes of radicalization, recruitment or terrorism.

Charities or non-profit organizations possess characteristics that make them particularly attractive to terrorists or vulnerable to misuse for terrorist financing. They enjoy the public trust, have access to considerable sources of funds, and their activities are often cash-intensive. Furthermore, some charities have a global presence that provides a framework for national and international operations and financial transactions, often in or near areas most exposed to terrorist activity. Finally, charities are subject to significantly lighter regulatory requirements than financial institutions or publicly-held corporate entities, depending on the country and legal form of the charity and reflecting their principally non-financial role.

In developing the key financial standards to combat terrorism, the Financial Action Task Force on Money Laundering (FATF), an inter-governmental body¹⁴ whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing, has found that "the misuse of non-profit organizations for the financing of terrorism is coming to be recognized as a crucial weak point in the global struggle to stop such funding at its source".

Charities have different sets of risk profiles and thus vary in the types of unusual characteristics that may be detected and help to identify terrorist financing. Broadly speaking, there are three forms of abuse:

– **Diversion / fraud within legal charities**

In one case considered for this research, a legitimate charity was established and quickly raised large amounts of funds from the local community. A controller of the charity diverted a portion of these donations to terrorist training camps in Pakistan using a cash courier.

– **Sham charities**

See case study n°1 in annex "A"

While the funds of charities can, occasionally, be misappropriated by individuals with privileged access to them, cases have arisen in which the entire charity is used as the vehicle to perpetrate fraud against donors in order to raise funds for terrorism. Terrorist organizations use sham organizations to pose as legitimate charities to disguise terrorist financing activity and provide apparently legitimate explanations for links with terrorist groups.

– **Broad exploitation**

Another area of concern is the use of charitable organizations to raise funds for recipients in a third country who are part of an organizational structure that includes paramilitary violence - a case illustrated by the prosecution in 2000 of a major Non Profit Organization (NPO) in the United States. Establishing whether there are linkages between military and charitable aims can be difficult. Funds destined to support the participation

¹⁴ FATF was established by the G-7 Summit that was held in Paris in 1989. It has now 36 member states. FATF monitors members' progress in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally. In 2004, Ministry representatives from the 35 FATF members agreed to extend the mandate of the Task Force until 2012, demonstrating unity in their commitment to combat terrorism and international crime, and is a sign of their confidence in the FATF as an important instrument in that fight.

of terrorist and paramilitary groups in conflicts differ from other forms of terrorist exploitation of charities, giving law enforcement agencies greater opportunities to detect them. The scale of funding required is larger, and transfers are concentrated on specific locations with funds raised where the diaspora of the same ethnic group is living and transferred to the territories where the terrorist organization is based.

b) Legitimate businesses

The proceeds of legitimate businesses can be used as a source of funds to support terrorist activities. This is a particular risk in sectors which do not require formal qualifications (such as a master craftsman certificate) and where starting a business does not require substantial investments. The risk that a business will divert funds to support terrorist activity is greater where the relation between sales reported and actual sales is difficult to verify, as is the case with cash-intensive businesses.

c) Self-financing.

See the case study n°2 in annex "A"

In some cases, terrorist groups have been funded from internal sources, including family and other non-criminal sources. The amounts of money needed to mount small attacks can be raised by individual terrorists and their support networks using savings, access to credit or the proceeds of businesses under their control. Terrorist organizations can be highly decentralized, and self-funding can include cases in which a relatively autonomous external financial facilitator, who is not directly involved in planning or carrying out an attack nevertheless, contributes funding.

2) Raising from criminal activity

In the past, some terrorist groups obtained much of their funding and support from state sponsors of terrorism. With increased international pressure, many of these funding sources have become less reliable and, in some instances, have disappeared altogether. In addition, newer decentralized, independent cells often do not have the same level of access to foreign funding as traditional terrorist groups. As a result, terrorist groups have turned to alternative sources of financing, including criminal activities such as arms trafficking, kidnap-for-ransom, extortion, racketeering and drug trafficking.

Terrorist use of criminal activity to raise funds ranges from low-level fraud to involvement in serious and organized crime. It is often difficult to determine whether the funds raised from these activities are destined for terrorist activities or are simply the

proceeds of general criminal activity. Described below are some criminal activities where terrorists are known to have been engaged in, including selling narcotics, credit card fraud, cheque fraud and extortion.

a) Drug trafficking

Drug Trafficking is an attractive source of funds for terrorist groups, enabling them to raise large sums of money. The degree of reliance on drug trafficking as a source of terrorist funding has grown with the decline in state sponsorship of terror groups. This trend has increasingly blurred the distinction between terrorist and drug trafficking organizations.

Both criminal organizations and terrorist groups continue to develop international networks and establish alliances of convenience. Globalization has enabled both terror and crime organizations to expand and diversify their activities, taking advantage of the internationalization of communications and banking systems, as well as the opening of borders to facilitate their activities.

Investigations and intelligence have revealed direct links between various terrorist and drug trafficking organizations that frequently work together out of necessity or convenience and mutual benefit. Some examples are detailed below:

b) Credit card frauds

See the case study n°3 in annex "A"

The methods of making dishonest purchases through the use of someone else's credit card details are many - but one of the easiest ways to do so is to buy goods using the internet or by phone (carding). The two cases studies in this report related to credit card fraud shows the vulnerability of credit cards to misuse for terrorist financing purposes and other illegal activities.

There is a market for illegally obtained personal details, including credit card account numbers, as well as personal information such as the card holder's full name, billing address, telephone number, start and expiry dates, the security number on the rear of the card, etc.

c) Cheque frauds

Several cases have been identified in which a basic model of bank fraud has been applied to generate funds for terrorism. These cases involved bank accounts being opened using false identity documents and fraudulent deposits. Cheque books are then stockpiled; and when a large number have been accumulated, they are used to purchase goods from department stores costing under the amount that would trigger verification to ensure

sufficient funds were available in the account. The goods are returned for a cash refund. This activity can be carried out by organized individuals, who draw on cheques from the same account simultaneously in several locations.

Cheque book fraud, which has figured in a number of terrorist finance cases, allows terrorists to raise and move significant amounts of cash quickly. There are often limited preventative measures in place to obviate what appears to be an "ordinary" crime, rather than terrorist finance. It can be perpetrated alone or in concert with others to maximize the amount taken.

d) Extortion

Supporters of terrorist and paramilitary groups exploit their presence within expatriate or diaspora communities to raise funds through extortion. A terrorist organization would make use of its contacts to tax the diaspora on their earnings and savings. The extortion is generally targeted against their own communities where there is a high level of fear of retribution should anyone report anything to the authorities. They may also threaten harm to the relatives - located in the country of origin - of the victim, further frustrating any law enforcement action.

Extortion from diaspora communities can be a significant and consistent source of funds. Estimates state that before 2001 one terrorist group collected up to USD 1 million a month from expatriates in Canada, UK, Switzerland and Australia, making it among the most well-funded terrorist groups in the world. One report outlines how extortion demands were made on expatriate businesses of up to CAD 100000 and GBP 100000 in Canada and the UK respectively, with equally high demands made in France and Norway.

e) Diverse Criminal activities

See the case study n°4 in annex "A"

The opportunism of terrorist financiers is particularly illustrated by cases where suspects move fluidly from one kind of crime to another. One group considered in this research was found to be responsible for burglary, identity theft and credit card fraud in its drive for funds.

f) Personal Escort & material raising

Cocaine being smuggled from South America into Africa was aided by government officials in Africa. This shipment of cocaine was escorted by terrorists of the AQIM to a secret destination. The terrorists obtained a significant payment for their escort which was estimated to equate to nearly 40% of the value of the cocaine in order to finance terrorism activities.

g) Ransoms hijacking

Hostages taken by smugglers are then sold to Al-Qaeda and the terrorists extort ransoms of considerable value from some of the countries that are involved in the international fight against terrorism.

3) The role of safe heavens, failed states and sponsors

Whether through the absence of effective jurisdictional control, tolerance of terrorist organizations and their activities, or active support to terrorist organizations, safe heavens, failed states and sponsors create enabling environments or otherwise provide support to terrorist organizations.

Safe havens, failed states and sponsors continue to represent crucial sources of support for terrorist organizations today, including from territories in Somalia, Iraq, and the Pakistan-Afghanistan border.

Safe havens and wider cases of weak jurisdictional control, state tolerance of terrorist organizations are also important in how terrorists *move* and *use* finance, in addition to their role in raising terrorist funds. The wider issues of how jurisdictional factors can enable terrorists to move funds are discussed in the next section.

b. The moving of terrorist funds

There are three main methods by which terrorists move money or transfer value. The first is through the use of the financial system, the second involves the physical movement of money (for example, through the use of cash couriers) and the third is through the international trade system. Often, terrorist organizations will abuse Alternative Remittance Systems (ARS)¹⁵, charities, or other captive entities to disguise their use of these three methods to transfer value. Terrorist organizations use all three methods to maintain ongoing operation of the terrorist organization and undertake specific terrorist activities.

The multiplicity of organizational structures employed by terror networks, the continuing evolution of techniques in response to international measures and the opportunistic nature of terrorist financing make difficult to identify a favored or most

¹⁵ Operations to transfer money outside of the formal banking system. These include unregulated networks (e.g. underground banks) and regulated operations (e.g. money service businesses).

common method of transmission. Regular funding to maintain terrorist group's capacity is best facilitated via the conventional banking system as money sent from one country to another can be disguised behind false name accounts, charities or businesses to disguise the ultimate recipient; but other ways to move money are used for specific purposes, or to disguise terrorist financial trails.

The literature on terrorist finance developed since 2001 has emphasized the great adaptability and opportunism that terrorists deploy in meeting their funding requirements. Indeed, the breadth of cases outlined below suggests that the answer to the question: "How do terrorists raise and move funds?" is: "Any way they can."

Cases highlight how in many situations, the raising, moving and using of funds for terrorism can be especially challenging and almost indistinguishable from the financial activity associated with everyday's life. The identification and the disruption of terrorist finance are naturally harder when authorities are confronted by "informal" support networks that do not operate as part of well structured organizations with clear roles and lines of accountability. In such circumstances, the links between financial activity and terrorist activity become more opaque and the targets for disruption harder to identify.

Indeed, experience suggests that all of the mechanisms that exist to move money around the globe are to some extent at risk. This is illustrated by the list of known and historical techniques provided below that are drawn from earlier research. A challenge common to them all is that the connections between funds and terrorism can be extremely difficult to determine in the country of origin, when the terrorist-related activity itself takes place anywhere.

1) Formal financial sector

See the case study n°5 in annex "A"

Financial institutions and other regulated financial service providers represent the formal financial sector and serve as the principal gateway through which retail and commercial transactions flow. Additionally, the services and products available through the formal financial sector serve as vehicles for moving funds that support terrorist organizations and fund acts of terrorism. The speed and ease with which funds can be moved within the international financial system allow terrorists to move funds efficiently and effectively and often without detection between and within jurisdictions.

Combined with other mechanisms such as offshore corporate entities, formal financial institutions can provide terrorists with the cover they need to conduct transactions and launder proceeds of crime when such activity goes undetected.

Money and Value Transfer (MVT) mechanisms have proven to be particularly attractive to terrorists for funding their activities, as demonstrated by the cases below. MVT operations range from the large-scale and regulated funds transfer mechanisms available in the formal financial sector, to small-scale alternative remittance systems (discussed separately below). Funds transfers refer to any financial transaction carried out for a person through a financial institution by electronic means with a view to making an amount of money available to a person at another financial institution. It was this use of wire transfers that the FATF was addressing when it issued Special Recommendation VII in October 2001 which requires that full originator information accompany any such transfer.

Analysis of a number of terrorism cases has revealed that radical groups as well as persons related to terrorist organizations have used the network of the registered and world-wide operating money transfer companies to send or receive money. These transactions enabled authorities to develop a wider understanding of the main contacts of these people and the extent of their networks. By creating a public-private partnership with the money transfer organizations, it has been possible to gain a valuable source of financial intelligence on the operations of networks worldwide. Money transfer offices are obliged to register identity-data of the person who sends the money from Country A and the person who receives the money in Country B - in line with FATF Special Recommendation VII¹⁶. These data have proved to be excellent input for network analysis in regard to terrorist financing.

Advances in payment system technology have had a twofold impact on the potential abuse by terrorist financiers and money launderers of such systems. Electronic payment systems allow law enforcement an increased ability to trace individual transactions through electronic records that may be automatically generated, maintained

¹⁶Countries should take measures to require financial institutions, including money remitters, to include accurate originator information and to take measures to ensure that financial institutions, including money remitters, conduct enhanced scrutiny of and monitor for suspicious activity funds transfers which do not contain complete originator information.

and/or transmitted with the transaction. However, these advances also create characteristics that may be attractive to a potential terrorist or money launderer. For instance, the increased rapidity and volume of funds transfers, in the absence of the consistent implementation of standards - such as Special Recommendation VII for recording key information on such transactions, maintaining records, and transmitting necessary information with the transactions, could serve as an obstacle to ensuring traceability by investigative authorities of individual transactions.

2) Trade sector

The international trade system is subject to a wide range of risks and vulnerabilities which provide terrorist organizations the opportunity to transfer value and goods through seemingly legitimate trade flows. In recent decades, international trade has grown significantly: global merchandise trade now exceeds USD 9 trillion a year and global trade in services accounts for a further USD 2 trillion. The specific methods and techniques used to launder money through the trade system were described in the 2006 FATF Typology Report on trade-based money laundering, although terrorist financing was not a focus of that work. Further examination of the specific methods and techniques used to exploit the trade system for terrorist financing purposes could assist in the development of measures to identify and combat such activity.

3) Cash couriers

The physical movement of cash is one way terrorists can move funds without encountering the AML/CFT¹⁷ safeguards established in financial institutions. It has been suggested that some groups have converted cash into high-value and hard-to-trace commodities such as gold or precious stones in order to move assets outside of the financial system.

Counter-terrorist operations have shown that cash couriers have transferred funds to a number of countries within the Middle East and South Asia. Direct flight routings are used for simple transfers; however, indirect flight routings using multiple cash couriers and changes in currencies take place within more sophisticated schemes.

The movement of cash across borders is prevalent in countries where the electronic banking system remains embryonic or is little used by the populace. Large

¹⁷ Anti-Money Laundering/Combating the Financing of Terrorism

parts of Africa and the Middle East have predominantly cash-based societies, and this naturally lends itself to cash flows using alternative remittance systems or by courier. Analysis of a number of terrorism cases has shown that money couriers are active even within Europe and between countries with a well functioning financial system. In most cases couriers are involved in moving funds generated outside the financial system and kept out of the financial system to avoid detection.

Moving money using cash couriers may be expensive relative to wire transfers. As legitimate financial institutions tighten their due diligence practices, it has become an attractive method of transferring funds without leaving an audit trail. When cross border remittance of cash is interdicted, the origin and the end use of cash can be unclear. Cash raised and moved for terrorist purposes can be at very low levels - making detection and interdiction difficult.

4) Use of Alternative Remittance Systems (ARS)

ARS are used by terrorist organizations for convenience and access. ARS have the additional attraction of weaker and/or less opaque record-keeping and in many locations may be subject to generally less stringent regulatory oversight. Although FATF standards call for significantly strengthened controls over such service providers, the level of anonymity and the rapidity that such systems offer have served to make them a favored mechanism for terrorists. For some networks there are also cultural and pragmatic reasons for using these services: many have their origins or control structures in areas where the banking infrastructure is weak or practically nonexistent. The role of ARS in terrorist financing may be primarily an "end-user" gateway; i.e. the means by which new or stored funds are passed to operational cells.

5) Use of Charities and nonprofit organizations

Charities are attractive to terrorist networks as a means to move funds. Many thousands of legitimate charitable organizations exist all over the world that serve the interests of all societies, and often transmit funds to and from highly distressed parts of the globe. Terrorist abuses of the charitable sector have included using legitimate transactions to disguise terrorist cash traveling to the same destination; and broad exploitation of the charitable sector by charities affiliated with terrorist organizations. The sheer volume of funds and other assets held by the charitable sector means that the

diversion of even a very small percentage of these funds to support terrorism constitutes a serious problem.

4. Responses to the terrorist financing challenge

Parallel to the complexity and variety of terrorism, the previous chapter put in evidence that its financing can also be various and complex. Even if terrorist acts are not systematically very expensive, different estimations conclude that the cost of the 9/11 terrorist operation could be no more than \$ 500.000, including recruiting, training, equipping and supporting. So, in any case, reducing the financing to terrorist organizations may disrupt their organizations and lessen their chance for success. As previously stated in this paper, terrorist organizations have not only to collect but also to store, to move and to use their funds. And because they often are transnational organizations (at least, the most dangerous of them are), they have to use the international financial system. We can draw two main conclusions of such observation. First, the struggle against the financing of the terrorism must be carried out in an international framework, with a strong cooperation between countries and with international organizations. Second, as the financial systems use information technology, this technology must also be used to identify the vulnerability of terrorism financing and to disrupt it.

Fighting against terrorism by attacking its financing is an essential aspect in trying to eradicate this plague. Like any human activity, terrorism needs financial resources. Even if terrorist acts are generally not very expensive, the preliminary work, including logistical support, recruitment, military training, and assistance to the families of the militants and possibly martyrs, in certain cases, require budgets to provide for this expenditure. The search for funds may, in certain cases, be vital for organizations, and primarily for the transnational organizations, such as Al-Qaeda. In this case, they need, on one hand, to raise funds, and on the other hand, to make them circulate and to use them. So two different fields of actions on the financial level can be defined:

- The identification and fighting against fundraising activities,
- The fight against the circulation of funds, which may include laundering activities.

Even if great progress has been made since 2001 at an international level, it is still difficult to defeat terrorist financial activities, as they are simultaneously multiple, various and subject to many changes.

So it seems crucial to face this challenge at an international level, in particular by developing the co-operation and dialogue between states, regional organizations and international organizations.

a. UN Organization: A normative frame and concrete actions.

The role of United Nations is fundamental because it fixes a normative frame and provide the ultimate legitimacy for international action.

This normative frame aims are to promote the fight against the terrorism. It includes various resolutions¹⁸.

During the last decade, Member States added other instruments concerning a certain number of specific terrorist activities in particular, at instigation of France, the International Convention¹⁹ in 1999 dealing with supression of terrorist financing.

Since 2001, the United Nations Security Council took measures to increase the pressure on terrorist financing, such as the freezing of funds and other resources of the Taliban and Al-Qaida members.

18 Resolution 51/210, 17 September 1996 : “... *United Nations reaffirm that acts, methods and practices of terrorism are contrary to the purposes and principles of the United Nations; they declare that knowingly financing, planning and inciting terrorist acts are also contrary to the purposes and principles of the United Nations...*”; “... *they stress their commitment, in conformity with the relevant provisions of international law, ... to work together to prevent, combat and eliminate terrorism and to take all appropriate steps under their domestic laws either to extradite terrorists or to submit the cases to their competent authorities for the purpose of prosecution...*”.

Declaration to Supplement the 1994, 17 December 1996 : “... *United Nations reaffirm that States should take appropriate measures ... before granting refugee status, for the purpose of ensuring that the asylum-seeker has not participated in terrorist acts, ... whether the asylum-seeker is subject to investigation for or is charged with or has been convicted of offences connected with terrorism and, after granting refugee status, for the purpose of ensuring that that status is not used for the purpose of preparing or organizing terrorist acts intended to be committed against other States or their citizens...*”;

¹⁹ Resolution 54/109, 9 December 1999

b. The international financial institutions

The fight against terrorist financing also involves action through the international financial protection of the system. It has become necessary to prevent or to limit the access to the international financial system, which presents some gaps in regulation that can be exploited by the terrorists.

Indeed, there are two ways of traffic of funds. On one hand, by using the formal financial system which, due to the new technologies, allows transfers of easy and immediate funds across the world. Moreover, the deregulations of markets facilitate the opaqueness of financial flows (such as the use of "financial" paradises). On the other hand, by using the informal circuits of ethnic banks, underground banking systems or funds smugglers.

In order to limit the use of the international financial circuits by terrorists, the FATF missions have been extended. Also, since 2001, the IMF (INTERNATIONAL MONETARY FUND) and the World Bank expanded their fight against the fraudulent use of financial circuits to terrorist financing.

On the basis of predefined recommendations, the FATF elaborates evaluations of states financial systems and assists public authorities to be in accordance with recommendations. However this device has shown limited efficiency due to a lack of real power to constrain non-cooperative states or states with little will to improve their systems (such as Iran and North Korea).

c. Europe: A comprehensive approach

The Council of Europe is pursuing a comprehensive approach against money laundering and the financing of terrorism by setting standards in the form of Conventions and recommendations, by monitoring compliance not only with Council of Europe standards

but also through FATF and other relevant international instruments, and by supporting their implementation through technical cooperation projects.

The European Council decided to update and widen its 1990 Convention to take into account the fact that terrorism could be financed not only through money laundering from criminal activity, but also through legitimate activities.

This new Convention is the first international treaty covering both the prevention and the control of money laundering and the financing of terrorism. The text addresses the fact that quick access to financial information or information on assets held by criminal organisations, including terrorist groups, is the key to successful preventive and repressive measures, and, ultimately, is the best way to stop them.

The Convention includes a mechanism to ensure the proper implementation by Parties of its provisions.

d. The main difficulties to implement fight against the money laundering and terrorist financing.

In a note of the coordinator of the fight against terrorism, it is mentioned that “To prevent terrorists from raising, moving and using funds, jurisdictions best adopt certain measures. These include implementing targeted financial sanctions (asset freeze), protecting vulnerable sectors including the charitable sector and money service businesses, and encouraging effective reporting of suspicious transactions”.

But asset freezing, the protection of the non-profit sector or the report of suspicious transactions, face a lot of difficulties.

1) Asset freezing:

The tension between the protection of human rights and the security policies is problematic. Is it necessary to sacrifice a part of human rights for the benefit of a safe environment? In what conditions? This subject has been raised for debates at every level²⁰.

²⁰ As *Kadi case*, in the EU.

In practice, the problem which arises within the framework of a terrorist financing investigation concerns the disparity between the formal holder of the properties and the person being the object of an investigation. Indeed, the assets which would need to be frozen are, often, in the name of a person other than the one who is the target of investigations. So while properties are linked to terrorism by indications of criminality, their owner is rarely the directly involved person. It is then impossible to freeze the properties or to seize them, except when the reversal of the burden of proof is accepted.

2) Non-profit sector manipulations:

The protection of the non-profit sector, which often has an international dimension, also has to be a priority.

In this purpose the European Council fixed five principles which member states should take into account when they implement measures intended to prevent the unfair use of the non profit-making sector by terrorists.

- “Safeguarding the integrity of the non-profit sector is a **shared responsibility** of states and non-profit organisations.
- **Dialogue** between Member States, the non-profit sector and other relevant stakeholders is essential to build robust defences against terrorist finance.
- Member States should continually develop their **knowledge** of their non-profit sector, its activities and vulnerabilities.
- **Transparency, accountability and good governance** lie at the heart of donor Confidence and probity in the non-profit sector.
- Risks of terrorist finance are managed best where there are effective, proportionate measures for **oversight**”.

However it is difficult to improve the transparency of non-profit organizations. The Spanish Basque region can be mentioned as a good example of the difficulties in identifying the association’s real purpose and their link with the terrorism.

There is also a "nominative" problem, in that a cause or ideology may cover the spectrum from non-violent protest, to elected political parties, to fundraising, to extremist or terrorist activity.

3) Efficient reporting of suspicious transactions:

The improvement of the fight against the terrorist financing passes by the necessity of demanding financial entities to identify their customers and to postpone the transactions with the aim of penalising activities.

e. The exploitation of the "electronic universe" to identify money laundering supporting terrorism.

The ever-expanding "electronic universe" of transactional data is a perfect mask for suspicious or deceptive monetary transaction. But, like the tale of Aesop's' tongue, those same tools can be used to identify terrorism financing sources and to make them vulnerable.

As we have just seen above, international cooperation is mainly based on the data collected by financial institutions to identify suspicious operations connected with terrorism financing.

But the main difficulty is to detect a suspicious transaction given the relentless flow of data that passes through the financial system on a daily basis. It looks quite impossible to employ enough time, money and resources to scrutinize all financial transactions in order to determine those which are suspicious. But, there is the possibility to develop particular data mining techniques and data mining software to help meeting these challenges.

There are lots of critical operations which have been identified among the actual and current financial practice that indicate suspicious financial movement. The following list gives some examples of such operations which can easily be identify by information system:

- the use of multiple accounts to collect and funnel funds to a small number of foreign beneficiaries
- deposit followed by wire transfers
- mixing deposits with monetary instruments that are atypical of legitimate business activity
- large cash withdrawals from business that do not normally have such transaction
- dormant accounts with minimal sums that suddenly receive a deposit or series of deposit followed by daily cash withdrawals that continue until the transferred sums has been removed
- wire transfers ordered in small amounts in an apparent effort to avoid triggering identification or reporting requirements

The list can obviously be longer, but the observation of several different cases of financing terrorist organizations in the past, and shared by a large cooperation of countries involved in the struggle against terrorism and money laundering activities may allow a kind of targeting for these operations of “fishing” among financial data.

The development of such tools may have two results. Firstly it may allow identifying terrorism financing. And secondly, it causes a real pressure on terrorist, making their business harder and dangerous for themselves.

5. Conclusions

As stated at the beginning of this paper, threats of terrorism often come from organizations linked to North African networks, presenting risks not only to the countries from southern Europe, but also to the European society as a whole. This reveals the importance of the Mediterranean area as a landmark for the diffusion of terrorist threats.

After a contextualization of the terrorism threat in the Mediterranean area, this paper proceeds to the identification of the means used by terrorist groups to finance their activities, relating not only to fund raising, but also to how the funds are moved.

A terrorist organization may use various methods of fund raising, and with the increase of international pressure state sponsors are no longer all that reliable, forcing terrorist organizations to look for other means of financial support. Fund raising may include a different set of activities and be obtained through legitimate sources, such as the abuse of charitable organizations or legitimate businesses, and through self-financing, by taking profit from criminal activities, receiving funds from sponsors and other activities in safe havens. Additionally, one can distinguish two categories within the terrorist financing sources: financing from above, in which large-scale financial support is aggregated centrally by states, companies, charities or permissive financial institutions; and financing from below, in which terrorists fundraising is small scale and dispersed, for example based on self-financing by the terrorists themselves using employment or welfare payments.

The relation between terrorism and failed states must not be ignored. In these cases, the weakness or absence of effective jurisdictional control creates an enabling environment for the proliferation and even support of terrorist activities as well as for the raising and moving of funds required for those activities. Somalia, for instance, is a clear example of the situation described.

Regarding the movement of funds, this paper establishes three main methods: the use of the financial system, the physical movement of money and the use of the international trade system. However, there is a difficulty in determining the most common method of transmission, due to the variety in terrorist organizational structures, the continuing evolution of techniques and the opportunistic nature of terrorist financing.

The advances in payment system technology of the formal financial system have allowed law enforcement an increased ability to trace individual transactions through electronic records but, simultaneously, the increase in the rapidity and amount of transactions without proper regulation could be an obstacle to investigation and traceability by the authorities. The physical movement of money through cash couriers seems to be a way of avoiding the regulations and detection through the formal financial system. In these cases, not only can detection be difficult if the amount of money is small, but also, if there is in fact an interdiction, there is the problem of determining the destination of the money. Finally, the international trade system is home to enough risks and vulnerabilities to allow terrorist organizations to transfer value and goods through what appear to be legitimate trade flows. All of these situations are aggravated by the fact that the moving and using of funds for terrorism can be extremely hard to distinguish from the financial activity associated with everyday life.

As referred earlier in this paper, there is a need for strong international cooperation between states, regional organizations and international organizations in order to carry out this struggle in the international framework, using the advances in the financial system technology to identify and disrupt terrorism financing. Considering that terrorists not only need to raise funds, but also to move them, there seem to be two different lines of action required at a financial level: the identification and disruption of fundraising activities and the struggle against the circulation of funds (which may include money laundering activities).

So far, certain international and regional organizations have produced regulations in order to meet the goals stated in the previous paragraph. The United Nations has taken measures to increase the pressure on terrorist financing (through the freezing of funds, for example), being an essential tool to legitimize international action. With gaps in its regulation, the International Financial System requires not only financial protection, but limited access as well. The effort of the Financial Action Task Force (FATF) to evaluate states' financial systems and provide counseling and assistance so they can meet recommendations has proven to be of little effectiveness in non-cooperative states, due to the Task Force's lack of effective power. Finally, the European Council has decided on a comprehensive approach, with the update of its 1990 Convention in order to include terrorist financing through legitimate and also illegitimate activities, this being the first international treaty covering both prevention and control of money laundering

and the financing of terrorism. The Convention regards the quick access to financial information as the key to successful preventive and repressive measures, while the Council of Europe monitors compliance with not only its own standards but also the ones defined by FATF and other important international instruments, supporting their implementation through technical cooperation projects.

It is stated in this paper that to prevent terrorist fund raising and movement of funds a series of measures should be applied, including asset-freezing, the protection of vulnerable sectors and the encouragement of reporting of suspicious transactions. However, effectively implementing these standards is no easy task. Issues related to human rights emerge associated with asset freezing, since the assets are often in the name of a person not directly involved with terrorism instead of the name of the actual target of the investigation. The protection of vulnerable sectors, such as non-profit organizations, also poses obstacles connected with transparency, the identification of an organization's real purpose as it relates to ideology, cause and form of protest and its possible link with terrorism. As for the report of suspicious transactions, the main difficulty appears to be how to track such a transaction within the amount of data that runs through the financial system every day. The answer appears to be in the development of data mining software and other techniques that target suspicious transactions among financial data, allowing interception of terrorist financing and acting as discouragement of terrorist activities.

Although much has been done, there is still much to do, this being a struggle without an end in sight. The responses are mainly reactive and of difficult prospective, but they will each moment have to be adapted in order to find effective measures to fight the growingly creative methods of terrorist groups and their supporters.

Annex “A”

Cases study:

Case study 1: charity passes funds to organization engaged in terrorism.

Foundation A acted as a charity, while its primary purpose was to support Terrorist Group H. In 2000, Foundation A raised USD 13 million. The US Government shut down four of its offices in the US in 2001.

Foundation A supported the activities of Terrorist Group H through direct fund transfers to its offices in the West Bank and Gaza that were affiliated with the group and transfers of funds to Islamic charity committees ("zakat committees") and other charitable organizations that were part of the group or controlled by group members.

Foundation A was established in California in 1989 as a tax-exempt charity, not a religious organization. It relocated to Richardson, Texas. It had offices in California, New Jersey, and Illinois, and individual representatives scattered throughout the United States, the West Bank, and Gaza.

Person A, a political leader of Terrorist Group H, provided substantial funds to Foundation A. In 1994, Person A (who was named a Specially Designated Terrorist by the US Department of the Treasury in 1995) designated Foundation A as the primary fund-raising entity for Terrorist Group H in the United States. In July 2004, the US charged Foundation A and seven of its officers with criminally conspiring to provide millions of dollars to Terrorist Group H and the families of suicide bombers. The criminal charges included conspiring to provide and providing material support to a foreign terrorist organization, tax evasion and money laundering.

Case study 2: a small, self-funded network lunches major attack

The official report into the 7 July 2005 attacks on the London transport system stated that:

"Current indications are that the group was self-financed. There is no evidence of external

sources of income. Our best estimate is that the overall cost is less than GBP 8 000. "

"The bombs were homemade, and that the ingredients used were all readily commercially available and not particularly expensive".

"The group appears to have raised the necessary cash [for overseas trips, bomb making equipment, rent, car hire] by methods that would be extremely difficult to identify as related to terrorism or other serious criminality. "

Terrorist A "appears to have provided most of the funding. He had a reasonable credit rating, multiple bank accounts (each with just a small sum deposited for a protracted period), credit cards and a GBP 10 000 personal loan. He had 2 periods of intensive activity - firstly in October 2004 and then from March 2005 onwards. He defaulted on his personal loan repayments and was overdrawn on his accounts."

Terrorist B "made a number of purchases with cheques (which subsequently bounced) in the weeks before 7 July. Bank investigators visited his house on the day after the bombings."

Commentary: Though Terrorist B was not specifically identified as a terrorist until after an attack took place, this case demonstrates that financial intelligence on its own was sufficiently accurate to prompt investigation by financial institutions.

Case study 3: terrorist organization extorts money from drug traffickers

An investigation and prosecution carried out by Turkish authorities revealed that drug trafficking is the principal source of funds for a terrorist organization. Drugs are grown in Pakistan, Afghanistan and Iran; and sent from there to Europe, both through known members of the organization, and through their associates and other non designated militants.

In 2007, more than 10 members of the organization terrorist group were arrested and large amounts of money seized. Investigation and testimony by these members revealed that the organization extorts money from smugglers at points of entry in the North of Iraq in the form of 'taxes' worth around 7% of the value of smuggled items. The groups also collect money for each person or each car crossing their 'customs points'. One such 'customs point' earns USD 20,000 - 30 000 per week. One member of the group stated that the most important income for the group is the money collected from drug traffickers as 'taxation'.

Case study 4: use of multiple types of criminal activity

A terrorist financier was a member of an enterprise that created a complex cigarette smuggling scheme in the US. This financier would purchase low-taxed cigarettes from one US State; apply forged 'tax stamps' to the goods; and then smuggle the untaxed cigarettes into Michigan (where State cigarette taxes are considerably higher) for resale.

In parallel with this exercise, the organization defrauded retail and wholesale merchants with counterfeit credit cards. The cash garnered from these unlawful activities would then be laundered by members of the enterprise by purchasing businesses, buying additional cigarettes, and obtaining additional fraudulent credit cards.

The enterprise also committed acts of arson and attempted to engage in insurance fraud by burning down a cigarette shop that it owned on an Indian reservation in New York, and then attempted to recover on their fire insurance policy.

The terrorist financier used the profits from these activities to provide material support to a designated terrorist organization.

Commentary: This case demonstrates the wide range of fraudulent activities that terrorist supporters will engage in, such as trading in illegal contraband, and tax, credit card and insurance fraud, to generate funds to support terrorist groups.

Case study 5: Terrorist use of the trade sector to move funds

An FIU received disclosures from several banks concerning account holders: Persons A and B and Company C, all active in the diamond trade. In the space of a few months, A, B and C's accounts saw a large number of fund transfers to and from foreign countries. Moreover, soon after the opening of his account, person B received several bank cheques large amounts in US dollars.

Financial information collected by the FIU showed that Company C was received large US dollar transfers, originating from companies active in the diamond industry and debited by several transfers to the Middle East in favor of Person A, a European citizen born in Africa and residing in the Middle East. One of the directors of Company C, a Belgian citizen residing in Africa, held an account at a bank in Belgium through which transfers took place to and from other countries in Europe, Africa, North America, and the Middle East. Inward transfers from foreign countries mainly took place in US dollars. These were then converted

to EUR and used to make transfers to foreign countries and to accounts in Belgium belonging to Person B and his wife.

Police information collected by the FIU showed that the prosecutor had opened a file related to trafficking in diamonds originating in Africa. The largest transfers of funds by the company trading in diamonds were mainly destined to the same person, A, residing in the Middle East. Police sources revealed that both Person A and Person B were suspected of having bought diamonds from the rebel army of an African country and of smuggling them into Belgium for the benefit of a terrorist organization.

Moreover, it appeared that certain persons and companies linked with Persons A and B had already been referred to prosecutors by the FIU in other cases for money laundering derived from organized crime.