



Session II: Financing of foreign terrorist fighters (FTFs), FTF returnees and dormant cells

The threat posed by the funding of FTFs and returnees and their possible involvement in supporting dormant cells and the current efforts to develop more effective strategies for sharing of information by FIUs and security services

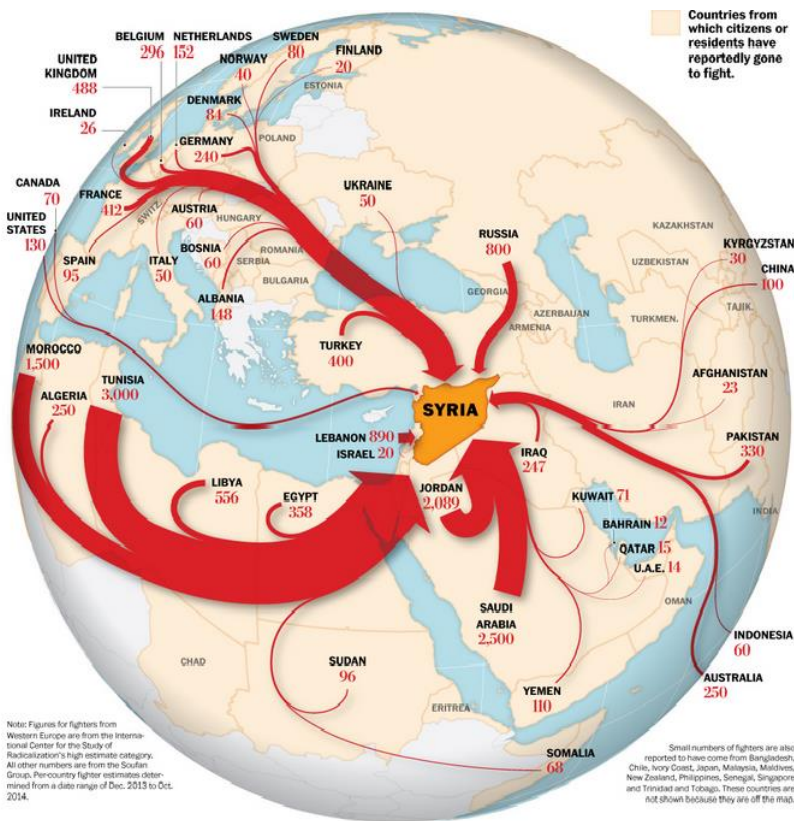
Joint special meeting of the Counter-Terrorism Committee and the ISIL (Da'esh) and Al-Qaida Sanctions Committee with Member States, the Financial Action Task Force (FATF) and other relevant international and regional organizations

UN Headquarters – New York
12-13 December 2016

Philippe de Koster
First Advocate General
Director Belgian Financial Intelligence Unit

February 2015 : FATF Report - Financing of the terrorist organisation Islamic State in Iraq and de Levant (ISIL)

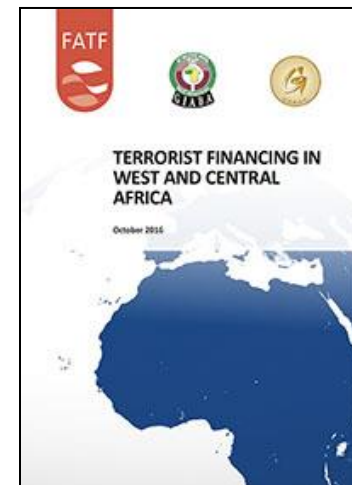
What next : 2017 ?





1. Funding sources

- The issue of FTFs is **not** a new phenomenon
- FTFs are **now** considered one of the main forms of material support to terrorist groups
- FTFs -> **HTFs** (where?)
- Daesh-> **other** affiliates? (Boko Haram...)





2 most common methods used to raise funds for FTFs



ICSR Report: Criminal Pasts,
Terrorist Futures: European
Jihadists and the New Crime-Terror
Nexus, 10/2016

1. Self-funding

- Social benefits (in BE,UK...)
- Revenues from professional activities
- Savings accounts
- Fraudulently obtained consumer credits
- Selling (rented) vehicles or own property
- Petty crime (thefts...), criminal activity (trafficking...)

2. Funding by recruitment/facilitation networks

- Links between facilitators in the home country and areas bordering the conflict zone
- Links between facilitation networks and criminal organisations



Example of microfinance funding :

- **Trafficking counterfeit clothing**
- Kouachi brothers
- **cigarette smuggling**
- 20 % of smuggling or contraband of cigarettes finance terrorist activities
- **Trade-based terrorist financing activities**
- Case study of the Moroccan authorities
- **trafficking second-hand clothes**
- BE Case study





Role of macrofinancing

Macrofinancing :

- Donations
- Oil and gas revenues
- Local taxes
- Extortion of local population
- Iraqi Bank looting
- Kidnapping for ransom
- Human trafficking (slaves)

Issues:

- **Oil: offshore ship-to-ship transfer**
- **Narcotics trade (Captagon)?**
- **Trafficking in Syrian artefacts?**





Oil

- STS: **ship-to-ship** transfer of oil
- Each oil field has a unique **chemical footprint**, which can be used to identify the source of oil.
- Creation of a database of oil samples (or chemical footprints) from the oil fields in the conflict areas
- Relevant **control** (oil versus migrants)?





Narcotics trade: Captagon

➔ Link between terrorism and organized crime structures

➔ Produced (and used by FTF) in Syria

➔ Several seizures at the border with Syria

➔ TF risk?

➔ In BE: not at risk (but analysis still ongoing with UNODC)

The screenshot shows the ANONYMOUSPHARM website interface. At the top, there is a navigation bar with links for 'SHOP', 'BLOG', 'TRACK YOUR ORDER', 'ORDER & SHIPPING', and 'ABOUT US'. Below the navigation bar, the product name 'Captagon (Fenethylamine) 50mg - Online Pharmacy' is displayed, along with a shipping cost to Belgium of €17.90. The main content area is divided into two columns. The left column lists 'All Inclusive' features: 'Fixed Shipping Price' (€27.90 USD per order), '100% Anonymity and Privacy' (100% anonymous service), 'Bitcoin Payments' (accepting only bitcoins for security and anonymity), and 'Moneyback Guarantee' (refund if not satisfied). The right column shows the product details for 'Captagon (Fenethylamine) 50mg 0.4 USD per pill'. It includes a 'Product Availability: Available in Stock' status and a 'Category: Other' label. A central image shows a black pill bag with a white label that reads 'PRESCRIPTION ANONYMOUSPHARM Captagon (Fenethylamine) 50mg ANONYMOUS PHARM'. Below the image, a table lists different quantities and prices:

| Quantity | Regular Price | Today Promo | Buy Now |
|-----------|---------------|-------------|---------|
| 60 pills | 28.8 USD | 24.00 | Buy Now |
| 90 pills | 43.2 USD | 36.00 | Buy Now |
| 120 pills | 57.6 USD | 48.00 | Buy Now |
| 180 pills | 86.4 USD | 72.00 | Buy Now |



Smuggling of cultural artefacts

→ ULB Conference (Brussels, 29/11/2016)

→ **Not** a new phenomenon

→ Extent of the problem: **unknown**

→ Source of TF ?

→ Links with criminal activity (organised crime)

→ **Issues:** Role of art dealers in the AML/CFT ?
Role of FTZ ?

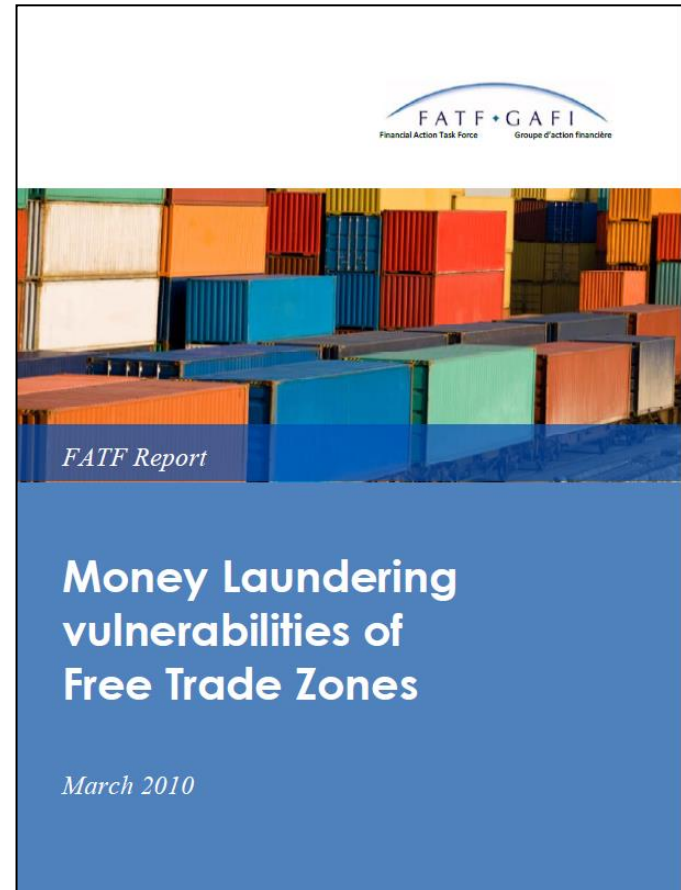




Issue for consideration

Free Trade Zone (FTZ)

- 2010 : FATF study on FTZ led by BE and US
- FTZ or customs warehouses used for trafficking in Syrian cultural artefacts
- Panama Papers help to find back a Modigliani stolen during the second world war (in a FTZ in Switzerland)
- Looted Palmyra treasures discovered in Geneva warehouse
- More TF links
- Update of the FTZ ATF Study ?

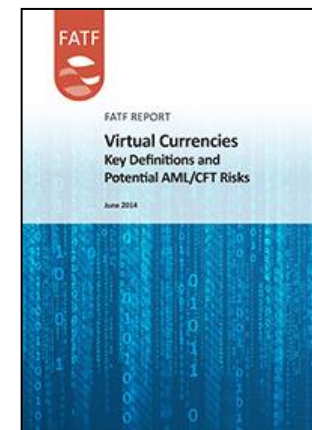




2. MOVEMENT OF FUNDS

Like criminals, terrorists and their sympathisers are interested in anonymity:

- Physical movement of cash
- Prepaid cards
- Virtual currencies
 - While transactions may be traceable, it proves difficult to identify the actual end-user or beneficiary
 - Cryptocurrencies
 - Crowdfunding





Issue for consideration: case 1 - crowdfunding

- Person convicted for terrorism seeks financing
- Financial flows from U.S. through United Kingdom and Denmark
- Crowdfunding vs crowdlending – legal framework?
- Cooperation with Financial Services and Markets Authority and National Bank



Issue for consideration

Darknet & cryptocurrencies

- Infantile pornography (80%) but also drugs, weapons ...
- Crypto markets (Darknet Ebay)
- Anonymity of users (TOR technology)
- Anonymity of communications (TOR mail or Tor Hidden Service)
- Anonymity of Payment (Cryptocurrencies)
- **Darknet = full anonymity**
- Is it really too complicated for FTF or HTF ?





Issue for consideration: case 2 - Bitcoin

- Information from foreign counterpart on possible terrorism financing using Bitcoin
- Bitcoinaddress → IP-address?
- Use of Tor?
- Reaction FIU??
- What about the physical person who is behind these technological veils?



Issue for consideration

Blockchain & Fintech

- ➔ New technology (decentralized ledger of encrypted transactions)
- ➔ Technology of Blockchain is developing very rapidly
- ➔ No central databases of transactions
- ➔ No central bank (virtual currency against traditional banking system)
- ➔ New technologies: threat versus opportunity – comparison hawala system
- ➔ A **VERY NEAR** future we sufficiently understand ?



3. Challenges



- Financial transactions related to TF are **hard to detect** → often post factum network analysis or ‘financial autopsy’
- Military losses lead to **underground** ISIL-networks, sleeper cells and inspired individuals
- Daesh new strategy: Foreign Terrorist Fighters → **Homegrown Terrorist Fighters**
- Constraints on sharing operational information, both on national and international level due to **confidentiality and privacy issues**
 - Between intelligence services, law enforcement and FIUs
 - Between public and private sector

➔ Important role for FIUs as **coordinating bodies**

➔ **Strategic or operational EU FIU**



Financial investigations by FIUs

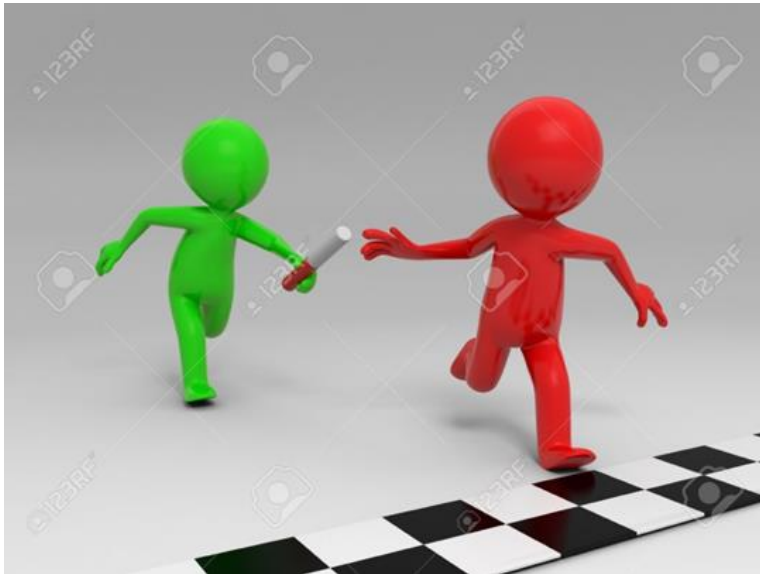
- Reactive by nature : reception of SARs
- Fight against TF requires proactive, even preemptive approach
- FIUs part of the intelligence community



Strategic intelligence



Relay marathon against terrorism





“Financial investigators are more Hunters than Gatherers of intelligence”

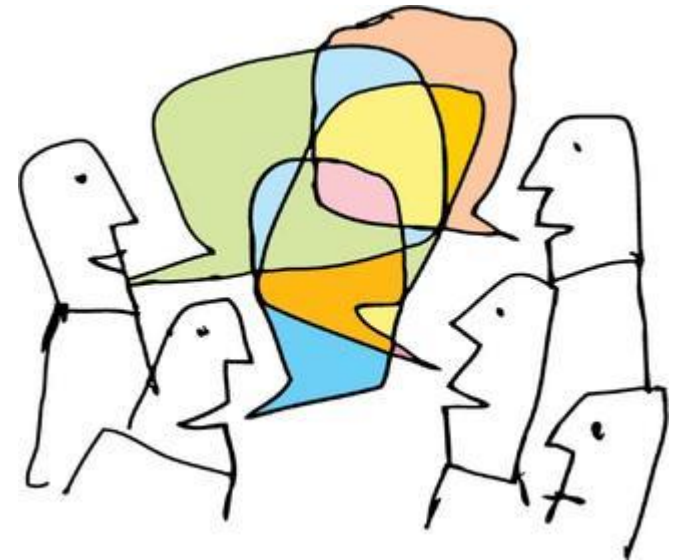
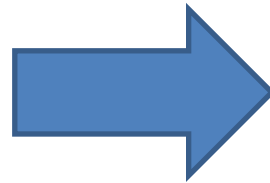
Ex: The case of the Paris and Brussels attacks : “Not just joining the dots but crossing the borders and bridging the voids”

“Pre-emptive action”

A radicalised individual is suspected of being able to commit a terrorist act, not of having committed such act. We no longer look at the recent past; we want to foresee the near future (Antoine Garapon, Secretary General of the Institut des Hautes Etudes sur la Justice (IHEJ)).

Way ahead:

“Cross talk”





Cross talk

- **The right information** is shared with the right people at the right time
- **Too much** information is counter-productive
- **Not enough** information sharing is risky, especially in the context of terrorism and terrorist financing activities
- Could **specific information** I have be useful to someone else?
- Information has **added value** when exchanged with others



Cross talk: ways and means



- Have **liaison officers** to exchange information with law enforcement, intelligence services on cases of ML or TF
- **Joint analysis teams:** FIU, law enforcement, intelligence services
- Common (FIU, law enforcement, intelligence services) and single reports to the Public Prosecutor's Office
- Information flow from FIUs to intelligence services (**Article 35** of the Belgian AML/CFT law)
- CT Infobox, Belgian dynamic FTF database



Cross talk: ways and means

- Specific TF working groups or task forces between public and private sector
- Compliance officers with security clearances
- JMLIT
- Regular meetings with compliance officers of major banks
- 24-hour compliance hotline



Cross talk – concrete example

International cooperation after the Paris and Brussels terrorist attacks

- Terrorism and terrorist financing are cross-border activities
- FIU analysis showed that several of those suspected of the Paris attacks travelled all around Europe, using prepaid credit cards, spending money in airports, on motorways, in hotels...
- Investigations into the terrorist attacks: increased information sharing with neighbouring countries (mainly France and Luxembourg)
- Created a new dynamic in the exchange of information with these two FIUs





Thank you for your attention

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