

Welcome to **Session 7!**

# **USAID's Role in the War on Terrorism**

**Organizer: Ed Hullander, USAID/PPC**

**Panel: Robert Stapleton, U.S. State Department,  
Office of Counter-Terrorism; Melissa Brown,  
USAID/PPC; Jeff Denale, USAID/Office of Security**

**Tuesday, August 10, 2004**



# USAID's Role in Combating Terrorism



**Edwin Hullander, Senior Policy Advisor**  
**USAID Bureau for Policy and Program Coordination**  
**August 10, 2004**



## Summer Seminar '04

### Panel

- Ed Hullander, PPC/USAID
- Rob Stapleton, Terrorist Finance Working Group, Office of Counterterrorism, Dept. of State
- Melissa Brown, DG Policy Coordinator/PPC/USAID
- Jeff Denale, Counterterrorism, Office of Security, USAID
- Ann Phillips, AAAS Fellow, PPC, USAID



### Topics

- Role/Programs
- Terrorist Financing
- Fragile States
- NGO Vetting
- Muslim World Outreach



# 9/11: GATHERING STORM

## National Security Strategy

### Defense — Diplomacy — Development

*“—Greater threat from failed states than  
from armies and navies.”*

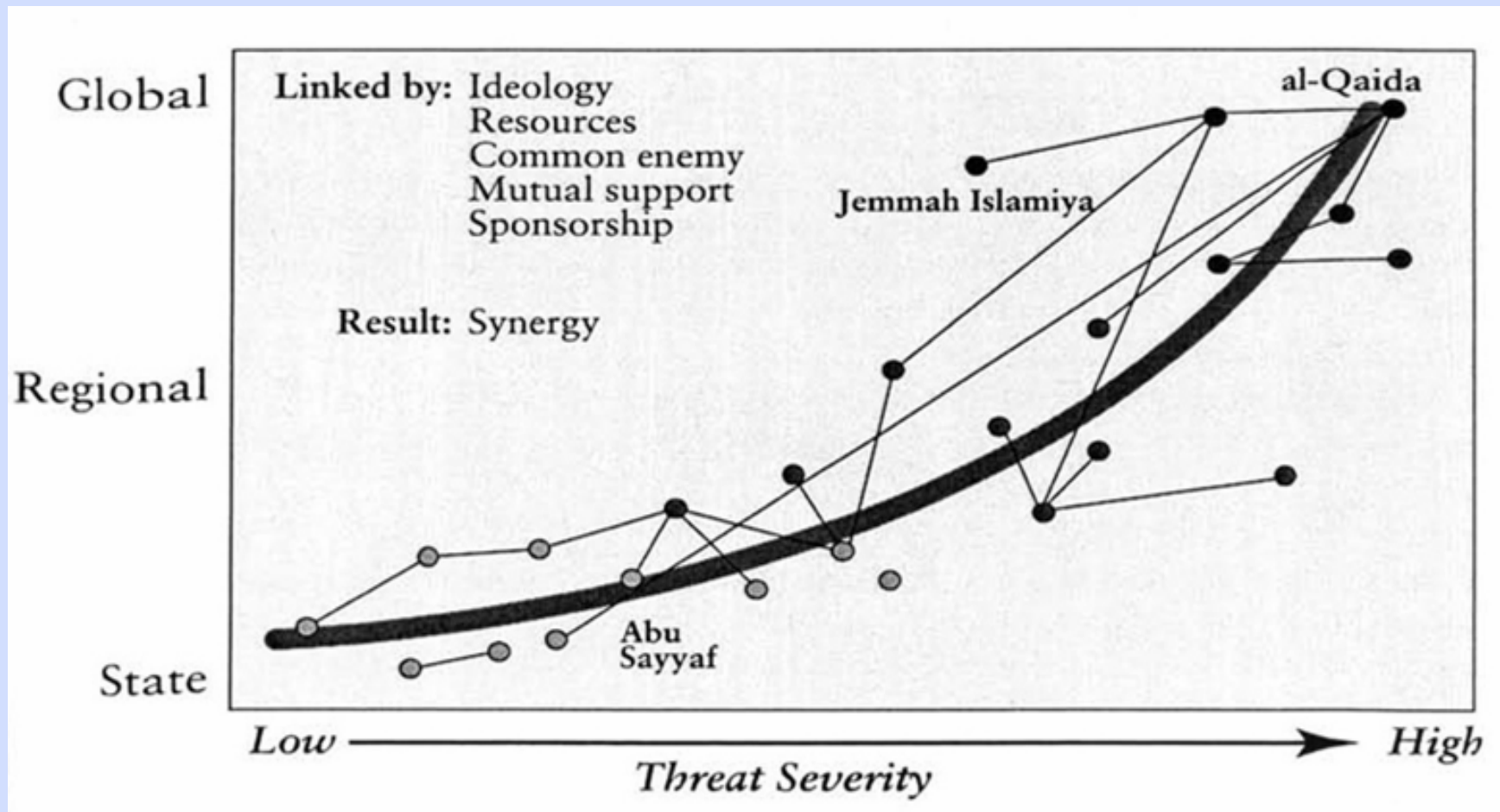
U.S. President George W. Bush, 2004



# War on Terrorism



# Terrorist Networks



# Terrorist Cell Structure



# Terrorist Reach



**Terrorist activity: 77 countries**  
**State-sponsored Terrorist**  
**org's: 7 countries/38 groups**  
**Terrorist exclusion: 48 org's**  
**Frontline countries: 35**





# Strategy for Combating Terrorism

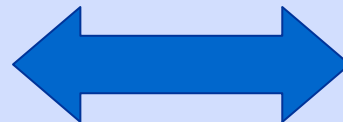
- **Defend** Homeland
- **Defeat** Terrorist Organizations
- **Deny** Terrorists Resources
- **Diminish** Underlying Conditions  
Terrorists Exploit



# U.S. Counterterrorism Strategy

## *What?*

- Defend Homeland
- Defeat Terr. Org'n
- Deny Resources
- Diminish Conditions

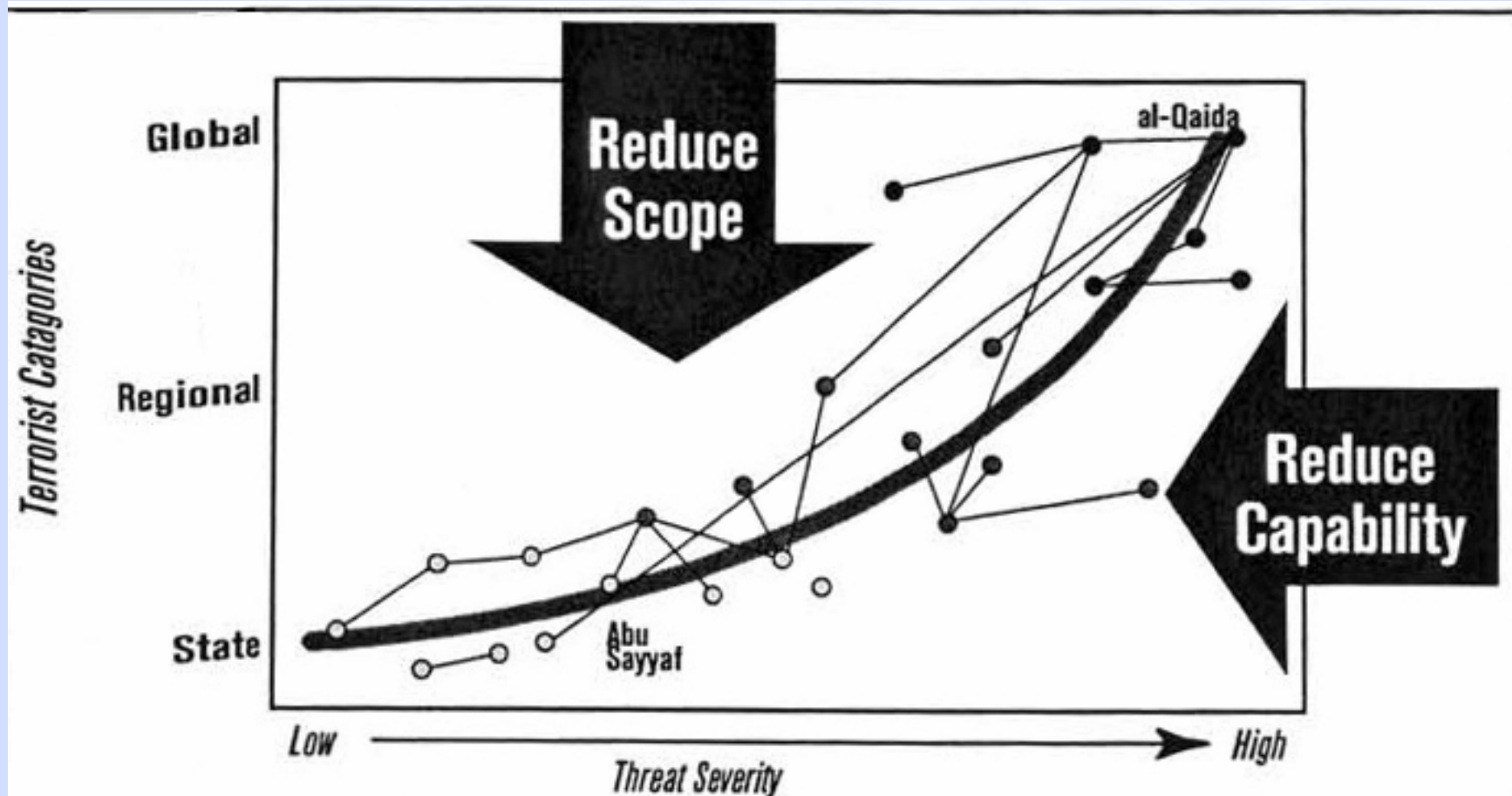


## *Who?*

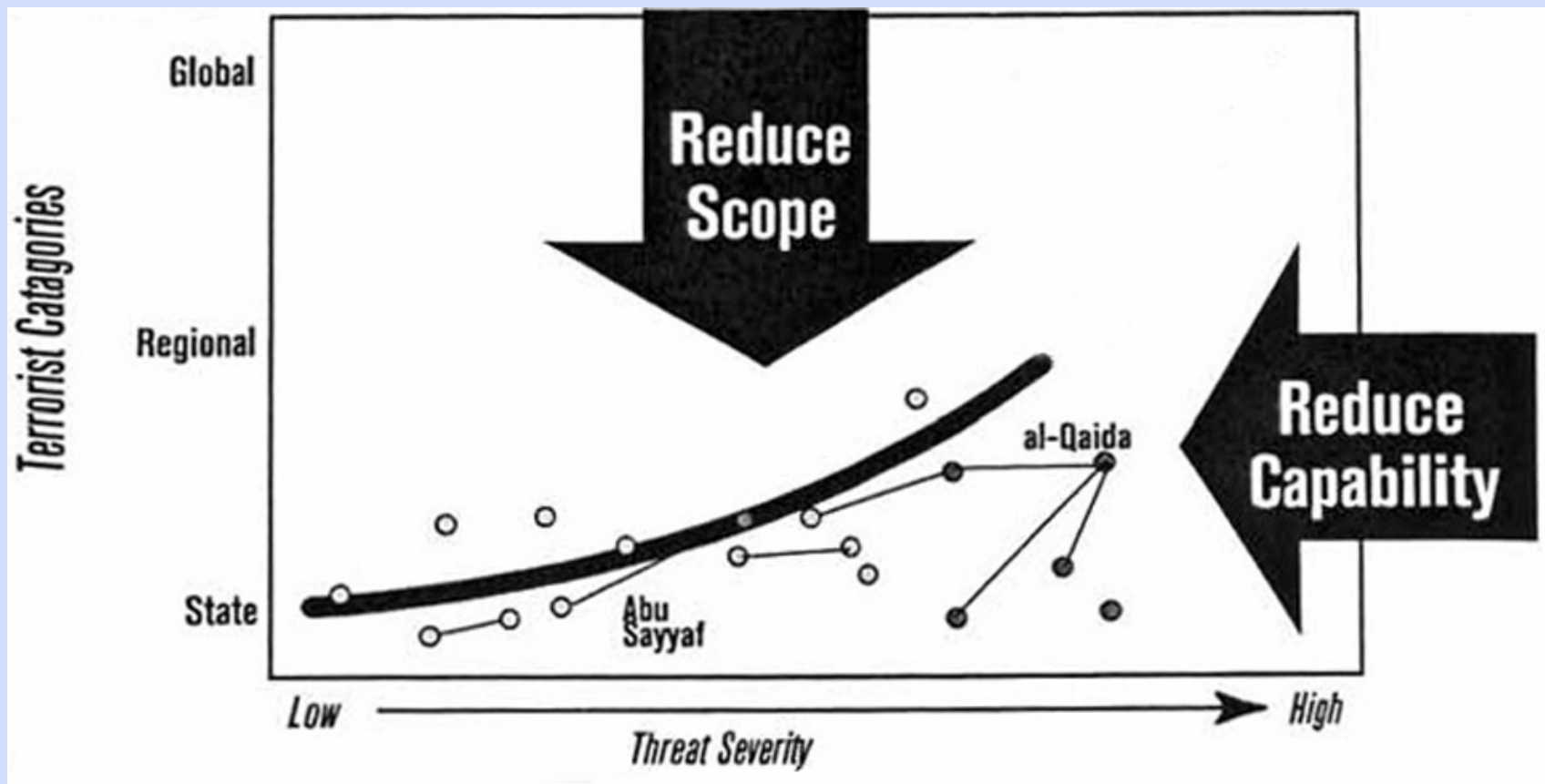
- Homeland Security, FBI
- DoD, State, CIA
- State, AID, Treas, DOJ
- State, AID



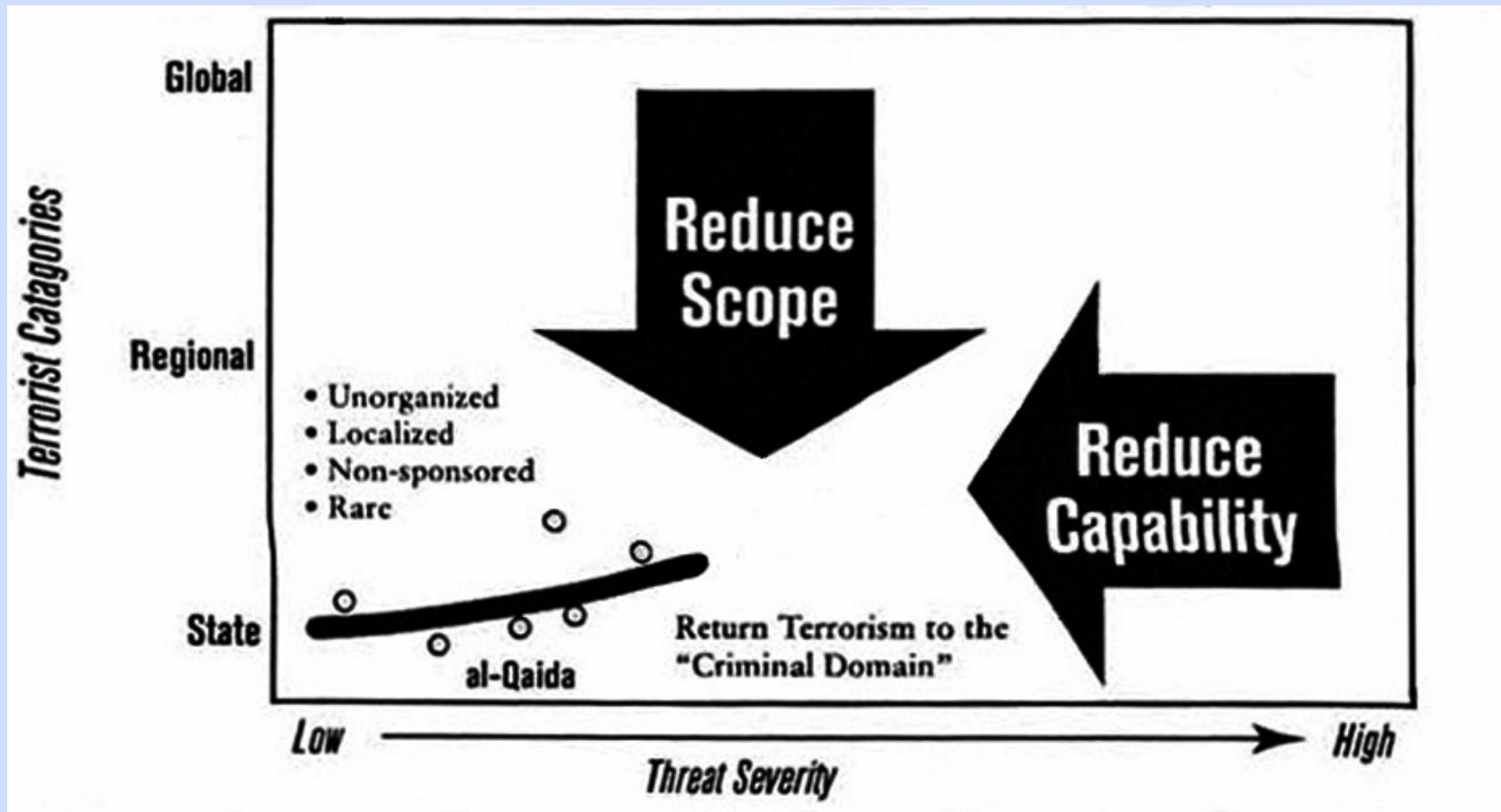
# Operating Plan: Global



# Operating Plan: Regional



# Operating Plan: State



# Reduce Capability: How

- Denying Funds
- Denying New Recruits
- Denying Sanctuary



# USAID's Role

**Deny** Terrorist Resources by  
**Diminishing** the  
Underlying Conditions they  
**Exploit**



# **U.S. Efforts to Combat Terrorist Financing**

**Rob Stapleton  
Office of the Coordinator for Counterterrorism  
U.S. Department of State**



# U.S. CT Finance Strategy

## MISSION

*To deny terrorists and their supporters the financial means to plan and execute terrorist activities by detecting, disrupting, dismantling terrorist financing networks through:*

- *law enforcement and intelligence operations*
- *designations and asset freezing actions*
- *counterterrorism finance capacity building*

# Initial U.S. Response to 9/11 Attacks

- President Bush recognized need to stem flow of terrorist financing and built upon U.S. anti-money laundering expertise to address this new challenge
- First E.O. (E.O.13224) signed by President post 9/11 was on terrorist financing on Sept. 23 to designate individuals and groups supporting terrorism not just organizations
- USA PATRIOT Act (Uniting and Strengthening America Act by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism) signed on Oct. 26 to expand U.S. law enforcement capabilities

# U.S. Law Enforcement Investigations

- “Follow the Money” Approach
- Use of established, specialized units/joint task forces
- CIA: Counterterrorism Center
- FBI: Terrorist Finance Operations Section
- DHS: Bureau of Immigration and Custom Enforcement
- DOJ: Criminal Division/CT Section and Asset Forfeiture and Money Laundering Section

# **Law Enforcement Investigations**

## **The Financing of the 9/11 Attacks**

The 19 September 11 Hijackers:

- Entered the U.S. on student visa/waiver program
- Portrayed themselves as foreign students to justify wire transfers for tuition from overseas
- Opened normal checking accounts with debit cards within 30 days of arriving in the U.S.
- Visited bank in groups of 3 or 4 individuals to open accounts
- Utilized the same bank representative “Personal Banker”
- Shared temporary addresses and phone numbers
- Remitted excess funds back to the Middle East

## MONEY TRANSFERS FROM THE UNITED ARAB EMIRATES TO THE UNITED STATES

07/19/00

Fedwire Cr Trn #12345  
from: Support Network

**\$9,985**

08/07/00

Fedwire Cr Trn #12345  
from: Support Network

**\$9,485**

08/30/00

Fedwire Cr Trn #12345  
from: Support Network

**\$19,985**

09/18/00

Fedwire Cr Trn #12345  
from: Support Network

**\$69,985**

Citibank New York, NY

Account Owner

SunTrust Bank Gulf Coast,  
FL

Account Owner



**Marwan Al-Shehhi**  
AA Flight 175  
Pilot



**Mohamed Atta**  
AA Flight 11  
Pilot

## MONEY TRANSFERS FROM THE UNITED STATES TO THE UNITED ARAB EMIRATES

**Marwan Al-Shehri**



**Waleed Al-Shehri**



**Mohamed Atta**



**09/10/01**  
**\$5,400 Wired from**  
**Greyhound Station,**  
**Boston, MA**

**09/09/01**  
**\$5,215 Wired from**  
**Logan Airport,**  
**Boston, MA**

**09/08/01**  
**\$2,860 and \$5,000**  
**Wired from two**  
**Laurel, MD grocery**  
**stores**

**Al-Ansari Exchange**

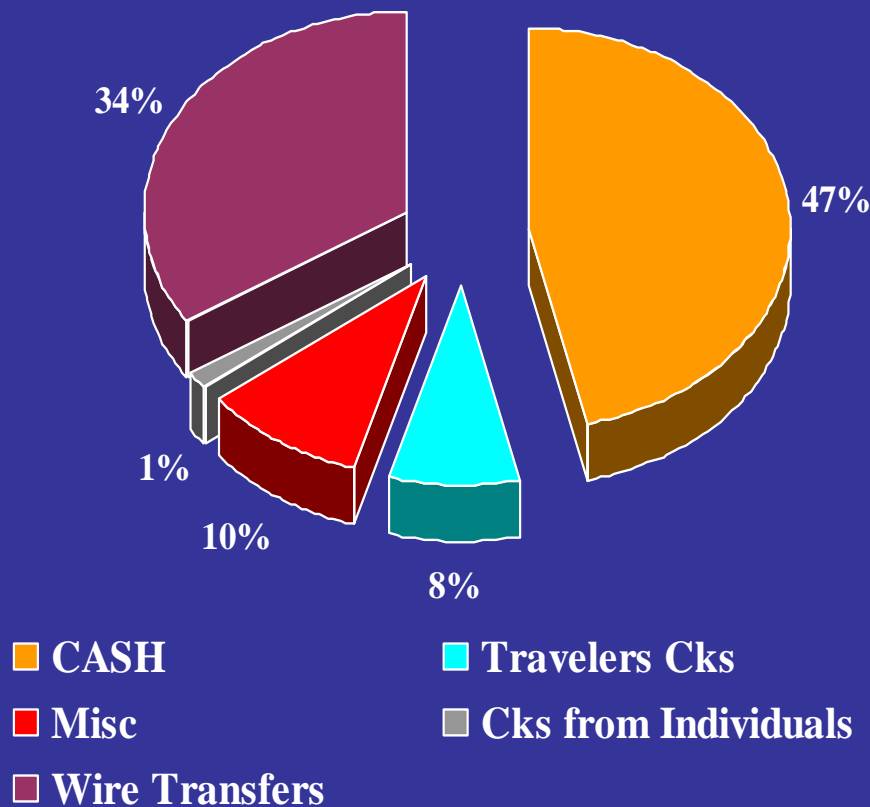
**Wall St. Exchange, UAE**

**Receiver: Terrorist Support Network, UAE**

# Account Totals for 19 Hijackers

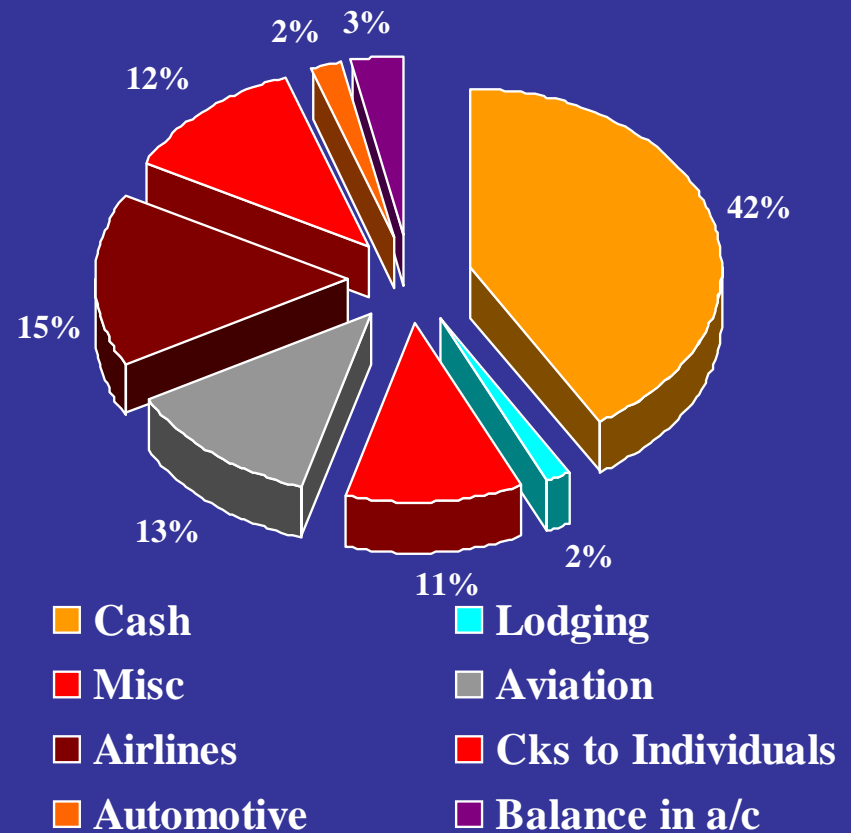
## DEPOSITS

\$303,481.63



## DISBURSEMENTS

\$303,671.62



# Legal Measures

## Designations: Diplomacy in Action

*“One Man’s Terrorist is Another’s Freedom Fighter”*

- The U.S. designates terrorist groups and their supporters as Foreign Terrorist Organizations, E.O.13224, Terrorist Exclusion List
- As most designated groups are foreign organizations or individuals, the State Department plays a critical role in working with our Allies in securing joint/multilateral designations to freeze/block assets around the world.
- Over 50 countries designated Jemaah Islamiyah October 23, 2002 in the wake of the October 12 Bali bombings.



# **CT Finance Capacity Building**

## **Five Basic Elements of an Effective AML/CT Finance Regime**



1. Criminalize terrorist financing and money laundering
2. “Know Your Customer” and report suspicious transactions
3. Collect, analyze, and disseminate suspicious transaction reports
4. Investigate and pursue terrorist financing and financial crimes
5. Prosecute terrorist financing crimes

# **CT Finance Capacity Building**

## **Training and Technical Assistance Process**

- Identify states vulnerable to terrorist financing
- Prioritize countries according to threat perception
- Conduct onsite assessments of CTF/AML regimes using USG interagency teams
- Develop training programs to address weaknesses in each country bilaterally and regionally
- Provide sequenced training to assist bank regulators, investigators, and prosecutors combat terrorist financing

# **Basic Tenets of an Effective CT Finance Regime Legal Framework**

- Criminalize terrorist financing and money laundering
- Establish efficient measures to block and seize the assets of terrorist financiers
- Provide law enforcement agents and prosecutors with ample authority to pursue terrorist financing cases
- Ratify UN instruments related to terrorism
- Meet Financial Action Task Force (FATF) 40 Recommendations and Special 8 Recommendations on Terrorist Financing

# **Basic Tenets of an Effective CT Finance Regime**

## **Financial Regulatory Supervision**

- Identify appropriate regulatory agency to supervise banks and non-bank financial institutions
- Develop regulations and compliance measures to combat terrorist financing and money laundering
- Create formal system to report suspicious financial activities including terrorist financing
- Establish penalties for failure to comply
- Educate bank and non-bank financial institutions on possible abuse by terrorist financiers

# **Basic Tenets of an Effective CT Finance Regime Financial Intelligence Unit**

- Establish an FIU to collect, analyze, and disseminate financial intelligence that adheres to Egmont standards
- Develop system for financial institutions to report suspicious activities/transactions to FIU
- Analyze and track suspicious activities
- Share information with relevant domestic and international authorities including other FIU's
- Refer cases to law enforcement agencies for investigation

# **Basic Tenets of an Effective CT Finance Regime Law Enforcement**

- Grant authority to appropriate law enforcement agencies to investigate financial crimes including terrorist financing
- Provide legal basis for agents to conduct electronic surveillance and undercover operations and other advanced investigative techniques
- Establish specialized units and interagency task forces to pursue terrorist financing cases
- Coordinate investigation and prosecution of terrorist financing cases between law enforcement and judiciary

# **Basic Tenets of an Effective CT Finance Regime**

## **Judicial Process/Prosecutions**

- Determine which judicial unit will be responsible for investigating and prosecuting terrorist financing cases
- Assemble well-trained team of prosecutors to pursue terrorist financing and money laundering cases
- Familiarize judges and magistrates with relevant legislation and terrorist financing cases



# Counterterrorism Case Study

## Indonesia and the Bali Bombings

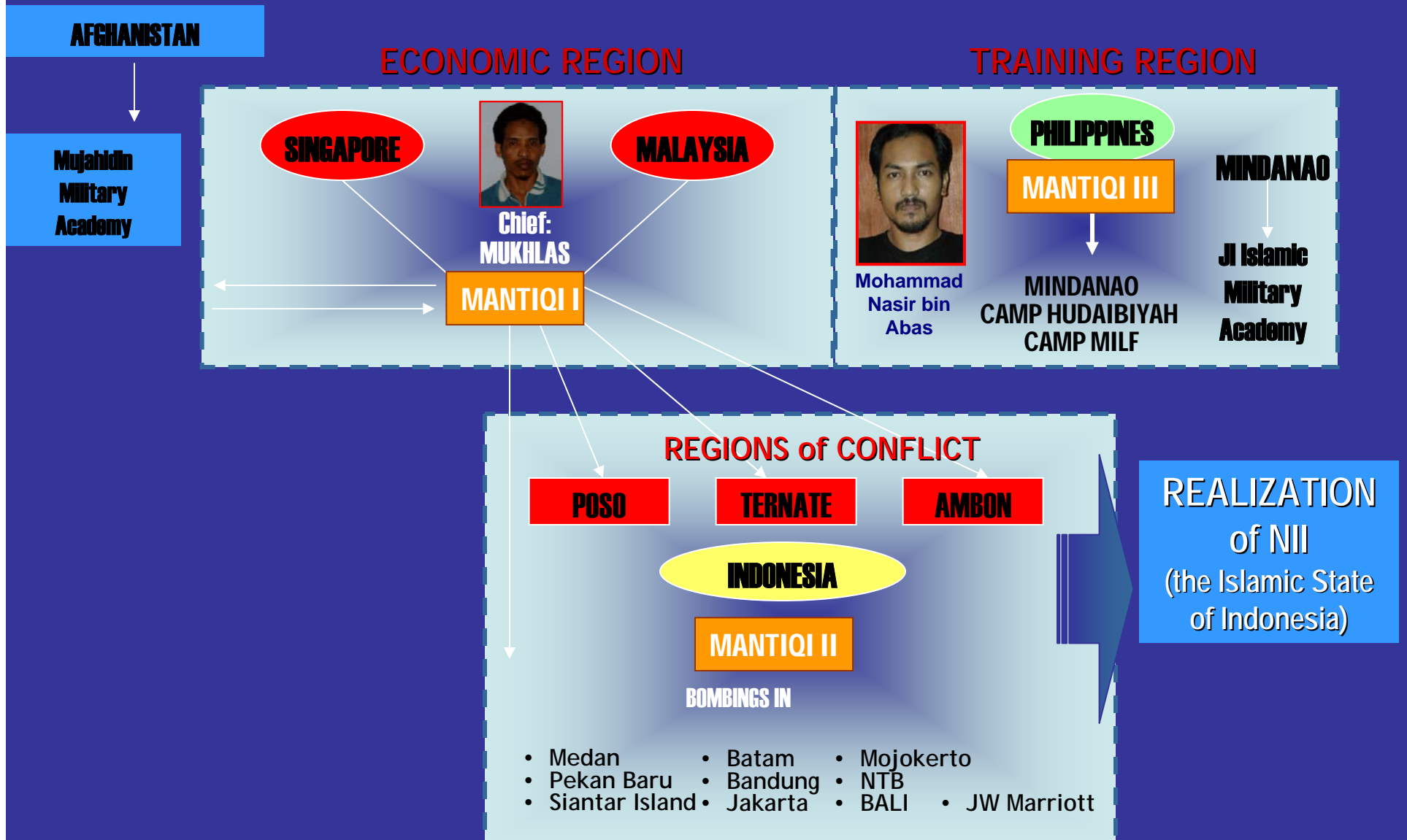
- October 12, 2002, Jemaah Islamiyah bombings kill 202 and injure over 300 civilians in Bali, Indonesia
- Est. \$1 billion loss to Indonesian tourist industry in 2003 (\$350mm in Bali alone)
- Bali comprises about 1.3% of the national economy
- GDP for Indonesia in 2003 estimated to drop by one full percent to 3.0%





# JI STRATEGY

## REGIONS of OPERATION JAMA'AH ISLAMIYYAH





# **SOURCE of FUNDING - JAMA'AH ISLAMIYYAH**

1. DONATIONS FROM MEMBERS – as much as 5 % of income.
2. COMMUNITY DONATIONS
3. FIISABILILAH DONATIONS
4. OBLIGATORY DONATIONS FROM INCOME/PROPERTY
5. OBLIGATORY DONATIONS AT END OF FASTING MONTH
6. INCOME FROM BUSINESSES
7. AL QAEDA
8. DONATIONS FROM OTHER SOURCES/PARTIES
9. FA'I

## **USE OF FUNDS**

### **THROUGH KHOS (Special) UNITS**

▪ SEND MEMBERS OF JI to AREAS OF CONFLICT: AMBON, POSO, TERNATE  
▪ BUY WEAPONS/ EQUIPMENT SEND TO AREA OF CONFLICT.

SEND MEMBERS FOR JIHAD & TRAINING TO AFGANISTAN.

FUND MILITARY TRAINING CAMP "ISLAMIC MILITARY ACADEMY" MORO

BOMBING OPERATIONS – XMAS EVE 2000  
BOMBINGS IN : MEDAN, SIANTAR ISL., PEKANBARU, BATAM, JAKARTA, BANDUNG, SUKABUMI, MOJOKERTO, MATARAM

BOMBING OPERATIONS DURING 2001 IN JAKARTA (ATRIUM SENEN, SANTA ANA CHURCH, HKBP), PANGKALAN KERINCI, PEKANBARU, MEDAN.

BOMBING OPERATIONS IN BALI (US \$35.500)

PLANNING FOR OPERATIONS IN SINGAPORE (SING \$. 50.500)

JW MARRIOTT BOMBING

# **Indonesia and the Bali Bombings**

## **International Assistance**

- Post-incident assistance from Australian Federal Police and U.S. FBI to Indonesian National Police (POLRI) to identify victims and secure evidence at bombing site
- Australia and Indonesia organized an international counterterrorism finance conference in Bali in December 2003 to highlight counterterrorism efforts and boost the local economy and sense of security for international visitors

# **Indonesia and the Bali Bombings**

## **U.S. CT Finance Assistance**

- **Legislative Framework:** Provided technical assistance to Indonesian government to develop amendments to the AML legislation to meet international standards and avoid FATF countermeasures; GOI adopted new anti-terrorism legislation
- **Financial Regulatory Supervision:** Training Indonesian bank examiners on specific counterterrorism finance and anti-money laundering measures; banks must report suspicious activity
- **Financial Intelligence Unit:** Providing IT equipment and training to collect, analyze, and disseminate suspicious transaction reports from banks and other financial institutions
- **Law Enforcement:** Training the newly created financial crimes investigation unit of POLRI on AML/CTF investigations
- **Prosecutions:** Training the prosecutors responsible for applying the newly amended AML legislation

# Indonesia and the Bali Bombings

## Impact of Capacity Building Efforts

- At one year after the Bali bombings, 27 cases against Bali bombing suspects are underway with 95 arrests
- Three death sentences and two life sentences have been rendered by Indonesian Court
- JI cell responsible for Bali bombing virtually dismantled
- JI operational leader and suspected link to Al Qaeda, Hambali, captured in Thailand and in U.S. custody
- Moderate Muslims realize terrorism is a real threat to Indonesian society and economy

# LIST OF WANTED PERSONS



ZULKARNAEN  
al ARIF SUNARSO  
al DAUD



HAMBALI al RIDWAN  
ISAMUDIN al ENCEP  
NURJAMAN



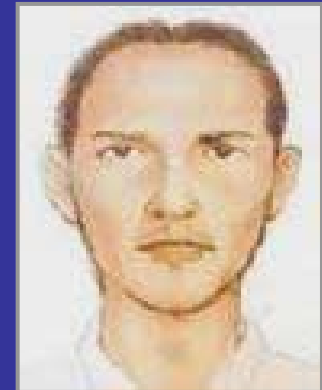
DR. AZAHARI



DUL MATIN  
al NOVAL  
al JOKO PITONO  
al AMARUSMAN



NOOR DIN  
MOHD TOP



UMAR (Arab)  
al PA'TEK  
al ABU SYEKH  
al ZACKY



ALI IMRON  
al ALIK



IDRIS al GEMBROT  
al JHONI HENDRAWAN



UMAR (besar)  
al WAYAN  
al SURANTO  
al ABDUL GHANI



SAWAD  
al SAJIO



S A A D al  
ACHMAD ROICHAN  
al MAT UCANG  
al ARKAM



HERI HAFIDIN  
al IKSAN



UTOMO  
PAMUNGKAS  
al MUBAROK

For anybody who sees, hears or knows anything about the whereabouts of these people, please contact the local Police or ring  
BALI BOMB INVESTIGATION, TELP : 0815.571.1828 – 0815.801.7868

## **Positive Effects of Building Comprehensive CTF/AML Regimes**

- Detect, dismantle, and deter terrorist financing networks and money launderers
- Make financial institutions accountable for “knowing their clients” and responsible for reporting suspicious activity
- Create an environment of “good governance” attractive to foreign investors
- Deter organized crime, narcotics, and terrorist organizations from using the formal banking system to launder and move their funds

# Deny Recruits: Where

## Terrorist Recruiting Conditions

- Large Muslim Community
- Relatively Poor Community
- High Youth Unemployment
- Disaffected Groups





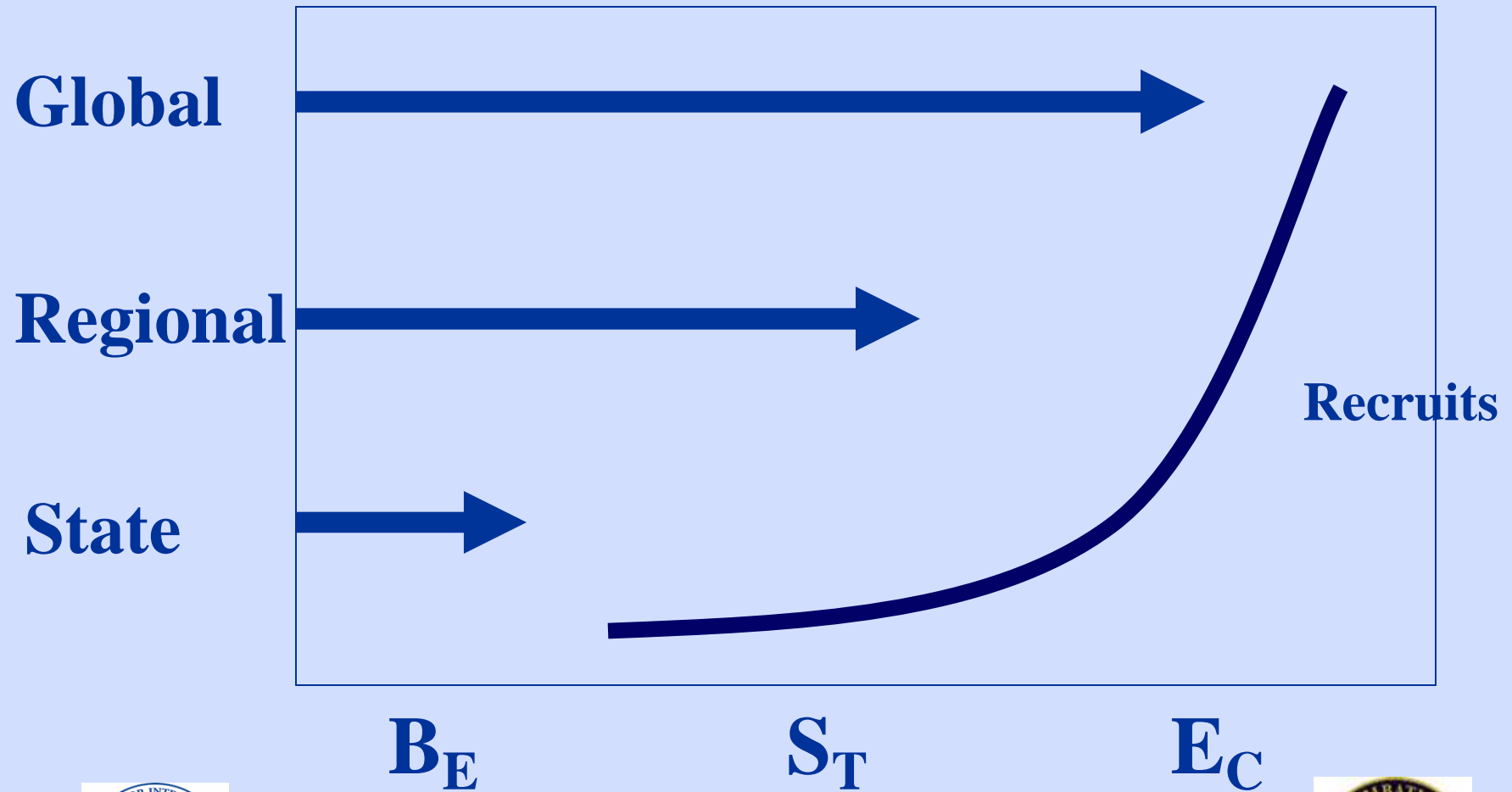
# Deny Recruits: How

## Offer Better Alternatives

- Basic Education *vs.* Radical Madrasas
- Skills Training *vs.* Unemployment
- Micro-enterprise/Jobs *vs.* Terrorism



# Deny Recruits: When



# Deny Sanctuary: What

## Terrorist Base

- **Training Camps**
- **Sources of Finance**
- **Base of Operations**



# Deny Sanctuary: Where

## Conditions for Terrorism

- No security
- No public services
- No confidence
- No stability

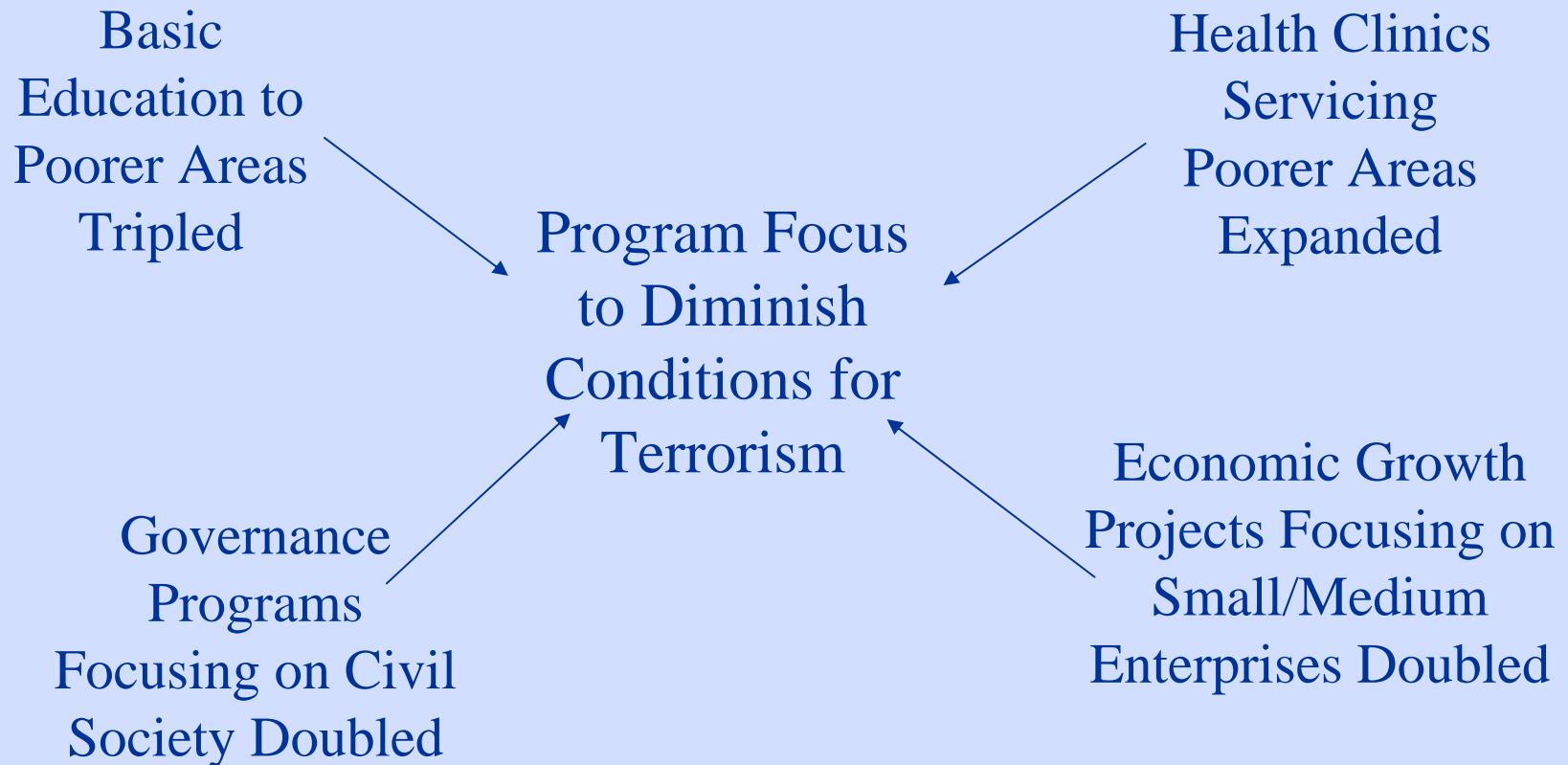


# Deny Sanctuary: How

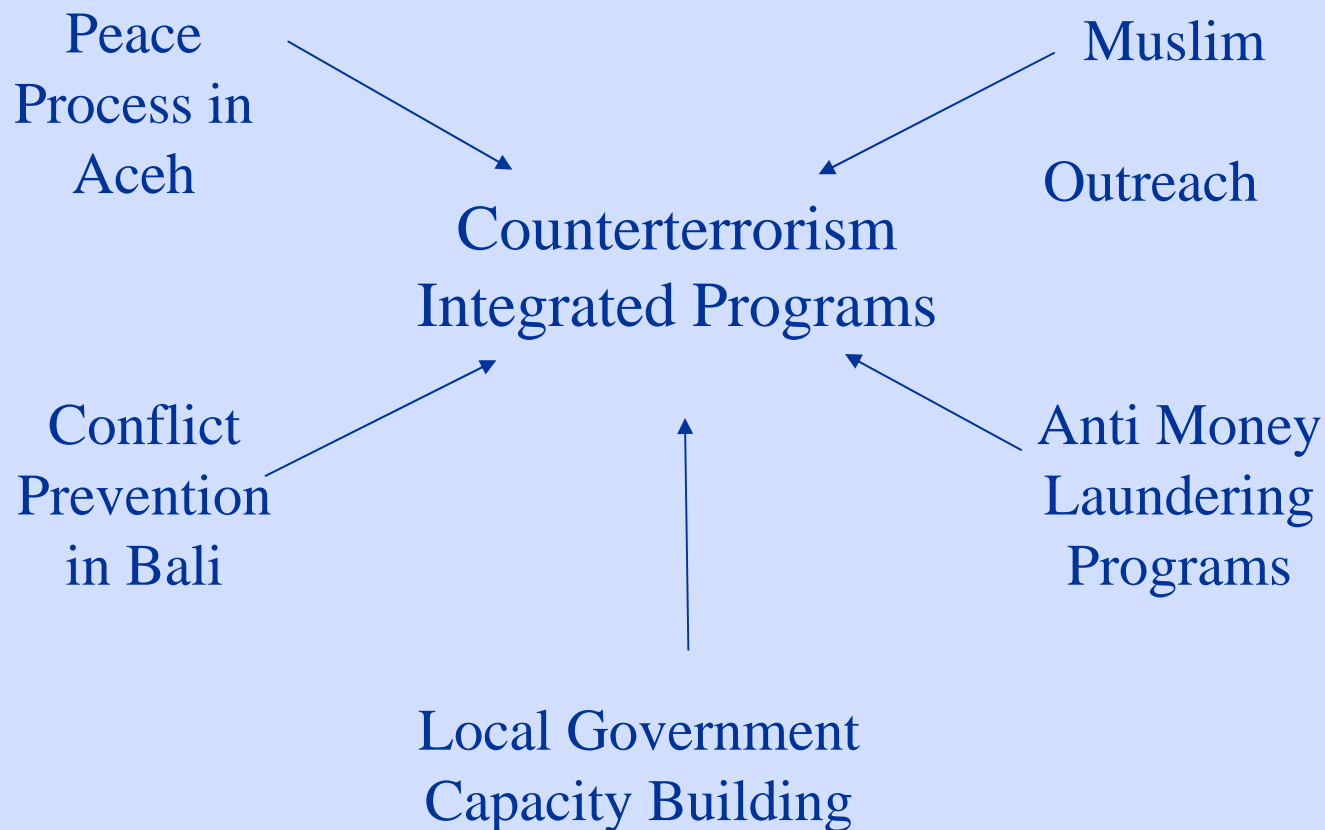
- Good governance
- Rule of Law/administration of justice
- Conflict mitigation
- Public communication



# Egypt Counterterrorism Integrated Programs



# Indonesia: Counterterrorism Integrated Programs



# Fragile States

“The FY 2005 budget will enable USAID fulfill its mandate to: ...

Strengthen **fragile states** through stabilization, reform, and recovery programming in selected failing, failed, and recovering states. ...”

—USAID CBJ, 2005

[www.usaid.gov/policy/budget/cbj2005/highlights.html](http://www.usaid.gov/policy/budget/cbj2005/highlights.html)

**Melissa Brown, DG Policy  
Coordinator/PPC/USAID**





# Muslim Outreach

**[http://www.usaid.gov/about\\_usaid/  
presidential\\_initiative/mepi.html](http://www.usaid.gov/about_usaid/presidential_initiative/mepi.html)**

**Ann Phillips, AAAS Fellow  
PPC/P - USAID**



# NGO Vetting

**Jeff Denale, Counterterrorism, Office of  
Security, USAID**



# Questions and Answers



# For More Information...

## ■ Web Site:

- <http://www.usaid.gov>

- Enter Keyword: ‘Summer Seminars’  
or

- <http://www.usaid.gov/policy/cdie/>

## ■ WEBBoard:

- <http://forums.info.usaid.gov/~USAIDSummerSeminars>

