

# Funding Terrorism: Sources and Methods

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## INTRODUCTION

President Bush declared in his address to the United Nations General Assembly on November 10, 2001:

"For the United States of America, there will be no forgetting September the 11th. We will remember the fire and ash, the last phone calls, the funerals of the children, and the people of my country will remember those who have plotted against us. We are learning their names. We are coming to know their faces. There is no corner of the Earth, distant or dark enough, to protect them. However long it takes, their hour of justice will come."

The terrorists who killed thousands of innocent people, destroyed the World Trade Center in Manhattan, and damaged the Pentagon delivered a very clear and sobering message: The country that leads the free world is vulnerable within and without. Indeed, watching the World Trade Center disappear in flames and smoke from the window of my apartment will haunt me forever.

## FUNDING TERRORISM

In the turmoil following the initial bombing of the World Trade Center on February 26, 1993, few noticed that the first man arrested, Mohammed Salameh, the poor, unemployed, and illegal immigrant, offered five million dollars for bail. Where could he possibly get this kind of money? The judge refused bail, but was the source of Salameh's offer the same as that which funded the eight men, arrested shortly afterwards, who had planned to blow up Manhattan's tunnels and bridges and assassinate public officials?

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Were the same money sources behind the final attack on the World Trade Center on September 11?

We have heard quite frequently about the use of charitable organizations to collect and transfer illegal funds and about alternative payment systems. However, those funds are hardly enough to pay for the training camps, recruitment, conventional and unconventional weapons, travel, safe houses, propaganda, and all that is needed to carry out international terrorism activities. Yet, very little is said about the main sources of the very large funds required by the terrorists. Corruption that makes the illegal drug trade possible facilitates and in turn feeds the umbilical cord that is the terrorist lifeline, i.e., money. The illegal trade is their most vital and venomous source of funds. No other commodity, legal or not, exists on the market today that is better than illegal drugs that generates extremely high and fast returns.

### **ILLEGAL DRUGS AND TERRORISM**

How many people across America would believe that two such beautiful plants as the poppy and the coca were responsible for funding September 11? Not many people realize that these same two plants are more valuable than diamonds, emeralds, platinum, and gold combined. Illegal drugs are cheap to make but they return enormous amounts of money.

Illegal drugs are marketable almost everywhere. The illicit drug trade is the most reliable source of income in the world, with a demand that is constant and continues to grow. Illegal drug money funds terrorist organizations and activities. The terrorists point to our willingness to consume these drugs as direct evidence of our society's moral degeneracy.

According to an estimate from the State Department Office for International Narcotics Matters, the production of 1 kilo of cocaine costs about \$3,000. The wholesale price of that kilo is about \$20,000. Cocaine production takes as long as the leaves grow, and in Colombia, Peru, and especially Bolivia, they grow fast. Opium can be cultivated twice a year in Asia and the Middle East and at least three to four times in Mexico and Colombia because of the tropical climate.

The production of heroin is more expensive than cocaine. It costs about \$4,000 to \$5,000 to produce a kilo of heroin. That kilo will sell for \$250,000 to \$300,000 wholesale. The drugs are delivered only after the money for them is paid in full. Losing drugs in shipment does not affect the dealers because they have already been paid. Largely, the drug syndicates keep 80 percent of the revenues. According to figures released by the State Department (2001), there was over 5,000 metric tons of cocaine sold during 2001 at a street value of at least fifty billion dollars. Five hundred metric tons of heroin generated at least thirty billion dollars on the street during that same timeframe.

Since the Taliban took over Afghanistan, heroin production has soared each year. In 1999 alone, the world production of heroin was estimated at 500 metric tons with 400 of

those produced by the Taliban, allowing the availability of funds to bin Laden and his associates worldwide.

President Bush used the Super Bowl to launch a new anti-drug use campaign saying: "It is so important for Americans to know that the trafficking in drugs finances the work of terror, sustaining terrorists. Terrorists use drug profits to fund their cells to commit acts of murder. If you quit drugs, you join the fight against terror in America." This effort to make the American people aware of the connection between drugs and terrorism brings home the President's message that: "if you harbor terrorists, feed them, or finance them, you are the enemy of the United States and we will find you and fight you."

Since drugs, according to the President, help fund terrorism, it is not enough to tell the American people to stop using them, for there are many more millions of drug users around the world. Besides, most drugs are not grown or produced in the United States.

The Administration has identified most of the rogue countries and terrorist organizations that make up the Evil Nexus. To complete the list, it is necessary to identify the countries that grow and produce the drugs and the organizations that sell them, profit from them, and use those profits to finance the murder of Americans and the destruction of the economy in the United States. These countries and organizations fund the Evil Axis of terrorism, and they, too, should be listed on the terrorism list.

The Taliban, Al Qaeda, and bin Laden do not and will not acknowledge the role of heroin as their major source of funding terrorism, if only because it contradicts Islamic tenets. However, bin Laden, as well as the Hizballah had issued special fatwas to justify and allow the use of the drug trade to their followers. Other illegal drugs such as cocaine, hashish, and methamphetamines that have the exact same role for worldwide terrorist organizations — many of which cooperate with bin Laden — are also not acknowledged as weapons in the terrorists' arsenal.

Bin Laden's Al Qaeda, like other terrorist organizations, uses the same methods and means as organized crime. The Italian Mafia, like the Russian Mafiya, and other criminal organizations are often cooperating with the terrorists. Their activities range from trading in illegal drugs, diamonds, counterfeit money, identification papers, pirated CD's and videos, stolen cars, people smuggling, and prostitution rings, to manipulating the markets and orchestrating multi-million dollar fraud schemes. These and more were documented throughout the nineties by the British National Criminal Intelligence Service (NCIS).

President George W. Bush declared, "Al Qaeda is to terror what the Mafia is to organized crime." The dimensions of the threat posed by Al-Qaeda, a terrorist organization network established in 1989 by Osama bin Laden, are unprecedented, and were never imagined by the United States and the West. Bin Laden managed to contrive an intricate web of international Radical Muslims assisted by rogue states and international drug trafficking and criminal organizations. Over time, it attained a degree of complexity unlike anything seen before. Back in 1998, reliable news media and several intelligence agencies

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reported that bin Laden had acquired at least four suitcases with nuclear devices from the Chechens in return for half a billion dollars worth of heroin.

Treasury Secretary Paul O'Neill warned, "Terrorism constitutes a threat to the world financial system." On October 24, 2001, he called on the 29 nations participating in the Financial Action Task Force Meeting (FATF) assembled in Washington, D.C. "to find standards" to control money laundering and other activities that contribute to corruption. The Bush administration changed the laws in the United States dealing with terrorism by incorporating some of the same legislation that has been in place and used for decades against organized crime and drug trafficking organizations. Terrorist organizations and known money laundering charitable organizations had been kept off this list all these years.

### **WAS THIS UNAVOIDABLE?**

The September 11 attacks on the World Trade Center and the Pentagon were cruel wake up calls for the United States and other Western governments. The time has come to recognize terrorists for what they really are, a criminal conspiracy against humanity. The government's negligence in making the obvious connections that terrorists, international drug trafficking, and criminal organizations use the same methods to fund their activities and enrich themselves cost the United States dearly.

Why are illicit drugs the terrorists' favorite tool? It is because the drug trade is a triple-pronged weapon that helps terrorists. The drug trade:

- Finances their activities by providing funds necessary to buy weapons and corrupt officials.
- Undermines the political, economic stability of the targeted countries and the physical and mental health of their peoples. (Yet, earlier in the week during the biological medical discussion that took place, the destructive effect of drugs on the mind was not addressed.
- Provides terrorists with the above factors as examples for social degeneracy that argues the necessity of the destruction of western societies in an effort to recruit new members to their ranks.

A study from The University of Maryland for the year 2000, states the effect of the illicit drug abuse cost to society in the United States. It describes the lack of productivity, the cost of health, and the accidents, crime, and other effects that are drug related. It is estimated that for the year 2000, the cost of illicit drug abuse was 160.7 billion dollars. However, 19.2 billion dollars, which is the budget for the war on drugs, should be added to the cost.

Heroin is produced mainly in Asia, the Middle East, and South America. Afghanistan is responsible for at least 70 percent of the heroin produced in the world. India is able to produce heroin legally, since they have a special permit from the World Health Organization, however, there is a lot of leakage. Australia can also grow it legally for medical purposes. Mexico is responsible for about 5 percent of the American market and Colombia is responsible for about 2 percent of the American market. Heroin is also being produced in China and in many countries in Central Asia. Coca grows in Peru, Bolivia, and Colombia and is refined into cocaine in these countries, the chief among them being Colombia. There are other major drugs being produced illegally and include cannabis, synthetic drugs, amphetamines, and Ecstasy, which is a big item today. Egypt is heavily involved with cannabis. Lebanon is linked to cannabis and opium. New reports indicate that there is an increase in the production of heroin in that country as well. The production of heroin in Lebanon has been ignored or denied for a long time. Syria's involvement in the drug trafficking business dates back decades. Iran, Pakistan, Indonesia, Somalia, Algeria, and Chechnya are all involved as well. Additional locations in the western hemisphere are Cuba, Ecuador, Paraguay, Argentina, Brazil, Venezuela, and throughout Central America. All of those countries are involved in some way.

Most major international criminal organizations are involved in drug trafficking. In addition to the cartels that are in South America, and the organizations in Asia, the primary ones are the Russian Mafiya, the Nigerians, the Chinese Triads, the Mexican gangs, and the Italian and American Mafias (the American Mafia has not disappeared yet, despite frequent headlines in the papers announcing its demise). Organized crime is everywhere, well connected and facilitates everything.

We heard about money laundering and criminal activities from John Moynihan (these proceedings, page XX). He talked about the countries that are listed in the Financial Action Task Force blacklist as money laundering centers. However, some countries are not listed there mostly for political reasons. Next, we will talk about bin Laden and the Taliban.

The Taliban has 400 metric tons of heroin stashed away and they are selling it. They are trafficking it through Iran, Pakistan, and the former Soviet republics in Central Asia, as well as through the Balkan states and Turkey for sale in Europe. The profits went to banks in Switzerland, Austria, France, and the Channel Islands, just to mention a few places, and from there it moved possibly to the Cayman Islands or similar off-shore banking centers. From them, it might have moved to corresponding banks in Europe, until it finally arrived in corresponding banks in the United States. All of this was done in order to fund the activities of terrorist organizations in the United States and in Europe.

## HOW MUCH MONEY IS INVOLVED IN THIS BUSINESS?

Ten years ago, the guesstimate for the value of money laundering was one trillion dollars annually. This was happening despite many anti-money laundering conventions, new laws and regulations, and the new anti-terrorism convention that was signed by 148

countries. We do not know how many countries have actually implemented the law, but we do know that not many countries are helping the United States despite the fact that they have signed the conventions. They claim that they do not yet have the mechanisms in place, that it will take time. In the meantime there is not enough cooperation. It is safe to assume that if the guesstimate ten years ago was for one trillion dollars annually, the amount has not diminished since the drug trade and other illegal businesses have been on a steep increase. How much larger is it today? It is probably twice as much — about two trillion or more.

You are all familiar with countries that harbor and support terrorist organizations. You recently heard that two or three additional organizations joined, and the list is growing. I will not elaborate because all of you are already familiar with the list. However, I will describe the overlap of drug trafficking organizations, organized crime, money launderers, and terrorism.

The former Soviet Union used the illicit drug trade as part of its strategy to destabilize targeted countries. Terrorist organizations that have been trained by the former Soviet Union have followed instructions religiously. For decades, organizations like the Revolutionary Armed Forces (FARC) in Colombia, the Maoist Sendero Luminoso (Shining Path) in Peru, and the Palestinian Liberation Organizations (PLO), used the illicit drug trade as advised by the Soviet model. Now, the Popular Front for the Liberation of Palestine (PFLP), and radical Muslim Organizations like Hamas, Hizballah, The Islamic Jihad, and all others that make up Bin Laden, “INC.,” have learned to use the drug trade for the exact same purposes.

## NARCOTERRORISM AND THE WEAKENING OF DEMOCRACIES

There is ample evidence that Narcoterrorism exists today and has been in existence for the last five decades. Narcoterrorism is defined as the use of illicit drugs to advance political purposes and to fund terrorist activities. Greed, corruption, hypocrisy, and willful blindness among bankers, financial institutions, and to some extent lawmakers and law enforcement officials all over the world have made drug money and other illicit funds easy to launder and hide. Narcoterrorism made it easier for bin Laden and his followers to attack the United States.

According to Sun Tzu, to win a war we need to know the enemy. Therefore, we can no longer fail to acknowledge the development of narcoterrorism — the use of illegal drugs for political purposes — as the major source to fund terrorism. Statements made by President Bush and Prime Minister Blair on the role of drugs in funding bin Laden and the Taliban reinforced that point. However, narcoterrorism goes far beyond funding the Taliban and al Qaeda.

The evidence is clear that the drug/terrorism axis is a worldwide problem and is not limited to the Taliban and bin Laden. It includes organizations like Hamas, Islamic Jihad, the PLO and the Hizballah, Syria and Lebanon in the Middle East, ETA in Spain,

the IRA in Ireland, the FARC in Colombia, the Sendero Luminoso in Peru, Laskar Jihad in Indonesia, the North Korean and the Chinese governments in Asia, and the Chechens in Russia, to mention a few. All of these countries use drugs to fund their terrorist activities against the United States and Western democracies.

Under the banner of the "War on Terrorism," we now have the opportunity to also rid the world of the Hydra scourge of corruption and illicit drugs that feed this menace. Narcoterrorism and its corrosive consequences are a stealth attack on the United States. How serious is the danger? The same factors have already claimed Colombia, Latin America's first democracy and have destabilized Peru, Venezuela, Mexico, Panama, Laos, Myanmar, and Afghanistan, among others. Ignoring the Narcoterrorist threat and the corruption it spreads could cost the United States and the West their freedom.

## CONCLUSIONS

The United States may achieve a short-term goal of finding bin Laden (dead or alive) and some of his assets and perhaps unseating the Taliban, but plenty of anti-United States terrorist groups will be prepared to take their place. Supporting them will be countries that resent the United States. To have an immediate and profound impact on defeating terrorism, it is necessary to follow and cut off the money supply to the terrorist groups and their sponsoring states that fund this evil. The September 11 attacks on America should serve as a reminder to the United States and other western governments, that there are no "good terrorists." All terrorists are criminals and there is no legitimate reason to produce illegal drugs or launder money. The attack on September 11 also launched an economic war against the United States and the West. It has already cost the United States close to one trillion dollars in lost revenues.

The strategy of the Administration in the United States gave hope that this war on terrorism includes the long over-due war on Narcoterrorism, corruption, and money laundering. However, it is clear that the sources of money for terrorists and other international criminals have not been shut down. Unless the United States takes the lead to cut off the snake's head and its ability to poison our society, and undermine our economic and political stability, we will lose the war. Going after all the resources, including illegal drugs, will help the United States and its Western allies to sever the money sources of these evil organizations that poses a threat to democracy, the free market, and freedom.

In conclusion, to confront global terrorism, especially Radical Muslim organizations, we need to cut off their money. Thus, we must also fight their support systems: criminal organizations, money launderers, and illegal drug producers and traffickers.

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