

# Follow the Money

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## Articles & Testimony

**T**he terrorist attacks on the transportation system in London in July 2005 killed 52 innocent people but only cost about \$15,000 to carry out. The 2000 attack on the U.S. destroyer Cole in Yemen and the 2004 train attacks in Madrid set the terrorists back about \$10,000 each. Even the 9/11 attacks -- the largest-scale terrorist plot in history -- cost less than \$500,000, according to the 9/11 commission report.

Unfortunately, cutting off all funding for terrorist organizations is next to impossible, making efforts to combat terrorism financing seem a fruitless exercise, particularly with devastating terrorist attacks being so cheap to mount.

But the Obama administration would be wise to retain targeting of terrorists' financing as a key part of the U.S. government's counterterrorism tool kit.

Although mounting a terrorist attack is relatively inexpensive, the cost of maintaining a terrorist infrastructure is high. Terrorist networks need cash to train, equip and pay operatives and their families and to promote their causes. Recruiting, training, traveling, bribing corrupt officials and other such activities also cost money. Limiting their ability to raise funds therefore limits their ability to function.

Before 9/11, Al Qaeda's annual budget was an estimated \$30 million, according to the CIA -- hardly an insubstantial sum. And documents seized by the U.S. military indicate that the group Al Qaeda in Iraq, or AQI, also has been expensive to run. For example, one of its branches spent about \$175,000 over four months in 2007 -- with only about half going to weapons.

Perhaps an even better indicator of the importance of money to these networks is how much attention finances command from the terrorist groups themselves. Sheikh Sa'id, the head of Al Qaeda's finance committee in 2001, was "notoriously tightfisted," according to a 9/11 commission report, even vetoing an expense for an operative's trip to Saudi Arabia to obtain a U.S. visa for the 9/11 plot. Osama bin Ladin was forced to step in and overrule Sa'id (though it's not clear that Sa'id knew about the plot when he rejected the expense).

This frugal approach appears to have permeated Al Qaeda even at the operational level. The 9/11 hijackers returned \$26,000 in unused funds to Al Qaeda in the days before the attacks, viewing this money as "blessed and honored."

AQI brought the same approach to handling financial matters as its better known namesake -- putting management controls in place to ensure that money was being spent carefully. Operatives were required to provide signed forms, acknowledging funds they received and justifying their expenditure.

In fact, AQI tracked expenses down to the dollar. For example, seized documents show that AQI's border emirate spent \$727 on food during a two-month period, in addition to tracking funding for salaries, weapons, document forgery and smuggling costs. Given the security risks of maintaining such an extensive paper trail, it is clear that AQI's leaders attach great importance to the organization's financial state.

Efforts to disrupt terrorist groups' finances can have a real effect. In 2005, Bin Ladin's deputy, Ayman Zawahiri,

wrote to Abu Musab Zarqawi, asking the leader of Al Qaeda in Iraq if he could spare "approximately one hundred thousand" because "many of the lines have been cut off."

Similarly, in a May 2007 Al Qaeda video, Sa'id -- by then an Al Qaeda leader in Afghanistan -- highlighted the group's precarious financial state: "As for the needs of the jihad in Afghanistan, the first of them is financial. The mujahedin of the Taliban number in the thousands, but they lack funds. And there are hundreds wishing to carry out martyrdom-seeking operations, but they can't find the funds to equip themselves. So funding is the mainstay of jihad."

Perhaps even more important than cutting off funding to terrorist groups may be the benefits of financial intelligence -- better known as "following the money." Definitively linking people with numbered accounts or specific money changers is a powerful preemptive tool, often leading authorities to conduits between terrorist organizations and individual cells.

British authorities foiled a plot in the summer of 2006 to blow up airplanes over the Atlantic, thanks in large part to critical intelligence about the money trail. Financial intelligence also played an important role in the investigation leading to the capture of Hambali, Jemaah Islamiyah's operations chief -- the mastermind of the 2002 Bali bombings.

And although following the money will not stop all attacks, it can frustrate some terrorist activity. In 1995, captured World Trade Center bomber Ramzi Ahmed Yousef was flown over the twin towers on his way to a New York jail. When an FBI agent pointed out that the towers were still standing, Yousef replied, "They wouldn't be if I had enough money and explosives."

Focusing on terrorist financing has other benefits as well. The prospect of being designated as a terrorist might deter some from financing terrorist activity. Major donors -- who may be heavily involved in legitimate business activities -- may think twice before putting their personal fortunes and their reputations at risk.

Ultimately, combating terrorist financing will not, in and of itself, defeat terrorism. But when employed with other counter-terrorism tools as part of a broader strategy, it represents a powerful weapon in tackling the terrorist threat facing the nation today.

Matthew Levitt is the director of the [Stein Program on Counterterrorism and Intelligence](http://www.washingtoninstitute.org/templateI02.php?SID=11) (<http://www.washingtoninstitute.org/templateI02.php?SID=11>) at the Washington Institute for Near East Policy. Michael Jacobson is a senior fellow in the Stein Program. They are the authors of the recently released study, [The Money Trail: Finding, Following and Freezing Terrorist Finances](http://www.washingtoninstitute.org/templateC04.php?CID=302). (<http://www.washingtoninstitute.org/templateC04.php?CID=302>) ❖

Los Angeles Times

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