

# Blocking Terror Finances

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Articles & Testimony

**B**uried deep in the U.S. State Department's 335-page report on terrorism in 2006, released this week, is a brief section on "countering terrorism on the economic front." It offers a comprehensive outline of the government's successful efforts to block funding of terrorists and their supporters but makes no mention of any other tools used to combat terror financing. The public is left to believe that overt actions like designations are the sum total of U.S. and international efforts to combat terror financing when, in fact, they are only the most visible. One critical tool that is particularly effective at preventing attacks and identifying previously unknown operatives is collecting financial intelligence. Consider, for instance, the British experience.

Last summer al-Qaida nearly executed what would have been its most devastating terror attack since Sept. 11, 2001. British authorities foiled the liquid explosive aviation plot, thanks in large part to critical financial intelligence, and quickly announced plans to increase the use of financial intelligence tools to disrupt terrorist operations.

"Our aim is simple," Chancellor of the Exchequer Gordon Brown asserted. "Just as there be no safe haven for terrorists, so there be no hiding place for those who finance terrorism." Brown described this effort as a "modern 'Bletchley Park' with forensic accounting of such intricacy and sophistication in tracking finance and connections that it can achieve, for our generation, the same results as code breaking at the original Bletchley Park 60 years ago."

Indeed, much as intercepted communications foiled Axis military planning then -- Bletchley Park was an estate near London that served as the secret British code-breaking center during World War II -- tracking terrorists' financial footprints today can thwart attacks, disrupt logistical and financial support networks, and identify unknown operatives. Unlike information derived from human spies or satellite intercepts, which require considerable vetting to determine their authenticity, a financial transfer is a matter of fact. Definitively linking people with numbered accounts is a powerful intelligence tool, often leading authorities to conduits between terrorist organizations and individual cells.

As intelligence agencies build capacity to collect and exploit financial intelligence for pre-emptive action, they are sure to build on the experience of law-enforcement agencies that have long employed financial tools to solve crimes and build prosecutions. With nearly every recent terrorist attack, the post-blast utility of financial investigative tools has been reaffirmed. Financial data provided investigators critical and early leads immediately following the attacks on Sept. 11, as they did following the July 7 attacks in London and the March 11 attacks in Madrid, among others.

But by virtue of their covert nature, financial intelligence operations of a preventive nature are conducted out of the limelight. While understandable, this leaves the public little by which to judge their usefulness beyond general trends and periodic anecdotes hinting of other unspoken successes.

For example, according to Treasury officials, financial intelligence played an important role in the investigation that led to the capture of Hambali, Jemaah Islamiya's operations chief who masterminded the Bali bombings in 2002. Treasury also reported that a financial intelligence collection program supplied a key piece of evidence confirming the identity of a major Iraqi terrorist facilitator and financier. According to the FBI, investigations into the financial

activities of terrorist supporters in the United States helped prevent four different terrorist attacks abroad.

Seizing on the important role financial intelligence played in foiling the liquid bomb plot of August 2006, Her Majesty's Treasury released a new report last month calling for "new steps to make financial tools a 'mainstream' part of the U.K.'s approach to tackling crime and terrorism." In support of its recommendation to increase government's capacity to leverage financial intelligence, an inherently secretive endeavor, the British government published a case study -- in sanitized form, but still the most detailed to be made public to date -- on the role of financial intelligence.

According to British authorities, a suspected al-Qaida associate in the United Kingdom was using multiple identities to finance the purchase and supply of explosives components for use in another country. Forensic financial investigation revealed that this person used multiple accounts to purchase high-resolution maps of a third country over the Internet. Following the money enabled investigators to track the international travel of the conspirators as well as the delivery by international courier of components for improvised explosives to the same foreign country over several months. Multiple transactions involving accounts controlled by an associate of the original suspect revealed a wider conspiracy. In a joint operation with a foreign law-enforcement agency, the original suspect was tracked to a third country where he was arrested in a makeshift bomb factory.

In institutionalizing financial intelligence, the United Kingdom is following the example of the U.S. Treasury Department, which established the first-ever intelligence shop within a finance ministry. Established in 2004, Treasury's Office of Intelligence and Analysis combines Treasury authorities with intelligence community resources and expertise to identify, disrupt or, sometimes, follow the flow of illicit funds supporting terrorism or other national security threats. In a sign of its demonstrated utility, the Sept. 11 Commission's Public Discourse Project awarded the U.S. government effort to combat terrorist financing its highest grade, taking particular note of "significant strides in using terrorism finance as an intelligence tool."

Traditional efforts to combat terror financing by "seizing and freezing" terrorists' assets are effective counter-terrorism tools. But as terrorist groups continue to evolve, and as additional transnational threats arise, financial intelligence will increasingly be called upon -- Bletchley Park-style -- to connect the dots and prevent attacks. The public should take comfort knowing both tactics -- seizing funds and following the money trail -- are being pursued, even if only one makes the daily paper.

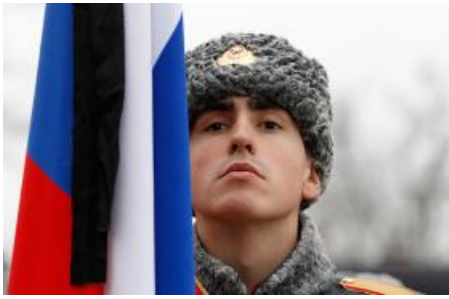
Matthew Levitt directs the Stein program on terrorism, intelligence and policy at the Washington Institute for Near East Policy and served as deputy assistant secretary of the treasury for intelligence and analysis from 2005 to early 2007. His most recent book is  [Hamas: Politics, Charity and Terrorism in the Service of Jihad](http://www.washingtoninstitute.org/templateC04.php?CID=265) (<http://www.washingtoninstitute.org/templateC04.php?CID=265>). ❖

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