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## Terrorist Abuse of Charity in the Age of the Islamic State and the Syria War

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In the years after the September 11 attacks, disrupting terrorists' ability to abuse charitable giving as a means of raising, transferring, and laundering funds was a major focus of counterterrorism authorities around the world. Charities operating as fronts for terrorist groups were designated by national authorities and world bodies like the United Nations, the charitable sector was encouraged to put in place more sophisticated due-diligence procedures to protect the industry from abuse, and governments engaged in outreach and information campaigns.<sup>1</sup>

For a while, it seemed like terrorist abuse of charity was a thing of the past as a preferred illicit finance typology. Then came the war in Syria and a series of other conflicts across the Middle East and North Africa, and the issue is back on the agenda as a counterterrorism priority. Consider the December 2016 conviction of two British men on charges of funneling cash to extremists in Syria. Syed Hoque and Mashoud Miah joined a 100-vehicle British aid convoy as a cover to supply Hoque's nephew with 3,000 pounds sterling in July 2013. The nephew had entered Syria some months before and fought with the Syrian al-Qaeda affiliate Jabhat al-Nusra. Another 1,500 pounds was sent with a second convoy in December 2013.<sup>2</sup> As the British prosecutor in the case noted, "Normal routes are not much use when you look at Syria. So if you want to get property or money out to Syria, the convoys would have provided a useful conduit. And you may think [of] that [as] an abuse of the spirit of the convoys to [instead] convey the money and property to terrorists."<sup>3</sup>

As conflicts rage across the Middle East and North Africa, from Syria to Yemen to Libya, charities remain crucial for alleviating the accompanying humanitarian crises such wars bring in their wake. A February 2016 Amnesty International report found that 13.5 million people were in urgent need of humanitarian assistance inside Syria alone,<sup>4</sup> and that number is only expected to rise. A UN official warned in December of a looming famine in Yemen, where nearly 19 million people already need "some form of

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<sup>1</sup> [https://www.treasury.gov/resource-center/terrorist-illicit-finance/Documents/charities\\_post-earthquake.pdf](https://www.treasury.gov/resource-center/terrorist-illicit-finance/Documents/charities_post-earthquake.pdf)

<sup>2</sup> <http://www.bbc.com/news/uk-38419488>

<sup>3</sup> <http://www.telegraph.co.uk/news/2016/11/14/men-used-aid-convoys-to-transport-terror-tools-to-syria/>

<sup>4</sup> <https://www.amnesty.org/en/latest/news/2016/02/syrias-refugee-crisis-in-numbers/>

humanitarian aid."<sup>5</sup> The UN Security Council issued a resolution in February 2014 urging "all Member States to contribute or increase their support to...meet the spiraling needs of people affected" by the Syrian civil war.<sup>6</sup> The resolution sought state help for UN agencies, but donors and aid agencies of any type must be careful: there are some who will callously take advantage of such tragedies -- whether natural or manmade -- to divert, embezzle, and launder funds for terrorist or other illicit purposes.

Much ink has been spilt in recent years on the more eye-catching forms of terror finance, such as the Islamic State's takeover of oil fields and extortion of civilians under its control. The abuse of charity is a small percentage of the group's revenues, but it is not an insignificant source, nor is it limited to the case of the Islamic State. On the contrary, cases of abuse of charity are on the rise over the past two years, and they reveal the involvement of a wide array of terrorist groups, countries, and financiers.

## FALSE FRONTS

By nature of the work that is carried out, the charitable sector can be uniquely vulnerable to the misuse and abuse of funds. Auditing the delivery of humanitarian supplies to war-torn areas is no easy task. A report by Australia and six other Southeast Asian countries noted that Australia had "experienced suspicious 'pop-up' NPOs (non-profit organizations) that appear to dissolve after raising funds for 'humanitarian efforts' in Syria and Iraq."

In Britain, the UK Charity Commission struck off two organizations from its official charity register in August after concluding that they had raised money and supplies for the Islamic State and AQ. The charities' missions were ostensibly to help victims of Syria's civil war and Kurdish Muslims in the English city of Birmingham. Instead, the founder of the two organizations, twenty-one-year-old Adeel Ul-Haq, had bought "a high-powered laser pointer, night-vision goggles, and a secret waterproof money pouch."<sup>7</sup> Meanwhile, the website of the Birmingham charity, Didi Nwe, was also featuring articles by Mullah Krekar and allowing him to use the charity's online chatroom to give live webinars. Krekar had been designated by the UN Security Council in 2006 for ties to al-Qaeda and served five years in jail for death threats against Norwegian politicians and Kurds.<sup>8</sup> Ul-Haq was jailed for twelve months, and the Charity Commission removed three of the Didi Nwe trustees from their positions shortly before Didi Nwe itself was shut down.

Another series of cases in Lebanon and Australia uncovered possible misdeeds in connection with the Sydney-based Dar al-Quran wa Sunnah charity. The charity purported to help Syrian orphans, and operated in Lebanon, Turkey, and Bangladesh. Lebanese authorities first launched investigations there, and in May 2015 they arrested Ibrahim Barakat on charges of fundraising for jihadists and recruiting for the Islamic State. A second man with dual Lebanese-Australian citizenship was reportedly arrested,

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<sup>5</sup> [http://www.reuters.com/article/us-yemen-security-un-idUSKBN1450X1?feedType=RSS&feedName=worldNews&utm\\_source=Sailthru&utm\\_medium=email&utm\\_campaign=MB%20Dec%202016&utm\\_term=%20AMorning%20Brief](http://www.reuters.com/article/us-yemen-security-un-idUSKBN1450X1?feedType=RSS&feedName=worldNews&utm_source=Sailthru&utm_medium=email&utm_campaign=MB%20Dec%202016&utm_term=%20AMorning%20Brief)

<sup>6</sup> UNSCR 2139

<sup>7</sup> <http://www.ibtimes.co.uk/charity-commission-punishes-uk-charities-that-raised-cash-isis-al-qaeda-1573367>

<sup>8</sup>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/540401/didi\\_nwe\\_organisation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/540401/didi_nwe_organisation.pdf)

charged with funding jihadists, and later released.<sup>9</sup> A statement from the charity disavowed Barakat, but as of July 2016 the group was under investigation by the Australian Charities and Not-for-profits Commission (ACNC). Dar al-Quran wa Sunnah raised over \$800,000 in 2014-2015.<sup>10</sup>

In August 2016, Australian law enforcement raided a daycare business, Lakemba, owned by the brothers Mohammad and Ibrahim Omar. Lakemba is under investigation on suspicions that \$27 million in childcare rebates claimed from the Australian government may have been sent offshore to fund the Islamic State and other terrorist groups. Two men employed by the business were arrested, Ali Assaad and Hussein Dandachi. Dandachi is accused of falsifying timesheets in order to receive childcare rebates. Assaad similarly obtained tens of thousands of dollars by claiming to have been providing daycare services in Sydney, when in fact he was in Malaysia. Furthermore, Assaad was listed as the secretary for the Dar al-Quran wa Sunnah charity.<sup>11</sup> While the Omars' daycare business has been suspended, as of October 2016 the brothers continued to operate a network of training organizations and have not been charged with any offenses.<sup>12</sup>

Elsewhere, the Islamic State is hardly the only terrorist group linked to charity abuse. Israel banned a Turkish aid group, the International Kanadil Institute for Humanitarian Aid and Development, in December 2016. According to an Israeli spokesman, Kanadil was "a main pipeline for funding projects by Hamas in Jerusalem." Kanadil also provided funds to the Muslim Brotherhood, whose Jerusalem branch was banned by Israel in 2007.<sup>13</sup>

Organizations funneling money to al-Qaeda continue to come to light as well. Saudi Arabia and the United States jointly acted against the Al-Furqan Foundation Welfare Trust in May 2015. The U.S. Treasury identified Al-Furqan as the successor entity to two organizations it had previously designated, the Afghan Support Committee and the Revival of Islamic Heritage Society, and described it as a "charitable organization that is a major conduit of financial and material support for terrorist groups...in some cases under the guise of humanitarian work." In addition to supporting al-Qaeda, the Treasury also called out Al-Furqan for aiding the Taliban and the Pakistani jihadist group Lashkar-e-Taiba. Simultaneously, Saudi Arabia designated Al-Furqan under its own counterterrorism laws.<sup>14</sup>

Less than a year later, the United States and Saudi Arabia again took joint action against four individuals and two organizations for supporting the same three terrorist groups in Afghanistan and Pakistan. Among those sanctioned was the Scottish-born jihadist James McLintock and the Al-Rahmah Welfare Organization (RWO), of which McLintock was the president, CEO, and chairman. According to the Treasury Department, RWO and other associated outfits received "large amounts of money from British donors who were not aware of the NGOs' Taliban ties." Although the Treasury statement cited

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<sup>9</sup> <http://www.abc.net.au/news/2015-07-03/australian-charity-investigated-for-alleged-is-links/6591174>

<sup>10</sup> <http://www.dailymail.co.uk/news/article-3713791/Sydney-Muslim-charity-linked-man-accused-funding-Islamic-State-investigation-raising-800-000-two-years-Australian-donations.html>

<sup>11</sup> <http://www.smh.com.au/federal-politics/political-news/police-investigate-possible-terror-financing-links-to-childcare-fraud-arrests-20160812-gqrfcj.html>

<sup>12</sup> <http://www.theaustralian.com.au/national-affairs/education/brothers-still-operating-network-despite-suspension-after-raids/news-story/116857fdf92a077ffd9d9314271cfd57>

<sup>13</sup> <http://www.timesofisrael.com/defense-minister-outlaws-turkish-group-over-hamas-allegations/>

<sup>14</sup> <https://www.treasury.gov/press-center/press-releases/Pages/jl10019.aspx>

McLintock for supporting a variety of terrorist groups in Afghanistan and Pakistan, he also appeared to be involved in Syria.<sup>15</sup>

## SETTING THE FOUNDATIONS

Despite the recent designations carried out by Saudi Arabia against supporters of terrorism, the hardline ideology that the kingdom spreads can lead to sympathizing with the very type of groups Riyadh targeted in its designations. A report from Germany's intelligence agencies, leaked in December, raised worries about domestic influence of hardline Salafist ideology imported from Gulf states like Saudi Arabia, Kuwait, and Qatar. According to the report, fundamentalist Salafism is growing in Germany thanks to funding from Gulf groups that are "closely connected with government offices in their home countries." One of the groups cited by the Germans, the Kuwaiti Revival of Islamic Heritage Society, has been blacklisted by the United States for "bankrolling al-Qaeda."<sup>16</sup> Just a few weeks before the report was leaked, the German government shut down an Islamist missionary group that had encouraged some 140 people to fight in Iraq and Syria.<sup>17</sup>

Western countries are not alone in combating such ideology. India banned a nongovernmental organization, the Islamic Research Foundation, in November 2016. The government took action on the basis of laws addressing a threat to social and communal harmony rather than outright terrorism. However, in speeches collected by Indian intelligence agencies, the foundation's founder and president praised Osama bin Laden and justified suicide bombings, among other objectionable statements. The preacher is also banned in the UK and Canada for his hate speech.<sup>18</sup>

And while Gulf states are often accused of spreading hardline Sunni ideology, Shiite Iran has not been idle. Kosovo's radicalization problem stems largely from the Sunni community; dozens of mostly Saudi-backed charities have been shut down in the last two years.<sup>19</sup> Nevertheless, in July 2016, authorities charged an Iranian cleric with financing terrorism and money laundering. The five Shiite organizations associated with the cleric purport to be nongovernmental, but they appear to have links to Tehran, where "exporting the revolution" is indeed a longstanding goal of the Iranian leadership. According to a local journalist, the NGOs "were hiding their sources of income and the purposes of their spending." More charities suspected of ties to Iran are operating in other Balkan countries.<sup>20</sup>

## RISK AND LIABILITY

Western governments and international organizations have taken note of the potential for terror financing through charities. The Financial Action Task Force (FATF), an international standard-setting body, first issued its "Best Practices Paper on Combating the Abuse of Non-Profit Organizations" in 2002.<sup>21</sup> An October 2015 report, "Emerging Terrorist Financing Risks," warned of "bogus NPOs (non-profit

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<sup>15</sup> <https://www.treasury.gov/press-center/press-releases/Pages/jl0400.aspx>

<sup>16</sup> <https://www.treasury.gov/press-center/press-releases/Pages/hp1023.aspx>

<sup>17</sup> <http://www.independent.co.uk/news/world/europe/saudi-arabia-gulf-states-fund-islamic-extremism-germany-salafism-wahhabism-qatar-kuwait-islamists-a7473551.html>

<sup>18</sup> <http://timesofindia.indiatimes.com/india/Government-bans-controversial-preacher-Zakir-Naiks-NGO-for-5-years/articleshow/55439994.cms>

<sup>19</sup> <http://www.rferl.org/a/kosovo-iran-cleric-arrest/27886917.html>

<sup>20</sup> <http://www.rferl.org/a/kosovo-iran-cleric-arrest/27886917.html>

<sup>21</sup> <http://www.fatf-gafi.org/media/fatf/documents/reports/BPP-combating-abuse-non-profit-organisations.pdf>

organizations)" using viral social media campaigns to fundraise for extremists.<sup>22</sup> The UK Treasury issued a report at the same time in which it assessed that, while "proven terrorist abuse of the charitable sector is rare," the risk remained "medium-high." Britain's Charity Commission found that disclosures of information to law enforcement regarding terrorism more than doubled between 2013-2014 and 2014-2015, to 506 formal disclosures. As a percentage of total disclosures of suspicious activity, those related to terrorism and extremism rose from 14 to 22 percent. "The crisis in Syria has evoked a generous public response," said the commission's chairman, "but with this comes a greater risk of charities being subjected to abuse."<sup>23</sup>

A joint report issued by Australia and six other countries in Southeast Asia came to similar conclusions. The "Regional Risk Assessment on Terrorism Financing 2016" named "at-risk NPOs" as one of the top four priorities for countering the financing of terrorism, with all participants seeing a medium to high risk of NPO abuse. While acknowledging that cases have so far been "limited," analysts still warned that NPOs could "raise large amounts undetected," resulting in "disproportionately higher" consequences. They advised that countries should target oversight of and outreach to NPOs to reduce risk.

Apart from the direct effects of financing terrorism, the charitable sector itself suffers more indirect effects from the abuse of charity. The reputation of legitimate charities can take a hit when they are infiltrated by extremists, and in war zones like Syria and Iraq, there are the serious physical risks of having goods stolen and staff kidnapped in the countries where they are trying to help. Two of the Western hostages publicly executed by the Islamic State were British aid workers.

On a financial level as well, the very nature of charitable work can make banks and other financial institutions wary of clearing funds. War-torn areas most in need of aid are the hardest to monitor. Even major, well-established charities such as Oxfam and Islamic Relief, the UK's largest Muslim charity, have faced banking difficulties in recent years when trying to operate in the Middle East. Banks must comply with an often-bewildering web of new regulations related to sanctions from the United States and European countries. Whether the regulations are targeting specific terrorist groups, like the Islamic State and al-Qaeda, or countries, notably Iran, North Korea, and Russia, financial institutions are struggling to determine acceptable levels of risk. Many understandably opt for safe rather than sorry. As a result, some U.S. banks have refused to transfer cash for the seventy-year-old anti-poverty organization Oxfam, and a Christian charity sponsored by forty-one British and Irish churches was unable to deliver blankets to refugees in Iraq because the funds were not cleared until the spring.<sup>24</sup>

Under British law, NGOs share the responsibility with banks for conducting due diligence on the end use of funds. But even charities with access to sufficient resources to thoroughly vet clients and partners can't always satisfy banks' compliance departments. Delivering aid to war zones or regions with minimal governance is sometimes impossible without cooperating with unsavory actors -- armed extremist groups operating checkpoints, for example, as aid workers have found in Somalia.<sup>25</sup>

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<sup>22</sup> <http://www.fatf-gafi.org/publications/methodsandtrends/documents/emerging-terrorist-financing-risks.html>

<sup>23</sup> <http://www.telegraph.co.uk/news/worldnews/islamic-state/12069823/Charities-face-deadly-threat-from-Islamic-State.html>

<sup>24</sup> <https://www.bloomberg.com/news/articles/2016-05-11/banks-cutting-money-flow-for-charities-squeezes-relief-in-syria>

<sup>25</sup> <http://www.wsj.com/articles/cautious-banks-hinder-charity-financing-1459349551>

Unfortunately, the upshot of these financial obstacles is frequent delays and reductions in aid to populations that sorely need it. Victims of the Syrian war will have even greater incentive to leave the country; their best hope may be to embark on risky journeys to neighboring countries or to Europe, increasing the pressure on states that already seek to reduce the flow of migrants. Those in geographically isolated areas, as in Yemen, do not have even that small hope of migrating. Moreover, the UK Treasury report expressed the worry that charities unable to use banks will move funds underground -- relying more on cash, moving it offshore, or using alternative remittance systems, all of which would make oversight more difficult.

## **CONCLUSION**

Charities have a key role in providing aid and alleviating suffering worldwide, and the vast majority of them are legitimate. But as the above incidents show, governments, charities, and their donors must all remain vigilant.