

**New York State Office of Homeland Security  
Focus Report:**

# **The Crime-Terror Nexus**

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“Money is the life-blood of terrorist operations.”

-- President George W. Bush, September 24, 2001

On May 18, 2005, Stuart Levey, the U.S. Treasury Department's Under Secretary for Terrorism and Financial Crimes, announced that the U.S. intelligence community had “indications that terrorist groups like Al Qaeda and Hamas are feeling the pressure and are hurting for money.” A week later, an FBI Intelligence Bulletin echoed Levey's conclusion and noted that “multinational efforts have helped to disrupt Al Qaeda's financial network.” The U.S. government's release of Ayman Zawahiri's July 9, 2005 letter to Al Qaeda in Iraq leader Abu Musab al-Zarqawi, in which Zawahiri requested “a new payment...of approximately one hundred thousand” “while new lines are being opened,” provided further evidence supporting the Treasury Department's evaluation.

As authorities have clamped down on traditional financing pipelines, such as charitable front groups, and as terrorist networks have grown increasingly decentralized, terrorists have turned to criminal activities to finance their operations locally. Throughout the world, Al Qaeda,<sup>1</sup> Hamas, and Hezbollah operatives have involved themselves in an array of criminal enterprises, including counterfeiting, drug dealing, cigarette smuggling, credit card fraud, auto theft, kidnapping,<sup>2</sup> extortion,<sup>3</sup> and artifact trafficking.<sup>4</sup> Although criminality is outlawed under Islamic law, the Al Qaeda manual advises that “necessity permits the forbidden.” Reflecting this theory, when Jemaah Islamiyah (JI) operatives questioned whether hacking into foreigners' bank accounts was acceptable in Islam, JI leader Abu Bakr Bashir reportedly responded, “[if] you can take their blood; then why not take their property?”

Terrorist groups are particularly interested in raising funds through crime because as Lieutenant Colonel David LaRivee, Associate Professor of Economics at the United States Air Force Academy, stated, “many of the agencies responsible for enforcement in these areas do not traditionally focus on counterterrorism nor do they have strong ties with counterterrorist agencies. This means that many indictable criminal activities that support terrorism are overlooked because they seem insignificant when evaluated locally, but are in fact very significant when considered from a broader perspective.” In order to disrupt these financing efforts, “local law enforcement officials will be key,” as the FBI assessed in a May 25, 2005 Intelligence Bulletin.

Law enforcement interdiction of localized funding efforts is particularly pressing given the low cost of launching devastating terrorist attacks. According to the 9/11 Commission Terrorism Financing Monograph, the 1998 Africa Embassy bombings cost approximately \$10,000, while

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<sup>1</sup> In February 2002, Dennis Lormel, Chief of the FBI's Financial Crimes Section, testified before Congress that “Al Qaeda has been known to encourage and instruct terrorist cells in terrorist training camps in Afghanistan in ways they can fund their terrorist activities through various criminal activity.”

<sup>2</sup> In July 2005, Defense Intelligence Agency official Caleb Temple testified before Congress that terrorists in Iraq were raising funds through kidnappings. The Salafist Group for Call and Combat (GSPC) and Abu Sayyaf have also reportedly carried out kidnappings for ransom.

<sup>3</sup> For example, according to the U.S. Treasury Department, Hezbollah operative Assad Barakat “threatened TBA [Tri-Border Area] shopkeepers...with having family members in Lebanon placed on a ‘Hezbollah blacklist’ if the shopkeepers did not pay their quota to Hezbollah...”

<sup>4</sup> In June 2005, the director of Iraq's National Museum stated that funds raised from the sale of stolen artifacts in Iraq were being used to fund terrorists there. Open sources have further reported that jihadists have smuggled centuries-old treasures out of Afghanistan and peddled them on the black market. According to Germany's Federal Criminal Police Office, as well as press reports, 9/11 hijacker Mohammed Atta sought to sell Afghani artifacts in Germany to “finance the purchase on an airplane.”

the 2002 Bali nightclub bombings cost roughly \$20,000. In a similar vein, a UN Monitoring Team reported that the 2003 Jakarta JW Marriot Hotel bombing cost \$30,000, while the 2004 Madrid train bombings cost \$10,000.<sup>5</sup> And open sources report the 7/7 London bombings cost less than \$1,000.

In order to finance attacks such as those in Madrid, terrorists have exploited the shadow economy,<sup>6</sup> which the United Nations believes has annual revenues of up to \$2 trillion. The most lucrative and appealing market that terrorists have penetrated is the counterfeit goods trade, which the Secretary General of Interpol, Ronald Nobel, has estimated to be as large as \$450 billion. In November 2003, Christophe Zimmerman, a customs expert from the European Commission, told a counterfeiting conference that “[c]ounterfeiting has become the preferred method of financing for terrorist organizations.” Interpol believes that counterfeiting is so appealing to terrorists because it is “a low-risk, high-profit crime area that for most governments and most police forces is not a high priority.”<sup>7</sup> In fact, during May 2005 Senate testimony, Los Angeles County Sheriff Lt. John Stedman recounted an incident in which one counterfeiter told him, “It’s better than the dope business – no one’s going to prison for DVD’s.” Notably, according to industry figures, the bootleg CD business alone is worth \$4.6 billion dollar per year. What’s more, according to Senator Susan Collins, chairwoman of the Senate Homeland Security and Governmental Affairs Committee, counterfeiting is extremely “easy to get into” and is thus “exploited by ever-resourceful terrorist groups.”

Open sources report that terrorists have been involved in counterfeiting a broad range of goods, including soap, perfume, pharmaceuticals, cigarettes, shampoo, car parts, and software. For example, a counterfeit T-shirt ring reportedly helped finance the 1993 World Trade Center bombing. Three years later, the FBI seized 100,000 counterfeit T-shirts that were to be sold during the summer Olympics in Atlanta; this operation was allegedly masterminded by followers of the Blind Sheikh Omar Abdel Rahman, who is serving a life sentence for plotting to bomb New York City landmarks.

More recently, in 2002, Danish customs seized a container filled with counterfeit shampoos, creams, colognes, and perfumes, along with eight tons of fake Vaseline jelly, sent by a member of Al Qaeda. In October 2003, authorities in Beirut intercepted counterfeit brake pads and shock absorbers valued at \$1.2 million; Interpol believes the profits were intended for Hezbollah supporters. And Los Angeles County Sheriff Lt. Stedman told the Senate in May 2005 that during the course of counterfeiting investigations in California, officers have “encountered suspects who have shown great affinity for Hezbollah and its leadership.” During raids, Hezbollah flags, audiotapes, and pictures have been found, and, in one instance, a suspect had a Hezbollah flag tattooed on his arm (*see below image*).

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<sup>5</sup> These figures do not include such “overhead” as training at camps, evaluation of trainees, and recruitment.

<sup>6</sup> The shadow economy is defined as all unregistered economic activities that contribute to officially calculated Gross National Product.

<sup>7</sup> In a similar vein, many local law enforcement officers consider baby-formula theft to be petty shoplifting and few shoplifters serve jail time. Yet, testifying before the House Financial Services Committee on September 24, 2003, John Pistole, Assistant Director of the FBI’s Counterterrorism Division, noted that stolen infant formula was funding Hamas overseas. FBI Director Robert Mueller has publicly reinforced the link between baby-formula theft and terrorist funding. Baby-formula theft can raise significant funds; for example, a gang in Arizona made \$11 million in profits and wired the money to banks in Jordan and Egypt.



Los Angeles County Sheriff's Department  
**CLUE:** An unusual tattoo  
tipped off a county sheriff's  
lieutenant that a suspected  
dealer of designer knockoffs  
might have Hezbollah ties.

In addition to the counterfeit goods market, terrorists are also deeply involved in narcotics trafficking. As former Drug Enforcement Administration Director Asa Hutchinson testified in 2002, “terrorism and drug trafficking organizations are often linked in a mutually beneficial relationship by money, geography, and tactical lawlessness.” Moreover, in November 2005, the FBI issued an Intelligence Bulletin asserting that “drug trafficking represents a significant and possibly growing source of revenue for terror groups.”

There is a particularly strong nexus between Afghan heroin trafficking and Islamic extremist groups. In 2002, Asa Hutchinson commented that “the DEA has...received multi-source information that Osama bin Laden himself has been involved in the financing and facilitation of heroin-trafficking activities.” Further highlighting the nexus, the U.S. government extradited Baz Mohammad from Afghanistan in October 2005. According to the DEA, Mohammad’s organization imported tens of millions of dollars of heroin into the United States and “provided financial support to the Taliban...In exchange for its financial support, the Taliban provided the Baz Mohammad Organization protection for its opium crops, heroin laboratories, drug-transportation routes, and members and associates.” Mohammad allegedly believed “that selling heroin in the United States was a ‘jihad’ because they were taking the Americans’ money at the same time the heroin they were paying for was killing them.” A U.S. official, commenting in the media, noted that Osama bin Laden shares Baz Mohammad’s philosophy: “Bin Laden does not mind trafficking in drugs, even though it’s against the teaching of Islam, because it’s being used to kill Westerners.”

Furthermore, there is evidence that terrorists in Iraq are exploiting the Afghan heroin trade. In a September 8, 2005 letter to Secretary of State Condoleezza Rice, House International Relations Committee Chairman Henry Hyde wrote of an “emerging and dangerous growth of the illicit drug trade in Iraq, especially with heroin, now originating and pouring out of nearby Afghanistan.” Military officials quoted in the media assert that some of the profits from that heroin trade are bolstering the insurgency.

Open source information indicates that terrorist groups based in the Middle East, Latin America, and Southeast Asia also deal narcotics to finance operations. In fact, the DEA has noted that 18 of the 40 Foreign Terrorist Organizations have benefited from the illegal drug, including Al Qaeda and the Palestinian Islamic Jihad. Hamas, Jemaah Islamiyah, Abu Sayyaf, and the Moro Islamic Liberation Front have similarly been tied to narcotics trafficking in open source reporting.

Attacks and terrorist plots in North Africa and Europe have even been directly financed by the drug trade. For example, press sources report that Moroccan terrorists used narcotics profits to fund the attempted bombings of U.S. and British ships in the Straits of Gibraltar in 2002, as well as the 2003 Casablanca bombings, which killed 45. In 2004, operatives linked to the Moroccan Islamic Combatant Group (GICM) allegedly used 30 kilos of hashish to buy

explosives used in the Madrid train bombings, which killed 191. Some of the operatives were “major drug dealers,” according to open source reporting, and had links to Morocco’s thriving hashish trade, which serves as a major source of revenue for Islamic terrorists in North Africa and Europe.<sup>8</sup> One key Madrid bombing plotter, Jamal Ahmidan, is the brother of a powerful Moroccan drug dealer, while a raid on the home of another conspirator turned up 125,800 ecstasy tablets. More than a year after the Madrid attack, a Spanish judge charged four Algerians with membership in the Salafist Group for Call and Combat (GSPC) terror network, alleging that they had sold drugs<sup>9</sup> and attempted to buy explosives in exchange for hashish in March 2005. The men were also allegedly interested in procuring “red mercury” to make radioactive bombs.

Within the United States, Hezbollah is the terrorist group most actively involved in narcotics trafficking.<sup>10</sup> In January 2002, the DEA announced the arrest of more than 100 people involved in an expansive methamphetamine network. The investigation resulted in the arrest of individuals in twelve cities across the United States and Canada, along with the seizure of more than 179 pounds of finished methamphetamine, six clandestine drug laboratories, and \$4.5 million in U.S. currency. Authorities were able to track \$10 million back to the Middle East, and then-DEA head Asa Hutchinson asserted that at least some of that money financed Hezbollah. In another case, Ohio resident Mohammad Shabib sent money to Hezbollah raised through a drug dealing operation in which he sold tons of pseudoephedrine to Mexican gangs for use in methamphetamine production. Additionally, individuals operating in Latin America, particularly in the Tri-Border region of Argentina, Brazil, and Paraguay, reportedly traffic drugs to support Hezbollah operations in Lebanon.

Still another criminal activity that terrorists have frequently used to raise funds is credit card fraud, which, as a recent FBI report noted, banks often write off as a “cost of doing business.” According to open source reporting, plotters in the 1993 World Trade Center bombing, the conspiracy to blow up Los Angeles International Airport, and the Madrid train bombing were all involved in credit card fraud. Moreover, Ali al-Marri, identified by the U.S. government as the point of contact for Al Qaeda operatives arriving in the U.S. for post-9/11 attacks and currently detained as an enemy combatant, was arrested in Peoria, Illinois with over a thousand credit card numbers in his possession.

Reflecting the continued importance of credit card fraud in Al Qaeda’s operations, Imam Samudra, charged with masterminding the Bali nightclub bombings, recently authored an autobiography from jail, in which he urged fellow jihadists to commit credit card fraud and directs them to Internet sites with instructions on such schemes. According to the FBI’s New York Office, individuals with possible links to international terrorism have increasingly turned to credit card “bust-out schemes,” which are estimated to create approximately \$2 billion in losses per year (**OHS Advisory #330, April 27, 2005**). Although this total is undoubtedly significant, it represents “less than 1 percent of the industry’s annual revenue stream, so prevention and

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<sup>8</sup> Open sources report that terrorists control as much as a third of the \$12.5 billion Moroccan hashish trade.

<sup>9</sup> The Spanish government also alleges the men also forged credit cards and official documents.

<sup>10</sup> Nonetheless, individuals with ties to both Hamas and the Palestinian Islamic Jihad have been involved in drug trafficking in the US. In January 2005, Los Angeles JTTF agents arrested suspected Hamas member Hussam Khalil for violating state trademark regulations related to adulterated oil. According to DHS reporting, Khalil sent \$30,000-40,000 per month to the Middle East and smuggled drugs, as well as illegal aliens. Moreover, in August 2004, federal authorities indicted Tariq Isa, the treasurer of Chicago’s Izzedine al-Qassam mosque, for distributing 1.7 million tablets of pseudo ephedrine. In seeking Isa’s detention, prosecutors asserted that Isa had been photographed with the worldwide head of the Palestinian Islamic Jihad (PIJ). What’s more, the US government has linked two other mosque officials to the PIJ.

detection efforts have yet to ramp up to a level that would deter these groups.” The FBI assessed that “this provides a further comfort level for any foreign faction controlling the ringleaders.” In May 2005, shortly after the release of the FBI’s analysis, federal agents arrested Dearborn, Michigan resident Nemr Ali Rehal for stealing over \$400,000 by opening more than 30 credit card accounts and then failing to pay balances. The U.S government alleges that Rehal funneled money to the relatives of Hezbollah suicide bombers and had traces of “military-quality” explosives on his passport when he entered the U.S. from Canada in early 2005.

Complementing terrorist involvement in credit card fraud, narcotics trafficking, and counterfeiting, operatives have reaped enormous profits from cigarette smuggling. In the United States, smugglers can make nearly \$3 per pack by purchasing large quantities of cigarettes in a state with a low tax rate and corresponding low retail price and selling them in a state with higher taxes and higher retail prices. Undoubtedly the most well-known operation linked to international terrorism was disrupted in July 2000, when authorities dismantled a cell operating in North Carolina, Michigan, and Canada. That cell sent money earned through cigarette smuggling to Hezbollah for the purchase of night vision devices, global positioning systems, stun guns, and other items. By the time of their arrests, the smugglers had reportedly earned close to \$8 million, at least \$100,000 of which was funneled to Hezbollah. In upstate New York, proceeds from another cigarette smuggling ring were used to fund the 2001 travels of the “Lackawanna Six” to an Al Qaeda training camp in Afghanistan.<sup>11</sup> Thirty individuals and a tobacco wholesale company were convicted in New York of felony charges as a result of their activities in this ring. Open source reporting indicates that federal agents continue to investigate other terrorist-linked cigarette smugglers as well. Further reflecting the nexus between terrorism and cigarette smuggling, legislators have sought to make it easier to prosecute smugglers federally in the new version of the Patriot Act. Internationally, cigarette smuggling reportedly provides the GSPC with a considerable portion of its operating budget.

Like cigarette smuggling, the illegal trafficking of vehicles is also a highly profitable enterprise, generating an estimated \$19 billion per year, according to Interpol. Not surprisingly, recent open source information indicates terrorists are exploiting this market to raise funds. Cells operating in Melbourne and Sydney, Australia, which were dismantled in a massive November 2005 counterterrorism operation, reportedly purchased firearms and chemicals<sup>12</sup> by selling stolen cars. Following the raids, New South Wales’ Police Commissioner, Ken Moroney, commented, “I am satisfied that we have disrupted what I would regard as the final stages of a terrorist attack or the launch of a terrorist attack in Australia.” The cells had carried out surveillance on the Sydney Opera House, railway stations, and the Melbourne stock exchange.

Further, automobiles stolen in the United States are reportedly being exported overseas for use in terrorist attacks. Recently, Miami-Dade Auto Theft Squad Sgt. Chris Bimonte revealed, “We’ve come across vehicles being exported out of the Port of Miami or the Miami River that either belonged to a terrorist or tied into a terrorist cell.” During a raid in Fallujah, Iraq in November 2005, U.S. soldiers raided a terrorist safe house and discovered an SUV registered in Texas that had been converted to a car bomb. Similarly, in March 2004, authorities discovered that a car filled with explosives, linked to the Madrid bombers, had been imported from the U.S.

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<sup>11</sup> Federal prosecutors alleged that Aref Ahmed gave \$14,000 to five members of the Lackawanna Six and tried to get his money back after learning some of the men left the Al Qaeda camp without completing their training.

<sup>12</sup> The chemicals were reportedly to be used to formulate TATP, an explosive employed in the 7/7 London bombings.

Terrorists are also attempting to utilize automobiles to commit insurance fraud, according to Interpol. In December 2005, German prosecutors charged three men with belonging to Al Qaeda and alleged that one of the men had attempted to procure nuclear material through a radical Islamic group in Luxembourg. The three were also charged with 10 counts of fraud and 32 counts of attempted fraud over a planned insurance scam. Prosecutors allege that one of the individuals took out 10 life insurance policies in 2004-05 and had applied for 23 more; the trio allegedly planned to fake a fatal traffic accident in Egypt, claim \$3.7 million in insurance money, and pass some of it to Al Qaeda to fund a suicide attack in Iraq. This trend is evident in the U.S. as well, for Ahmed Hannan, convicted in Detroit in June 2003 for providing material support to Al Qaeda,<sup>13</sup> admitted he attempted to scam an insurance company by faking injuries from a traffic accident. Prosecutors alleged that the accident was an example of “economic jihad” designed to raise money for terror operations.

In the past, some terrorists have chosen to eschew elaborate scams, instead opting to carry out armed robberies, as a group of North African Islamic radicals, dubbed the Roubaix Gang, did in France in the mid-1990’s. With links to the Armed Islamic Group (GIA) and led by a former medical student who converted to Islam, the men targeted banks, armored cars, and supermarkets. In March 1996, members of the Roubaix Gang packed a car with explosives and compressed gas and parked it three blocks from where the leaders of the Group of Seven industrialized nations were scheduled to meet; fortuitously, the bomb was defused before it could detonate. The following year, Mustapha Darwich Ramadan, currently a leader of Ansar al-Islam in Iraq, mirrored the Roubaix Gang’s strategy, robbing an armored car of \$300,000 in Copenhagen, Denmark. After spending three and a half years in prison, he robbed a Copenhagen money-transfer store of \$15,000 and fled to Jordan or Lebanon, press sources report.

Following 9/11, operatives continue to use robbery as a financing tool,<sup>14</sup> frequently employing creative means to facilitate their heists. In March 2004, GICM operatives in Paris worked with Hassan Baouchi, the brother of a GICM leader arrested for his involvement in the Madrid train bombings, to steal more than \$1.2 million. Baouchi, who restocked ATMs for a security company, told police that three masked robbers had forced him to open six different ATMs and then vanished. French authorities eventually saw through Baouchi’s deception, arresting him for theft and announcing that “the stolen money was destined to finance terrorist activities in France and abroad.” A year later, French authorities arrested 25 individuals with links to Abu Musab al-Zarqawi and charged them with funding Islamic terrorism; a number of the men were allegedly involved in carrying out armed robberies to raise money.<sup>15</sup> During raids linked to the investigation, authorities discovered several pounds of explosives, assault rifles, revolvers, ammunition, balaclavas and bulletproof vests. Further, a recently released report by the Center for Intelligence Research in Paris detailed how radical Islamic networks are attempting to establish a presence in firms involved in sectors such as security, cargo, armored cars, courier services and transportation. The study alleges that once they gain a foothold, operatives raise funds via theft, embezzlement and robbery. Corroborating the Center for Intelligence Research’s conclusions, Spanish police arrested seven Algerians in December 2005

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<sup>13</sup> The terrorism-related convictions were later dismissed due to prosecutorial misconduct.

<sup>14</sup> According to open source reporting, the 2002 Bali bombers financed the attack by robbing banks and jewelry stores.

<sup>15</sup> Referring to the actions of the Roubaix gang, one French counterterrorism official told the media, “We hadn’t seen Islamists using such brazen crime to finance the cause since the mid-1990s. This return to early methods may mean this group wanted to move ahead far faster with an attack than we normally see now.”

who targeted luxury vacation homes after infiltrating the high-end real-estate market to gain intelligence on appropriate targets. The funds reportedly were then transferred to operatives in Afghanistan and possibly Europe.

According to open source reporting, terrorist involvement in criminal activity has been greatly facilitated by increased cooperation with organized criminal networks. As Robert Charles, formerly the State Department's Assistant Secretary of State for International Narcotics and Law Enforcement Affairs (INL) under Secretaries Colin Powell and Condoleezza Rice, assessed, "transnational crime is converging with the terrorist world." The head of the United Nations Office on Drugs and Crime, Antonio Maria Costa, has echoed Charles' analysis, noting "the world is seeing the birth of a new hybrid of organized-crime-terrorist organizations."

The crime-terror nexus is aided by criminal desire to make a profit. Chief Mikel Longman, head of the Criminal Investigations Division at the Arizona Department of Public Safety, commented, "at the end of the day, they're business people and all they're looking at is making money. Some of the organized crime groups, they don't care who they deal with, so we've seen what I call some unholy alliances." Collaboration between terrorist and criminal organizations paves the way for frightening synergies given the shared need for false documentation,<sup>16</sup> weapons,<sup>17</sup> laundered funds, safe houses, and smuggling routes.

Cooperation on cross border human trafficking, an estimated \$10 billion a year industry, is particularly worrisome and was confirmed by an Italian secret service study in 2003. For example, the Neapolitan Camorra, a Naples-based criminal organization, reportedly runs safe houses for illegal aliens and has worked closely with European jihadis. Similarly, terror groups are purported to be working with organized crime gangs that control the Balkan smuggling routes to infiltrate terrorists into and out of Western Europe. Further highlighting the danger posed by terrorist involvement in the trade, Al Qaeda allies the Salafist Group for Call and Combat and Ansar al-Islam are allegedly highly active in smuggling both migrants<sup>18</sup> and terrorists operatives into Europe. Exploiting those smuggling pipelines, Ansar has been able to move operatives from Europe into Iraq to launch attacks on coalition troops. In the Western Hemisphere, open sources have reported that Hezbollah rings in the tri-border region of South America and Venezuela are involved in alien smuggling operations. However, despite an array of media reports speculating on Al Qaeda's links with MS-13, Chris Swecker, Assistant Director of the FBI's Criminal Investigative Division, testified before Congress in April 2005 that "there is no credible, independent reporting to support or otherwise corroborate these reports." He added, "current analysis also supports the assessment that it is unlikely that MS-13 and Al Qaeda would form an overt partnership for both security and ideological reasons."

While the FBI discounts any relationship between Al Qaeda and MS 13 due to "ideological" disagreements, cooperation between certain criminal syndicates and terrorist organizations has been facilitated by ideological commonalities. Embodying this trend is Indian gangster Dawood Ibrahim, who the U.S. government states "has reigned as one of the pre-eminent criminals in the Indian underworld for most of the past two decades." With branches in 14 countries, Ibrahim's syndicate is reportedly involved in narcotics and weapons trafficking, extortion, murder-for-hire, counterfeiting, and an array of other illegal activities. Incensed after

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<sup>16</sup> For example, according to open source reporting, convicted Millennium bomb plotter Ahmed Ressam was deeply involved in document fraud. He reportedly stole identification from at least 40 tourists in Montreal, receiving between \$60-200 for each document.

<sup>17</sup> Italian court records show contact between Mafia arms dealers and radical Islamists as early as 1998.

<sup>18</sup> For roughly \$700, Ansar reportedly provides migrants with forged documents.



riots targeting Indian Muslims in 1993, Ibrahim forged links with Islamic extremists. Named a Specially Designated Global Terrorist by the U.S. government in October 2003, Ibrahim “has found common cause with Al Qaeda...funding attacks by Islamic extremists aimed at destabilizing the Indian government.” According to the U.S. government, Ibrahim’s organization shares “smuggling routes from South Asia, the Middle East and Africa...with Usama bin Laden and his terrorist network. Successful routes established over recent years by Ibrahim’s syndicate have been subsequently utilized by bin Laden. A financial arrangement was reportedly brokered to facilitate the latter’s usage of these routes.”



Hemant Lekhani

Ideological commonalities have also facilitated cooperation in other parts of the world. According to Interpol, law enforcement officials disrupted an operation in 2000 in which Chechen organized crime groups ran a counterfeit CD manufacturing plant and “then remitted funds to Chechen rebels. The FSB...estimated that the average monthly earnings of the criminal organization...[were] US\$500,000-700,000. A number of explosives and arms were also confiscated.” Years later, in September 2005, a New Jersey jury sentenced Hemant Lekhani, a British arms dealer, to 47 years in prison for attempting to sell shoulder-fired missiles to terrorists for use against commercial airliners in the U.S. In addition to being driven by the profit motive, Lekhani also supported Al Qaeda. Notably, surveillance tapes documented Lekhani praising 9/11, for he noted that Bin Laden has “straightened these idiots—he did a very good thing.”

In the years to come, the crime-terror nexus will likely be further strengthened due to the spread of radical Islam in prison. In December 2005, the FBI/DHS issued a joint bulletin warning that “intelligence indicates that inmates in U.S. federal, state, and local prisons may be particularly susceptible to radicalization into an extreme interpretation of Islam that preaches violence to achieve political, social, and religious objectives. Inmates drawn to violent jihad represent a specific threat to the Homeland because of their criminal histories, propensity for violence, and contacts with fellow criminals.” Prison radicalism is reportedly an even more pressing problem in Europe; in France, for example, Muslims make up approximately half of the 56,000 inmates. In Spain, where Muslims comprise nearly 10% of the inmate population, a cell recruited in prison plotted an attack on Spain’s nation court. According to open source reporting, nearly half of the forty suspects arrested “had rap sheets with charges ranging from drug trafficking to forgery and fraud.”

While this trend is undoubtedly highly troubling, it does provide an array of opportunities for local law enforcement to interdict terrorists, especially since their criminal activities are usually more detectable than operational plans. In fact, local law enforcement officers played a critical role in thwarting a September 2005 plot to attack military facilities, the Israeli consulate, synagogues, and the El Al terminal at Los Angeles International Airport. The cell, which had links to a radical Islamic prison gang,<sup>19</sup> funded its acquisition of weapons by robbing eleven gas

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<sup>19</sup> The leader of the cell, Kevin James, an inmate at New Folsom Prison near Sacramento, California, is serving a ten year sentence for armed robbery. He founded the Jam’iyyat Ul-Islam Is-Saheeh organization and told followers they

stations in the Los Angeles area. Local law enforcement officers tracked the suspects after discovering a cell phone one of the men dropped during a robbery; subsequent raids uncovered bulletproof vests, knives, jihad literature, and details on potential targets. Local law enforcement officers were similarly instrumental in disrupting the North Carolina Hezbollah cigarette smuggling ring. According to the U.S. Treasury Department, “[t]he case began when local law enforcement in North Carolina observed activity that led them to suspect inter-state cigarette smuggling and shared this information with Federal law enforcement.”

Law enforcement detection of the links between criminal activity and terrorism will be assisted by the use of certain investigative techniques. In the FBI New York’s analysis of credit card bust-out schemes,<sup>20</sup> the Bureau suggests a number of measures to “make the critical yet seemingly elusive links between bust-out schemes and terrorism,” which are, in fact, applicable to a range of criminal enterprises.

For one, the FBI advocates “enhanced telephone analysis of overseas contact numbers associated with subject(s), in an effort to derive known terrorist funding command and control mechanisms.” The FBI also recommends, “intense scrutiny of any significant overseas fund transfers linked to subject(s). The FINCEN system would be very useful...to determine if terrorist funding links exist.” Finally, the FBI suggests “asset/source penetration and undercover operations...to extract additional intelligence about...finances.” As one analyst recently wrote, “criminal informants, who can be tempted with shortened prison time and money, are much easier to develop than the true believers who fill the ranks of terrorist groups.”

Law enforcement officers working to tie criminal activity to terrorist fundraising will be further aided by the Upstate New York Regional Intelligence Center-Counter Terrorism center (UNYRIC-CTC), which has adopted an all-crimes approach to counterterrorism. Through the UNYRIC, police officers at the tactical level are linked to state and national intelligence assets.

As the efforts of law enforcement officers in Los Angeles and Charlotte demonstrate, significant terrorist operations can be interdicted in the course of criminal investigations. Ambassador Henry A. Crumpton, State Department Coordinator for Counterterrorism, recently reinforced this point, commenting, “the trail of money can lead to operatives and support networks and can point the way to deeper intelligence collection.” Too often, activity such as counterfeiting, credit card fraud and baby formula theft is written off by law enforcement as “low-level” criminality and does not receive adequate investigative resources. These enterprises have the capacity to earn terrorists hundreds of thousands, if not millions, of dollars. With terrorists capable of carrying out mass-casualty attacks, particularly against soft targets such as subways and restaurants, for less than \$30,000, the necessity of disrupting these financial flows is even more urgent.

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are obligated to “target for violent attack any enemies of Islam or ‘infidels,’ including the United States government and Jewish and non-Jewish supporters of Israel.” Another indicted operative, Levar Haney Washington, was released from New Folsom in November 2004, after serving a six-year sentence for assault and robbery.

<sup>20</sup> For the full report, see: FBI New York Vision Piece, “Are ‘Bust Out’ Schemes Financing Terror,” April 7, 2005, Authored by Intelligence Analyst Joseph Enright.



**The preceding report was formulated from various sources. To request a list of references or for questions and comments, please contact the Office of Homeland Security at [info@security.state.ny.us](mailto:info@security.state.ny.us) or (212) 867 - 7060.**