



FATF REPORT

Financing of Recruitment for Terrorist Purposes

January 2018





The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard.

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EXECUTIVE SUMMARY

1. The ability to effectively recruit new operatives, members and supporters is critical for the survival of a terrorist organisation.

2. A better understanding of the role of funding in the process of recruiting individuals into terrorist organisations will enhance understanding of the role of counter-terrorism financing measures in disrupting terrorist recruitment activity. Improving the understanding of recruitment financing can also assist in the early detection, investigation and prosecution of recruiters or the adoption of targeted financial sanctions, both at a domestic and international level.

3. Input collected for this report highlights the differences in recruitment financing¹ in different parts of the world. In some cases, the costs and the financial transactions associated with recruitment are minimal. In other cases, where recruitment networks are involved and connected to facilitation networks, the value of financial intelligence and investigations could be significant.

4. One of the main objectives of this report is to understand the costs associated with different methods and techniques of terrorist recruitment. While terrorist organisations have different recruitment techniques, depending on whether they are large, small or a dispersed network of individuals, this report identifies the most common methods of recruitment used by terrorist organisations and terrorist cells (and their related funding needs) as follows:

- Personal needs of the recruiter and the maintenance of basic infrastructure for the recruitment/facilitation network
- Production and dissemination of recruitment materials (e.g. online or in print)
- Paying for goods and services to facilitate the new recruits' early participation in the terrorist organisation (e.g. travel, accommodation costs or payments)
- Financial incentives provided directly to recruits or for the hiring of mercenaries or civil experts.

¹ For the purposes of this study, 'recruitment financing' includes any funds used to, actively or passively, recruit members to join a terrorist organisation or to pursue its goals.

5. Jurisdictions provided a range of case studies to demonstrate their experience in examining the funding needs and expenditures related to different methods of recruitment.

6. While individual recruiters may rely on self-funding, recruitment networks can establish complicated recruitment and facilitation infrastructures which may include the renting of real estate and transport, organisation of meetings and the use of unregistered religious organisations or prayer rooms or centres of worship, etc. Recruitment networks may face ongoing costs to maintain this infrastructure. These costs may not be extensive unless the network also facilitates recruits' early participation in the terrorist organisation.

7. This study also found that:

- Recruitment activities on the Internet are often very closely linked to appeals for financial assistance to terrorists.
- Recruitment and dissemination of terrorist ideology in prisons and correctional centres is increasing. In one case study, individuals in prison received funding for recruitment activities.
- More information is required on the costs associated with producing high-quality recruitment materials such as the online magazines and video games produced by ISIL. The production of these materials, and their continuous availability online, requires a certain level of expertise and equipment which is likely to have some financial implications and could generate a financial footprint.
- Some terrorist organisations may experience the need for specialists in civilian professions who cannot be recruited on ideological grounds (e.g. engineers, doctors, IT specialists, financiers, professional money managers.). The costs of obtaining and engaging the service of such specialists can significantly exceed the salaries of ordinary members.

8. The return of foreign terrorist fighters from conflict zones may lead to the creation of another generation of recruiters and authorities must be aware of any potentially financial indicators of these activities. Targeting the financing of recruitment activities of terrorist organisations provides law enforcement authorities (LEAs), financial intelligence units (FIUs), and other operational and security agencies with the opportunity to disrupt terrorist recruitment from the onset and prevent additional individuals from joining terrorist groups.

SCOPE AND OBJECTIVES

9. In December 2015, the FATF agreed that further concerted action urgently needs to be taken to strengthen global counter-terrorist financing regimes to combat the financing of these serious terrorist threats, and contribute to strengthening the financial and economic system, and security. One of the key objectives of this work is

to improve and update the understanding of terrorist financing risks. This study is intended to explore the financing involved with recruitment activities by terrorist organisations across the globe.

10. The FATF does not provide a definition for “recruitment financing”, nor are there existing definitions in literature. For the purposes of this study, “recruitment financing” includes any funds used, actively or passively, to recruit members to join a terrorist organisation or to pursue its goals. A “recruiter” may have more than one role in a terrorist organisation. Activities that are relevant to recruitment include, but are not limited to, developing or disseminating propaganda materials, training of the recruiter and the recruits, providing for the expenses of the new recruits. The report also looks at how recruitment fits into the overall expenditures and financial management of terrorist organisations.

11. This report aims to cover the methodologies used by groups with high levels of recruitment activity and will focus on UN-designated terrorist organisations and domestically listed terrorist organisations where information was provided by project participants.

12. A better understanding of the financial aspects of terrorist recruitment will enhance the understanding of the role of counter-financing of terrorism (CFT) measures in disrupting terrorist recruitment activity. This includes determining how financial intelligence and information can help competent authorities to identify terrorist networks at the recruitment and fundraising stages. Improving the understanding of recruitment funding may also assist in the detection, investigation and prosecution of recruiters or the adoption of targeted financial sanctions, both at a domestic and international level.

METHODOLOGY

13. This report utilises data from the relevant authorities within the FATF Global Network, including the Asia Pacific region (APG), Eurasian region (EAG) and the Middle-East and North African region (MENAFATF). The project team collected information from authorities via questionnaires and via meetings with country experts. Sixteen countries responded to the questionnaire and case studies and experiences were collected at the FATF Joint Experts’ Meeting in Moscow in April 2017 and the APG/MENAFATF meeting in Jeddah, Saudi Arabia in November 2016.

METHODS OF RECRUITMENT AND ASSOCIATED COSTS

14. To recruit individuals, terrorist organisations use a variety of tools. While many recruitment methods are relatively low cost, others require substantial initial or ongoing investment; the involvement of a network of people; or maintenance of some infrastructure.

15. The recruitment methods and techniques and their associated costs vary from region to region, and according to the social and political context. In the Eurasian region, recruitment often occurs through religious organisations and the majority of the members of terrorist organisations are recruited by organised recruitment networks which require financial support. In Europe, recruitment often occurs online, through social contacts in lower socio-economic urban areas, specific religious gatherings and in prisons. In Africa and in parts of the Middle East region, recruitment often occurs in areas where the terrorist organisation has territorial control or influence (Hansen, 2016). There are also cases where terrorist groups in Africa recruit militants from outside the territory of their control.²

Active recruitment

16. *Active recruitment* occurs when there is direct personal contact between the recruiter and the individual(s) that the recruiter aims to involve in the terrorist group.

17. Recruiters in organisations such as Euskadi Ta Askatasuna (ETA) target specific geographical areas or communities where they are likely to find sympathisers (Sullivan, 2015). Some terrorist organisations have specific needs in recruiting different types of individuals (ranging from militants and field commanders with combat experience to qualified civilian professionals, including engineers, doctors, IT specialists and financiers).

18. Active recruitment may not require a large amount of funding. One person with the sole responsibility of recruiting individuals to the organisation would need a source of funding for their living expenses and this support could come from a larger financing infrastructure. In some cases, the recruiter is funded to train in theology in foreign religious institutions. Setting up meeting places, developing and disseminating relevant literature and other materials and providing the basic conditions for the individuals' participation in the terrorist organisation (for example, fake identification documents or flight tickets) may also require funding. These expenses are generally minimal and are likely met by the recruiter. The recruiter may also solicit donations and fees from followers to meet these expenses.

Passive Recruitment

19. *Passive recruitment* occurs when terrorist organisations recruit individuals through indirect means, such as addressing groups of people through media

² The Boko Haram terrorist group in Nigeria, for example, recruits some of its members from the lower North Central states of the country, far away from the conflicts in the North East where they once held control. Similarly, they appear to recruit from countries within the regions of West and Central Africa, including Senegal, Mali, Mauritania, Niger, Chad and Cameroon.

campaigns and recruitment materials with the intention of recruiting them into the aims and activities of the terrorist organisation.

20. FATF's 2015 report on Emerging Terrorist Financing Risks noted the exploitation of social media for the purposes of terrorist recruitment and propaganda. The Internet and social networks have, in the past five years, become the most commonly used tools to recruit members and supporters for terrorist organisations and disseminate their ideology, or in other words, online recruitment materials (sometimes referred to as "propaganda"³). This applies to the recruitment of foreign terrorist fighters as well as for home-grown terrorist activities. It allows terrorists to spread their ideology at relatively low-cost and to identify like-minded supporters who are willing to join the terrorist organisation or provide financial or other material support.

21. While online communication tools now represent the biggest window for passive recruitment of potential terrorists, other traditional methods are also currently used such as printing leaflets or indoctrination materials, broadcasting specific programs and holding general meetings. One example of such a mix of traditional methods with more modern forms of communication is the ISIL-monthly magazine, *Dabiq*, available online since 2014 and based on Al Qaeda's *Inspire* magazine.

22. The infrastructure and material for passive recruitment has certain fixed costs that can require both regular financial support and expenditures. For instance, maintaining a digital magazine and keeping the IT teams updated may require a continuous funding stream.

23. Although the access and use of social networks and the creation of websites can be free of charge, some terrorist organisations create high-quality content, which may require the involvement of expertise and sophisticated equipment. Due to the scale and variety of forms of distribution of this content, it is likely that a number of bloggers and moderators are participating in the distribution of the material.

24. Recruitment activities on the Internet are often very closely linked to appeals for material support and other assistance to terrorists. Recruiters and individuals spreading terrorist ideology very often use the same resources not only for recruitment but also for collecting donations. Terrorist organisations are distributing their propaganda using password-protected websites and restricted access Internet chat groups, but also use these communication channels to exchange sensitive information such as bank accounts or the true purpose of purportedly charitable donations.

³ Propaganda generally takes the form of multimedia communications providing ideological or practical instruction, explanations, justifications or promotion of terrorist activities. Propaganda via the Internet may also include the use of video footage of violent acts of terrorism or video games developed by terrorist organisations that simulate acts of terrorism and encourage the viewer to engage in role-play, by acting as a virtual terrorist. See "The use of the Internet for terrorist purposes" (UNODC, 2012).

SOURCES OF FUNDS FOR TERRORIST RECRUITERS

25. The main sources of funding for terrorist recruiters are:
- Support from terrorist organisations
 - Donations (including the misuse of NPOs) and crowdfunding
 - Proceeds of criminal activity

Support from terrorist organisations

26. In some cases, terrorist organisations are spending substantial amounts of money on recruiting new members and to support recruiters and recruitment networks. This support may be in the form of regular/one time payments for associated costs or personal upkeep. The recruiters or recruitment networks sponsored by terrorist organisations are not involved in terrorist acts directly and are instead focused on dissemination of terrorist ideology, recruitment of new members and facilitation of their activities. In most observed cases, terrorist organisations sponsored recruitment networks rather than individual recruiters.

27. Another form of support is the remuneration for provision of new recruits. In one case study (see below), the terrorist organisation paid the recruiter as much as USD 800 for each FTF he was able to recruit.

Box 1. Case Study: Remunerations for recruits paid by a member of the terrorist organisation

A joint FIU-law enforcement investigation revealed that 'person X', acting for the benefit of ISIL, arranged for the recruitment of Russian citizens and nationals of Central Asian countries.

Person X established a terrorist cell which was comprised of six nationals of the Central Asian countries.

The members of the cell recruited new members by luring them into informal worship/prayer rooms to join a religious organisation where extremist ideas were preached on a regular basis.

One of the new recruits confessed that the recruiters promised assistance that included:

- guaranteed assistance to accomplices in obtaining false passports for travel to Syria;
- collection of funds for travel;
- purchase of tickets;
- instructions regarding the travel route and information about contact points in foreign countries.

Law enforcement agencies obtained documentary evidence that one of the recruits received a false passport. Person X also purchased the bus ticket for the recruit to travel from Moscow to Tbilisi city, Republic of Georgia, and provided phone numbers of the contact persons who would arrange for his further travel along the route to Syria.

The financial investigation established financial links between the terrorist cell members in Turkey and Russia. A national of one of the Central Asian countries who lived in Turkey wired over USD 8 000 between 2014 and 2016 to the terrorist cell members via a remitter. Further investigation revealed that these wire transfers were remunerations for recruits paid by a member of the terrorist organisation. The remuneration for each recruited was approximately USD 500-800. The money was sent as remittances without the opening of a bank account.

The members of this terrorist cell were detained, later on, in July 2016. The head of the religious organisation was also detained and charged with public justification of terrorism.

Source: Russian Federation

Box 2. Case Study: Support from terrorist organisation to recruiters

Between January 2010 and August 2011, Lawal Babafemi, a Nigerian Citizen, travelled twice from Nigeria to Yemen to meet and train with leaders of a designated foreign terrorist organisation, al-Qaeda in the Arabian Peninsula (AQAP). AQAP leaders trained Babafemi in the use of weapons, and taught him the importance of AQAP's English-language media operations to its mission of inspiring "lone-wolf" style attacks abroad in the name of AQAP. Babafemi travelled to Yemen to also receive money to recruit others to join AQAP's ranks.

Babafemi worked with AQAP's English-language media organisation to recruit Westerners to its terrorist mission, which includes the publication of the online Inspire Magazine, and worked closely with Samir Khan, the founder of Inspire and a U.S. citizen. He also wrote rap lyrics on behalf of the group, hoping to extend its appeal to young Westerners.

Under the direction of the now-deceased senior AQAP leader Anwar al-Aulaqi, AQAP provided Babafemi with the equivalent of almost USD 9 000 in cash to recruit other English-speakers from Nigeria to join the terrorist organisation. Babafemi attempted to recruit other Nigerians to join AQAP, but was arrested before he could complete that mission and conduct further activities on behalf of the organisation.

Source: United States

Outside donations as a means to raise funds by terrorist recruiters

28. Small donations or self-funding is a common source of funds particularly for the recruitment of FTFs and lone actors by religiously-motivated terrorist groups. These transactions are difficult to detect (see the case study from Australia below).

29. Modern technologies, particularly social media, are being used not only to reach sympathisers but also to attract donors. As noted earlier, recruitment activities on the Internet are often very closely linked to appeals for financial assistance to terrorists. The ease with which funds can be transferred and the ability to donate relatively small amounts can empower donors and assist the terrorist organisation in efficiently generating funds and grow its ideological support base. In addition, the involvement of individuals in the financing of terrorist activities increases their risk of later becoming recruited by these organisations to participate in their violent activities.

30. Crowd-funding and crowd-lending are legitimate tools created for the purpose of raising funds over internet. They allow different people to get in touch either directly or through third parties by using instant messaging platforms. Terrorist organisations may abuse these platforms for terrorist financing, including to help finance the travel of foreign terrorist fighters.

31. The line between donations and extortion may be blurred depending on the circumstances. The ETA (Spain), for example, operated in a series of bars and restaurants within its geographical area of influence, where customers were almost compelled to provide small contributions. Many other terrorist organisations use similar techniques, including the Kurdistan Workers' Party (PKK) and ISIL. These groups target religious centres, parlours, restaurants or shops specialising in goods consumed by communities that may be particularly vulnerable to exploitation, where they would combine fundraising and recruitment activities.

Box 3. Case study: Self-financing/donations to establish a pro-ISIS group

In March/April 2016, the Singapore authorities arrested a group of self-radicalised Bangladeshi nationals, who were working in Singapore, for their involvement in a pro-ISIS group.

The leader of the group first began to radicalise and recruit other Bangladeshi nationals to support ISIS in January 2016. Membership in the group grew, and the members decided to form a clandestine group named "Islamic State in Bangladesh". They aimed to overthrow the Bangladeshi government through an armed struggle, and establish an Islamic caliphate in Bangladesh with a view to eventually join up with ISIS.

The leader of the group solicited donations from its members during their meetings in order to raise funds for their campaign. The Singaporean authorities arrested members of the group before they could recruit more members. At the time the

group was disrupted it had at least eight members and had raised SGD 1 360. The funds were contributions made out of their salaries. While the amount involved is not large, it is significant relative to what their salaries were. There was no indication that they had received financial assistance from any ISIS-related organisations or supporters.

In May 2016, six Bangladeshi nationals were charged and subsequently convicted for terrorism financing offences. The funds raised were forfeited to the State.

Source: Singapore

Box 4. Case study: Use of an individual's own savings to support recruitment

In 2016, two individuals were arrested on charges of being the main leaders of a cell operating in the North of Spain whose aim was to recruit and facilitate the travel of FTFs to Syria in order to join ISIL.

One of the two individuals was responsible for approaching and indoctrinating potential terrorists that would subsequently fight in Syria. The second person was in charge of logistics: he maintained Internet fora, bought phone cards and cell phones, and rendered locations secure to hold meetings or would buy bus tickets and book hotel rooms.

One of them was unemployed and the other had a temporary job. While these two individuals had a criminal history of violent crimes and drug trafficking, the investigators found out that they were investing their own savings and the unemployment benefits received by one of them in order to carry out their activities. Not all the money was directly used by them. They would send little amounts of money, varying from EUR 50 to EUR 150 through Payment Services Companies, to other individuals located across Europe with the aim of supporting recruitment of new followers for their cause in other foreign countries.

Source: Spain

Misuse of NPOs

32. Previous work undertaken by FATF indicates that not all NPOs are a high-risk for TF. Some NPO-funded programmes or facilities can sometimes be abused to support terrorist organisations, including facilitating recruitment. One-fourth of the cases analysed under *FATF's Risk of Terrorist Abuse in Non-Profit Organisation* report (2014) relate to the abuse of the NPO sector to support recruitment by terrorist organisations (for good examples, see case study 78 and case study 80 of that report). In addition to being a source of funds for terrorist organisations, some NPOs can be misused to provide justification for the movement of funds to terrorist organisations in conflict areas.

33. The case studies suggest that NPO facilities were used to:
- recruit and train individuals to engage in acts of terror.
 - provide a meeting place for terrorist entities.
 - publish materials, online or otherwise, supporting terrorism or terrorist entities.
34. Many NPOs engage in expressive activities that may be perceived as “extremist” but do not call for violence. These activities, which exercise rights of expression, association and assembly that are protected under international human rights law, should not be equated with terrorist recruitment.

Box 5. Case study: Misuse of Donations

In 2013 a group of terrorists stopped two police buses and killed 24 police officers in Egypt. The attackers were members of a small cell (which later broadcasted allegiance to ISIL in return for receiving funding from them). The Egyptian authorities arrested the involved terrorists. Afterwards, the investigations revealed that a member of this cell operated a fake charity in a small town to raise funds by misusing the name of a well-known charitable organisation that is active across the country. He also financed another terrorist (the recruiter) to prepare an ideological program to indoctrinate the members of the cell, and to prepare all the relevant publications needed to spread their ideology.

Source: Egypt

Box 6. Use of social media companies and NPOs for recruitment and fundraising for terrorist purposes

While living abroad in Syria, ‘Person A’, a proponent of religious extremism in the North Caucasus region, maintained contact with international terrorist and extremist organisations and was included on an international wanted list. He arranged for the large-scale collection of funds via the Internet that were sent to Syria to finance illegal armed groups.

Person A created a group whose members were involved in establishing schemes and channels of transportation of young recruits travelling to Syria to join illegal armed groups. The group launched a social media campaign and raised funds by creating a NGO with the purported purpose of supporting Syrian refugees, building mosques and other humanitarian tasks. Person A also oversaw the operation of several unregistered religious institutions in the North Caucasus region, where extremist and terrorist ideas were actively promulgated.

Person A created a recruitment and facilitation group with a robust organisational structure with distinct division of responsibilities, which included registration of multiple payment instruments (E-wallets, bank cards, mobile phones) and

management of the collected funds as well as posting various fundraising announcements for collecting funds for their activities in Syria.

In 2014, based on the evidence collected jointly by the law enforcement agencies and the FIU, a court issued an order to suspend transactions related to the key individuals of this group. Over 200 E-wallets, bank cards, mobile phone accounts and foreign bank accounts were frozen. Criminal cases were instituted against the persons concerned for financing of terrorist activities and for recruiting other persons into terrorist activity.

Source: Russian Federation

Box 7. Case study: Recruitment of FTFs through an illegitimate NPO

Authorities became aware that a preacher of extremist views had been previously detained for his involvement in the Afghan war. Once this individual was released, he travelled to Spain and established a NPO which he claimed would help Afghan community members who suffered from the foreign occupation of Afghanistan. An investigation into his recruitment activities started in 2013. The individual capitalised on his community reputation and his role as a preacher at a mosque to recruit would-be suicide bombers/fighters.

The organisation consisted of 15 individuals. Each one had a special task, including recruitment, facilitation and liaison that would offer a secure cover story to raise funds or arrange meetings.

Funds were basically procured from donations of followers who were convinced that their money would help defend the oppression against the religious community in the conflict zones and those lands illegitimately occupied. The leader of the organisation sold books written by him at a high price, which included a donation. He organised conferences for followers which were usually held at religious centres. With the proceeds of these activities, the organisation would hold other secret meetings with radical supporters spotted in previous meetings. Houses and tea shops were rented only for supporters. The organisation used money at all stages of the recruitment phase, for example to buy phone cards in order to get in touch with the most radical followers, for transport to the meeting venues or to give to the family members of the poorest followers, in order to show brotherhood, or even to buy flight tickets for them to travel to conflict zones. Each and every one of these activities was headed by a cell member. A treasurer would distribute the money according to the needs and guidelines stated by the chief of the group.

Source: Spain

Box 8. Case study: Potential misuse of an NPO to engage in recruitment

activities and misuse of donations

A French NPO had the official aim of teaching the practice of religion. The NPO piloted a project aiming to acquire a new facility, to convert into a cultural centre at the cost of EUR 1.5 million. Voluntary contributions from followers and corporate donors provided the funding.

French authorities are still conducting their financial investigations and there has been no formal evidence of the use of funds for recruiting purposes. However, the religious leader behind the project has a lengthy criminal history and is known for his close links with a religious fundamentalist movement. As a religious leader, he is suspected of having significantly influenced the recruitment and departure of several young people to the Syrian-Iraqi zone. Further intelligence, which could not be revealed for the purposes of this report, suggests links between the founder/s and activities to recruit individuals to join terrorist organisations.

Financial flows on the NPO's bank accounts have revealed that the religious leader used the NPO's funds to pay his lawyer's fees (he is currently under house arrest) and organised crowd-funding operations dedicated to support his personal defence.

Source: France

Box 9. Case study: Case of potential recruitment to a terrorist organisation

Key judgements

Person is likely using his position as a religious leader and founder of religious charities to promote an extremist interpretation of a religion in Australia, and is possibly encouraging Australia-based entities to travel to Syria and Iraq to fight for ISIL.

Person A came to AUSTRAC's attention due to adverse media attention. Person A appears in multiple media articles due to his position as a self-proclaimed religious leader who preaches extremist ideology in Australia.

Extrinsic data holdings link Person A to persons that are considered a national security risk, including persons that have travelled to Syria and Iraq to join ISIL. Further intelligence, which could not be revealed for the purposes of this report, suggests links between Person A and activities to recruit individuals to join terrorist organisations.

Extrinsic data holdings and open source link person A to a known Australia-based extremist person B. Persons A and B belong to the same prayer group. They are co-founders of an unregistered charity, Charity A, which is focused on servicing a particular religious community.

Charity A's Facebook page also linked the charity to another unregistered religious

charity, Charity B.

Due to the manner in which Charity A and B were collecting donations, primarily through domestic transfers and credit card payments, AUSTRAC has no visibility of the transactions. Given the high-risk individuals involved in these charities, and the limited regulatory oversight, AUSTRAC assessed it was possible that the charities used some of the funds collected for non-charitable causes – including promoting extremism, and supporting events where extremist ideologies are preached and where the risk of terrorist financing is higher.

Charity A and B appear to be conducting legitimate transactions supporting a religious community in Australia. The financial support they provide to the community may endear them to the marginalised members of this community, possibly sowing the seeds for radicalisation.

There are limited reportable transactions of the persons and charities. It is possible the persons are using alternate methods of banking to avoid scrutiny of their financial activities. This could include cash transactions below the reportable requirement, using cash couriers to move funds domestically and internationally, the use of identify fraud or using family members.

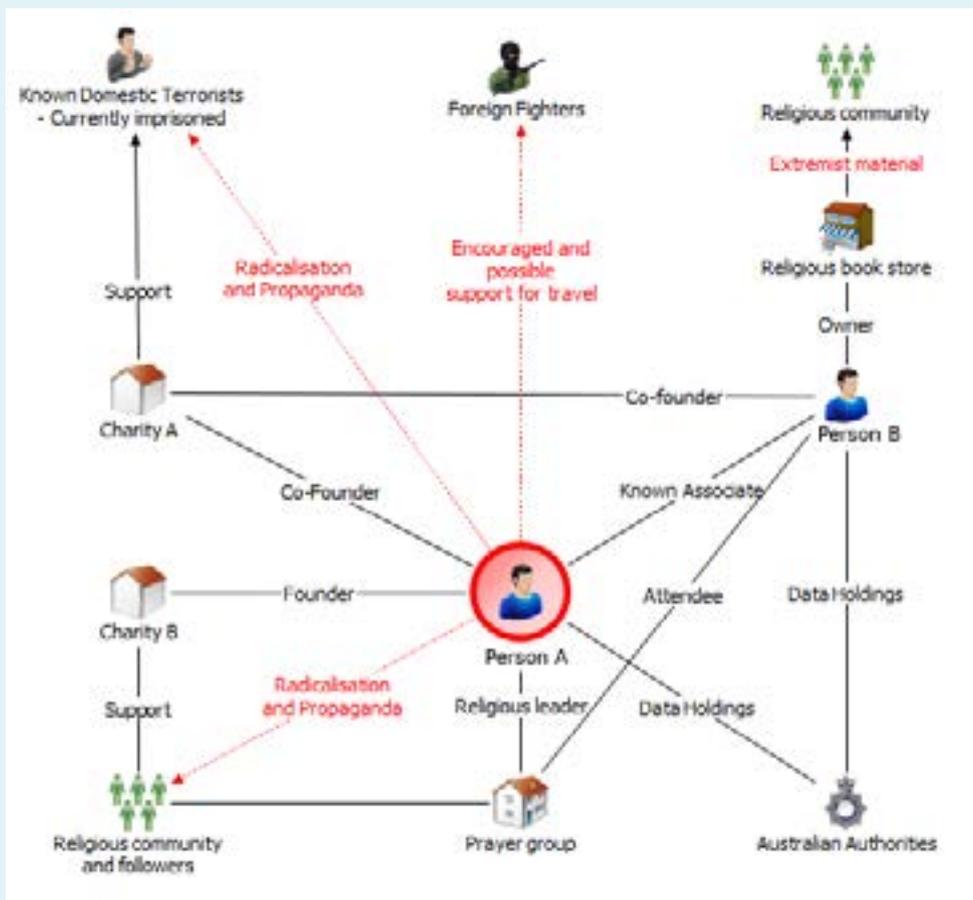


Figure 1: Network Diagram of Case of Possible Radicalisation and Propaganda

Source: Australia

Criminal activity

35. In the last few years there has been a global increase in the arrest of lone actors and FTFs who have previous criminal records. Recruitment and dissemination of terrorist ideology in prisons and correctional centres is becoming increasingly widespread, especially in the Eurasian region. Some of the case studies below reveal, recruitment financing, and terrorist financing more broadly, with links to criminal funds. As terrorist organisations recruit more individuals with past criminal activity, they may turn to criminal acts to fund their training and support further recruitment activities, or finance terrorism more broadly.

Box 10. Case study – Recruitment and logistical network funded through robberies and petty crime

In April 2016, the Brussels court of appeal sentenced Person C to 15 years' imprisonment. Person C was considered to be the leader of a vast Belgium-based recruitment network.

This investigation and trial highlight Person C's role as both a recruiter and facilitator (including the importance of his logistical network with regard to the departure of aspiring terrorists to conflict zones). This network assisted in sending almost 60 people to Syria between 2012 and 2014. Among the people his network recruited were the organisers of attacks in Paris and Brussels.

Person C was often referred to as the “biggest recruiter of candidates for Syrian jihad ever known in Belgium”. He was implicated in several major contemporary terrorist investigations (the Paris and Brussels attacks, as well as the 2015 plot in Verviers), notably relied on young recruits he instructed to commit robberies and petty crimes, arguing that the Koran permitted stealing from infidels.

Proceeds of crimes were then used to “motivate” potential FTF candidates and cover the travel expenses of those departing for Syria (or Somalia in the past) as well as to support fighters while in combat zones. For his generosity, Person C was known as “Santa Claus” within the Belgian network.

Source: Belgium

Box 11. Case study: Drug trafficking and terrorist recruitment activities

Several individuals were arrested on charges of terrorist indoctrinating activities in the autonomous regions of Ceuta and Melilla in 2015.

A large number of these individuals had criminal records in relation to drug trafficking. At the time of their arrest, materials related to ISIL recruitment activities and to their criminal activities, as well as arms and drugs were seized.

Almost all the arrested individuals were then unemployed and had no legal sources of income. Nevertheless, they kept high living standards, including cars and houses. They organised meetings where they would watch violent-extremist videos and would set up personal defence and physical training sessions. The proceeds of their illegal petty crimes financed all of these activities.

Source: Spain

Box 12. Case study: Recruitment of first wave of Belgian FTFs

In 2010, Person A founded Organisation X, an informal Antwerp-based network responsible for the recruitment of the first wave of Belgian FTFs in 2012 and 2013.

Organisation X was dissolved in September 2012. Two years later, in September 2014, the judicial process against 45 members of Organisation X started, only seven of whom were present in court. The core members were sentenced to up to 12 years' imprisonment and a fine of EUR 30 000 in January 2016.

All others were judged, in absentia, during February 2015. A large number of the accused had already departed to fight in Syria.

Its leader, Person A, was also convicted for drug trafficking in 2008 and 2014. He was involved in the import of over 5 tons of cannabis from Morocco.

The Belgian FIU received SARs on large cash deposits on the account of Person A. The origin of the cash was unclear but Person A's involvement in narcotics trade led to suspicions that he was using the benefits from the drug trade to fund part of the activities of Organisation X.

Source: Belgium

Box 13. Case Study: Use of legal and illegal sources of income to finance recruitment and produce and disseminate recruitment materials

Between 2013 and 2014, a Syrian national, who legally resided in Russia since 2007, arranged for activities of the terrorist organisation Hizbut-Tahrir al-Islami. He attempted to recruit new members to the organisation and also tried to distribute propaganda leaflets promulgating the ideas and goals of Hizbut-Tahrir al-Islami.

Investigations revealed that he was the founder and manager of a small café and that he used an area of his café as the unregistered place of worship for meeting with like-minded persons and to spread his ideas.

A joint FIU-law enforcement investigation revealed that he funded his activities (i.e. printing prohibited propaganda materials and maintaining the premises) with legitimate income generated by his business as well as illegal proceeds obtained as a result of several fraud schemes, misappropriation of assets and extortion.

This person was detained and convicted for fraud offences as well as for the establishment of and participation in the activities of the terrorist group.

Source: Russian Federation

USE OF FUNDS FOR ACTIVITIES RELATED TO TERRORIST RECRUITMENT

36. Authorities have noted that recruitment financing includes the following items of expenditure:

- Personal expenses of the recruiter or recruitment network.
- Costs of facilitating initial steps in the participation of a terrorist group (e.g. transportation, accommodation and fake identification costs).
- Direct payments to recruits, hiring mercenaries and employing civilian experts.
- Production or reproduction of recruitment material (e.g. costs developing and distributing online content, productions of books/magazines/leaflets).
- Renting premises to organise meetings or unregistered religious organisations.

37. The costs detailed below may form part of the general expenses of the terrorist organisation (i.e. facilitating travel of FTFs, salaries), but are included here as the recruitment of the individual to the terrorist organisation is reliant on these finances. In some of these situations, particularly in relation to FTFs, recruitment and facilitation go hand-in-hand.

Personal needs and upkeep of recruitment networks and individual recruiters

38. A terrorist recruitment cell has more expenses than a single recruiter, and usually cannot just rely on self-financing. Some investigations revealed that organised recruitment networks vary in size, from a handful of people to over 20 members.

39. Recruitment networks and individual recruiters sometimes need to establish some basic infrastructure to recruit individuals. This may include rent of real estate and transport vehicles, organisation of meetings and activities of unregistered religious organisations or places of worship etc.

40. During the recruitment process, recruiters, brokers or facilitators require the support of other individuals to pay for their food, living, clothing and health care or legal expenses. The funds usually come from self-funding and donations directly by individuals or through NPOs.

41. For example, see 'Case Study: Remunerations for recruits paid by a member of the terrorist organisation' from France for an example of a potential recruiter using NPO funds to meet his legal expenses and 'Case study: Recruitment of FTFs through an illegitimate NPO' from Spain for an example of the sorts of expenses paid for maintenance of a recruitment network including payments for phone cards, transport and meeting venues.

Production and dissemination of recruitment materials

42. Traditionally, terrorist groups have used printed materials such as books, magazines, manuals and pamphlets to spread their ideology. The amount of money required to create this type of propaganda varies depending on the sophistication of the material and the publication. For example, printing good-quality leaflets could cost between EUR 1 000 to 6 000 (including the costs of good quality paper and a printer). However, printing amateur leaflets and brochures would cost a lot less. However, groups that are posting professional online content are likely to be investing more resources including on digital editing programs, computers, professional camera equipment, internet infrastructures such as servers. Since 2000, terrorist groups have reportedly been using video game technology in their recruitment (and training) efforts which is likely to require some expertise and funding ('Jihad Growing Up' and 'Americans' Hell). (Vargas, 2006)

43. All in all, the amount of money invested in developing recruitment material is likely insignificant in relation to a terrorist organisation's other costs. However, the organisational effort that lies behind sophisticated recruitment materials (which for example are produced in five different languages) is likely significant, with considerable financial implications.

44. In response to government initiatives to block sites with terrorist materials (e.g. IRU-Europol Internet Referral Unit), terrorist organisations may seek to develop complex systems or hire professionals to help disseminate the recruitment materials. Some of the case studies below illustrate the costs associated with disseminating recruitment materials in print and online.

Box 14. Case study: Funding to develop terrorist recruitment materials

In 2014, several individuals were arrested in Spain on charges of involvement in a recruitment and propaganda scheme for a terrorist organisation.

The organisation was exploiting a fast-food restaurant chain to raise funds for the terrorist organisation. The proceeds obtained at the restaurants would later be used

to print leaflets, books, make flags and record videos, which they distributed among the followers that went to the restaurants. The organisation did not disseminate the material in Spain, but kept contacts with related groups abroad which guaranteed full dissemination of the propaganda.

A high number of like-minded individuals paid for the material received but in further stages of the recruitment, the leaders of the organisation would distribute the terrorist material for free as a way to spread their ideology.

During the arrests, officers seized several printers used to reproduce propaganda materials in the back room of the restaurants.

Source: Spain

Box 15. Case study: The use of funds for disseminating recruitment material

A bank's STR information indicated that a governor of a Non-Profit Organisation (NPO in the form of a Foundation) used his private bank account to deposit large amounts of cash. A part of these deposits, more than EUR 1 500, was transferred to a domestic company account of an IT support provider that hosts Internet sites. The IT company also rents out server space. Other funds were transferred from the private account via an international bank payment to a publishing and printing company in another EU member state to order publications.

Investigations around the account holder and the foundation showed that there was a strong affiliation with an EU-listed terrorist organisation. This terrorist organisation has a strong presence online and also publishes printed media to promote the standpoints of the organisation.

Source: Netherlands

Box 16. Case study: Use of Bitcoin to pay for webhosting

Open source research identified an ISIL propaganda website used to solicit donations via bitcoin. Research into the bitcoin addresses identified five donations to the bitcoin addresses. The beneficiaries, in turn, made 12 payments for technical services or website hosting, including to the company that hosted the ISIL propaganda website. Bitcoin technology prevented the identification of the owner of the bitcoin addresses.

Source: Egmont ISIL Phase II project

Paying for goods and services to facilitate FTFs and terrorist cells

45. To ensure their survival, it is important for terrorist organisations not only to form recruitment networks and motivate recruits to participate, but also to remove barriers to participation. Advanced terrorist organisations (e.g. ISIL, Al-Qaida) and their recruitment networks therefore spend resources to facilitate new recruits, FTFs and terrorist cells around the globe.

46. One of the tactics that terrorist organisations use to convince followers to join the armed fight is the commitment to assist them throughout their travel. For instance, in the case of FTF, facilitating the process of recruitment, buying their tickets, a fake passport, providing contacts on transit, etc. These are all facilitation steps within the recruitment process.

47. Even in the absence of direct financial ties between the recruiters and FTFs, the facilitation networks of most advanced terrorist organisations may support new members along the entire path of displacement, from the stage of recruitment and preparation for departure, to arrival in the conflict zone. Therefore, in some cases self-funded FTFs shift costs to recruiters and facilitators.

Box 17. Case study: Designations of recruiters who also act as facilitators

The U.S. Department of the Treasury took action on 10 January 2017 to disrupt ISIL's global fundraising and support network by designating four individuals pursuant to Executive Order 13224. Two of these individuals, Neil Christopher Prakash and Bachrumsyah Mennor Usman are ISIL members based in Iraq, Syria, and Indonesia who are involved in ISIL's propaganda, recruitment, and support networks in South-east Asia and Australia.

Neil Christopher Prakash:

He served as ISIL's most senior Australian recruiter and encouraged others to travel to Syria and Iraq to join ISIL. As of June 2015, Prakash was publically identified as a top ISIL recruiter who facilitated the travel of new recruits, appeared in high-profile ISIL recruitment videos, and was named in a list of key contacts for aspiring ISIL foreign fighters. As of May 2015, Prakash was listed among 16 social media contact accounts for people wanting to travel to Syria or Iraq. He was featured in an ISIL-produced recruitment video, encouraging viewers to travel to Syria and Iraq.

In June 2015, the Australian government domestically designated Prakash on the basis of his efforts to commission violent terrorist acts, including in Australia, and exploit social media to recruit others to travel to Syria and Iraq to join ISIL.

Bachrumsyah Mennor Usman:

An ISIL official who commands ISIL fighters, facilitates funding for ISIL operations in Indonesia, recruits for ISIL, and coordinates travel and communications for ISIL

members.

Usman had pledged allegiance to ISIL as of mid-2014 and was involved in sending Indonesians to Syria. In early February 2014, Usman claimed he was part of ISIL when he appeared at an event in support of ISIL at a mosque in Indonesia. In September 2014, Usman was identified as the leader of ISIL's Archipelago Group – also known as Katibah Nusantara – in Syria. He was also designated by ISIL to receive training in bomb-making.

Source: United States

Box 18. Case study: Recruitment via the Internet and facilitation of FTF travel

Financial investigations revealed that, in March 2013, 'person M', who shared and supported ISIL's ideology, went to Turkey where he used social media to call on citizens of Russia and the Middle Asian countries to join ISIL. After he made contact with potential recruits, he then also helped facilitate their travel to Syria to secure the participation of the recruit. He arranged for the collection of funds (by transfer to bank card accounts) by calling for donations on social media and the Internet.

Between November 2013 and December 2014, over USD 21 000 was deposited in the bank card accounts held by person M and withdrawn in cash in the territory of Turkey.

Law enforcement agencies discovered that the leadership of ISIL provided, from time to time, funds to person M, which he then used to support and finance terrorist activities, in particular for:

- renting residential premises to accommodate persons who arrived from different countries to join ISIL;
- meeting persons who arrived to join ISIL at the airport;
- arranging for the travel of recruits to Syria.

In particular, person M rented a hotel building located near the Turkish-Syrian border. Between early 2014 and September 2015, he used that hotel as the logistics centre to provide financial and material support to arriving recruits and their further travel to Syria.

Detective and criminal intelligence operations revealed that person M accommodated over 200 persons in that transit centre, and provided them with food and direct financial support. He also helped them cross into Syria.

Financial investigations also revealed that person M used money remitters to transfer funds directly to his recruits to facilitate their travel to the conflict zone in Syria. At the request of recruits, he also transferred funds to their relatives (three such transfers were identified).

Source: Russian Federation

Direct payments to recruits, use of mercenaries, employment of civil experts

48. Some terrorist organisations may require the expertise of specialists in civilian professions who cannot be recruited on ideological grounds (engineers, doctors, IT specialists, financiers etc.). The costs of recruiting such specialists can significantly exceed the costs of securing the services of ordinary members. The case below demonstrates the use of an IT specialist to a terrorist organisation.

Box 19. Case study: Use of IT specialists by terrorist organisations

In 2012, a terrorist network recruited an IT specialist through the internet to support terrorist activities. He was arrested for engaging as an IT expert, assisting his partners, breaking into online-based MLM (Multi-Level-Marketing)/investment. As a result of the hacking activity, the terrorist organisation managed to obtain some funds.

To receive and transfer the funds, the IT specialist used his wife's bank account, borrowed his relative's bank accounts, opened a new account with false identity, and bought other people's accounts with the intention to avoid tracing of funds. He also kept the value of the transaction in small amounts to avoid suspicion by the bank officials. From the account, several cash transactions were then carried out in favour of members of the terrorist network.

In the end, the IT specialist was convicted for terrorist involvement by financially supporting a terrorist organisation in Indonesia, utilising hacking techniques and conducting a meeting with several persons to raise donations for military training purposes in Poso (one of the conflict area in Indonesia), supporting violent extremists and their widows, and preparing future terrorist action.

Source: Indonesia

49. Terrorist organisations also invest in increasing their popularity among the populations in which they live or recruit from and have also been known to use financial incentives to recruit new members.

50. Some terrorist organisations reportedly provide not only up-keep payments, but also other benefits to its members, such as support to family members of imprisoned or killed terrorists. This increases their popularity and promotes the activities of the terrorist organisation.

Box 20. Case study: Middlemen used to distribute funds to promote activities of

the terrorist organisation by supporting arrested terrorists

In one case, the defendant was asked to deliver money from a terrorist organisation to individuals arrested in Israel. These payments amounted to tens of thousands of NIS (ranging for example between amounts equivalent to USD 1 000 to 20 000) and were paid as a reward to these individuals and their families for committing terrorist acts, and to continue to promote the activities of the terrorist organisation.

The payments were paid and transferred to the defendant through unrelated middlemen who received a commission for their service. The payments were forwarded on several occasions, through the middlemen, meeting in a variety of locations in different cities, sometimes using up to 3 legs to transfer a payment.

In one case, USD 13 000 was transferred through the local middlemen to the defendant for the purpose of payment to the individuals arrested in Israel. The Israeli middleman then transferred the funds to the defendant in a different city, and received NIS 1 500 commission (equivalent to approximately USD 400).

In another case, an Israeli citizen met up with a person who entered Israel illegally through the Egyptian border and collected USD 11 000, from him which he later delivered to the defendant in a different city, for a commission of USD 150.

For these activities, the defendant was indicted and convicted for several counts, inter alia, under the Prohibition on Terror Financing Law. He was sentenced to 27 months imprisonment; 8 months imprisonment suspended sentence; NIS 5 000 NIS fine (equivalent to approximately USD 1 250); and confiscation of some of the funds seized from the defendant in relation to several counts of the indictment.

Source: Israel

Box 21. Case study: Payments to induce new recruits

A defendant, an owner of a boat, asked the permission of one of the chief commanders of a domestically designated terrorist organisation ('B'), to smuggle goods by sea from a neighbouring country. 'B' in turn, asked the defendant to smuggle 25 bags containing explosive powder of TNT for the terrorist organisation's use. The defendant agreed and recruited two additional men for this activity.

On a few other occasions, upon demands of 'B', the defendant successfully recruited others to take active part in different terror activities and illicit acts. For his involvement in the recruitment, the defendant was promised USD 1 300 and the reimbursement of medical expenses for treatment for his daughter in medical facilities in a foreign country.

For his acts, the defendant was indicted for several counts related to terrorist activity and counts under the Prohibition of Terrorist Financing Law.

Source: Israel

OBSERVATIONS AND AREAS FOR FURTHER CONSIDERATION

Interagency co-operation

51. Targeting the financing of recruitment activities of terrorist organisations provides Law Enforcement Agencies (LEAs), Financial Intelligence Units (FIUs), and other operational and security agencies with the opportunity to identify and disrupt terrorist recruitment at an early stage. To achieve the best results, authorities should be communicating, as appropriate, with reporting entities to increase their awareness of these issues. FIUs, operational authorities and intelligence agencies must continue to improve mechanisms to share information on recruitment financing.

52. The experience of the jurisdictions that participated in this study suggests that there are opportunities for strengthened co-operation between the key operational authorities within the domestic counter-terrorism / counter-financing of terrorism (CT/CFT) framework, particularly the units in charge of terrorist financing investigations and those involved in the collection of intelligence data on recruiting activities. Often, these functions are performed by different investigative processes/entities which operate in separate spheres and can make the detection of recruitment financing activities challenging. Delegations should take note of FATF's work on interagency CT/CFT information sharing which contain good practices and practical tools.

53. Financial intelligence has an important part to play in counter terrorism activities. A large part of recruitment financing occurs before the targeted individual is going to commit a terrorist act or join a terrorist organisation. This underscores the need for proactive work, especially by FIUs. Financial analysis of suspected recruiters could help FIUs or financial investigators to establish if external funding is supporting the terrorist cause and if there is a broader facilitation network involved. Many of the cases identified in this project revealed a link between recruitment and facilitation networks, including their financing. Similarly, due to the potential links between recruitment activities and fundraising activities, investigations into financial supporters of terrorist organisations may be one way to identify people linked with "lone wolf" terrorists or small cells in a timely manner. However, the experience of authorities is that "lone wolves" are generally self-funded, and their identification remains a serious challenge for international CFT community.

International co-operation

54. There is potential benefit in further exploring whether FIUs face legal constraints in exchanging information in relation to recruitment financing on an intelligence level, particularly in the suspicion phase where a concrete connection to a terrorist organisation has not been made. A recent Egmont report⁴ noted that FIUs are often unable to share information with foreign counterparts on extremist networks as they are required to focus on known terrorist organisations or lists of terrorists or on conclusive information from police or intelligence agencies that relates to TF activity. Clear links to known terrorist networks are often lacking in the case of FTFs, and FIUs are legally not always equipped to monitor processes of radicalisation and recruitment.

55. FIUs could also strengthen their ability to spontaneously exchange information on extremist networks, for intelligence purposes, before these networks have engaged in terrorist activities. In situations where FIUs are not permitted in law to exchange this type of information, it is important that FIUs are closely linked with the broader intelligence community so that information can be shared via the intelligence community as appropriate.

56. International targeted financial sanctions are another tool that can be applied when recruiters are identified. In the example below, this tool is used to starve an ISIL recruiter of funds all over the world.

Box 22. Use of Targeted Financial Sanctions to Designate Terrorist Recruiters

The U.S. Department of the Treasury took action on January 10, 2017 to disrupt ISIL's global fundraising and support network by designating four individuals pursuant to Executive Order 13224 as Specially Designated Global Terrorists (SDGTs).

Oman Rochman was designated for acting for or on behalf of ISIL in the areas of recruitment and media dissemination. As of late 2015, he was considered to be the *de facto* leader for all ISIL supporters in Indonesia, despite his incarceration in Indonesia since December 2010.

As of February 2016, Rochman, while incarcerated, recruited prospective militants to join ISIL and was likely communicating with ISIL leaders in Syria.

Rochman pledged allegiance to ISIL in early 2014 and was actively recruiting for ISIL as of early 2015. In 2015, Rochman instructed an Indonesian associate to travel to Syria to join ISIL. He also recruited an individual in prison to travel to Syria to join ISIL after the individual was released from prison. As of mid-2015, Rochman

⁴ Egmont ISIL Project Phase II (2017), Information Sharing Report to the Heads of Financial Intelligence Units [Confidential report]

required Indonesian extremists who desired to join ISIL in Syria to obtain a recommendation from him before departing for Syria.

Rochman was Indonesia's main translator for ISIL, as of October 2014. From prison, he disseminated information online, including ISIL's call for Muslims to kill Westerners indiscriminately. In August 2014, Rochman was identified as a key figure who spearheaded the spread of ISIL's ideology in Indonesia by translating ISIL writings and distributing them through Islamic study groups and social media.

In December 2010, Rochman was sentenced to nine years in prison for violating Article 13 of Indonesia's counter-terrorism law. Rochman has been incarcerated for his role in contributing funds and recruiting for a terrorist training camp in Aceh, Indonesia that had been affiliated with SDGT Abu Bakar Ba'asyir.

Source: United States

Private sector and NPO sector engagement

57. The private sector and civil society show a strong willingness to assist authorities in terrorist financing issues. However, in many situations, financial institutions are likely to have difficulty in identifying relevant transactions without close interaction with law enforcement agencies or FIUs.

58. The case studies presented in this report reflect that the private sector is likely to have some relevant information on recruitment financing where there is a NPO involved or where there is a facilitation network linked to the recruiter and a broader financial infrastructure exists. The key operational authorities within the domestic CT/CFT framework could consider strengthening their work with financial institutions to provide the private sector with better contextual information and forward-looking guidance that helps them identify financial flows associated with terrorist recruitment activities.

59. Another possibility for operational and security agencies is to work with social media and internet providers, web hosting providers to ensure that, where content promoting terrorism or facilitating recruitment activities is found, financial investigations occur to determine who controls and finances the account. While in some cases no financing may be involved, some of the case studies in this report indicate that professionals have been hired to develop a platform to spread terrorist material.

Table of Acronyms

APG	Asia/Pacific Group on Money Laundering
AQAP	al-Qaeda in the Arabian Peninsula
AUSTRAC	Australian Transaction Reports and Analysis Centre
CFT	Counter-financing of terrorism
CT	Counter-terrorism
EAG	Eurasian Group
ETA	<i>Euskadi Ta Askatasuna</i>
FIU	Financial intelligence units
FTF	Foreign terrorist fighters
ISIL	Islamic State of Iraq and the Levant
LEA	Law enforcement agencies
MENAFATF	Middle-East and North Africa Financial Action Task Force
NPO	Non-profit organisation
NGO	Non-government organisation

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FINANCING OF RECRUITMENT FOR TERRORIST PURPOSES

Terrorist organisations have different recruitment techniques, depending on whether they are large, small or a dispersed network of individuals.

This report identifies the most common methods of recruitment used by terrorist organisations and terrorist cells (and their related funding needs) and the costs associated with these different methods and techniques of terrorist recruitment.

This report will help authorities detect and disrupt recruitment activities for terrorist purposes.