

## Frozen assets: US has crimped Al Qaeda funds

Contributed by CSMonitor  
Tuesday, 30 October 2007  
Last Updated Tuesday, 30 October 2007

The CIA estimates that prior to Sept. 11, Al Qaeda was spending about \$30 million per year. Since then, the US has seized some \$265 million in assets linked to the group.

By Peter Grier | Staff writer of The Christian Science Monitor

Washington

For years the three Saudi men had worked as a loosely organized team, according to US intelligence. They'd funneled thousands of dollars in cash &ndash; and non-monetary help such as Al Qaeda training manuals &ndash; to Islamist militants in the Philippines.

Reporter Peter Grier discusses how Al Qaeda has been affected by US efforts to cut its funding.  
{mp3}CSMonitor-AlQaeda-financing-grier-10-30-2007{/mp3}

At one point they'd even paid \$18,000 for an operation to blow up the US or Australian embassies in Manila, allege US officials. But Philippine authorities disrupted the plot before it could be realized.

So this fall the US government took action against the trio: Abdul Rahim al-Talhi, Muhammad Abdallah Salih Sughayr, and Fahd Muhammad Abd al-Aziz al-Khashiban. On Oct. 10, the Treasury Department designated them as terrorist financiers &ndash; freezing their assets and forbidding American citizens from doing business with them.

The move did not draw much notice at the time. But small actions such as this are a crucial part of what may be one of the most successful parts of the struggle against terrorism: the effort to curtail its financiers.

"All our evidence is, this is successful and actually a very important part of the war on terror," said John B. Taylor, former Treasury undersecretary for international affairs, at a Council on Foreign Relations seminar earlier this year.

It's also an effort that has some controversial aspects. Among them is whether the US government has too much power to punish alleged terrorist paymasters and funding groups via simple administrative actions.

In 2004, for instance, the US alleged that a Texas-based charity named the Holy Land Foundation had funneled about \$12 million to the Palestinian militant group Hamas &ndash; which the US has named a terrorist organization. The Bush administration ordered the foundation closed.

But on Oct. 22 a federal criminal prosecution of five officials from the now-defunct charity collapsed amidst legal confusion. It is unclear whether prosecutors will attempt to try the case again.

Some jurors had a hard time accepting the prosecution's contention that by sending money to Hamas-affiliated local charities named "zakat committees" the Holy Land Foundation was supporting terrorist actions.

"The fact that they couldn't get a single conviction suggests that we need to rethink the process by which [Holy Land] was shut down," says David Cole, a law professor at Georgetown University. "They were able to close it down, freeze its assets ... ultimately on the basis of secret evidence."

The US has issued sanctions against 44 different charitable organizations under authority derived from an executive order signed by President Bush, according to Chip Poncy, director of strategic policy at the Treasury's Office of Terrorist Financing and Financial Crimes.

All these groups were carrying out some legitimate charitable activities, said Mr. Poncy at a May 10 hearing of the Senate Homeland Security Committee. But they were also funding some activities that the US considered to be in support of terrorism.

"The view that we have always taken is that if any aspect of a charity's organization is engaged in terrorist support, then the charitable organization is a problem," said Poncy.

Overall, tackling the financial front of the struggle against terrorism appears to be successful, say experts. In part, this is due to the fact that the US is a center of world commerce, and many global business transactions are carried out in

dollars.

Plus, even foreign banks generally do not want the taint of dealing with named terrorists. Thus the world's formal financial system is now generally closed to Al Qaeda and other well-known terrorist groups.

The CIA estimates that prior to Sept. 11, Al Qaeda was spending about \$30 million per year. Since then, the US has seized some \$265 million in assets linked to the group &ndash; about nine years worth of operating expenses.

The US has also named some 460 individuals as terrorist supporters, and thus subject to sanctions. The Oct. 10 designation of the three men alleged to be paymasters of Southeast Asian militants was part of this aspect of the effort.

The 9/11 Commission gave an 'A-' to the war on terrorist financing in its 2004 public report.

"It is premature to assume that terrorist organizations are having difficulty funding their organizations and operations," concludes a monograph on the subject issued by the US Army Command and General Staff College. "What is important is that the global effort against terrorist financing has made it more expensive and more difficult to raise and move funds."

That can be seen in the fact that the most spectacular Al Qaeda-linked attacks in the West in recent years &ndash; the Madrid bombings of 2004 and the London bombings of 2005 &ndash; were low-tech affairs, cheap, and financed primarily through criminal activities carried out by the bomber groups themselves.

The future of terrorist financing may involve simple theft or the manipulation of stored-value cards, Internet banking, and online payment services.

"Our adversaries will either become more technologically savvy or they will regress to methods that don't leave a paper trail," said John Pistole, FBI deputy director, at an Oct. 22 American Bankers Association seminar on terrorist financing.

<http://www.csmonitor.com/2007/1030/p01s07-usgn.html>

Related Stories:| Petraeus: Al Qaeda remains 'wolf closest to the sled' 10/12/2007 |  
| Report: Private Saudi citizens funding Iraqi insurgents 12/08/2006 |  
| Is black-market baby formula financing terror? 06/29/2005 |