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# COMPARATIVE AND INTERNATIONAL ASPECTS OF CRIMINAL AND TERRORISM FUNDING

October 26-27, 2015  
University of Tilburg

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# Revising the U.S. Government's Post-9/11 Counter-Terrorist Financing Strategy Directed at Al Qaeda to Target the Funding of ISIS

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# ISIS Funding

- **ISIS IS THE MOST WELL-FUNDED TERRORIST ORGANIZATION IN HISTORY**
- **ESTIMATED \$2 BILLION ANNUAL BUDGET**

# ISIS is Primarily Self-Funded



## Principal Sources of Funding for ISIS:

- 1) Illicit Sale of Oil  
(approximately \$40 million a month)
- 2) Extortion and Illicit Taxation  
(\$1 million per day)
- 3) Sale of Ancient Artifacts in Iraq and Syria  
(tens of millions of dollars annually)
- 4) Kidnappings for Ransom  
(\$20 million in 2014)

# Sources of Funding for Al Qaeda



## AL QAEDA IS FUNDED FROM EXTERNAL SOURCES

- 1) Corrupt Charities
- 2) Deep-Pocket Donors
- 3) Supported by Sympathetic States

# Executive Order 13224



**Authorizes the Secretary of the Treasury, in consultation with the Secretary of State and Attorney General, to designate and block the property of foreign nationals who:**

- 1) “act for or on behalf of” or are “owned or controlled by”;
- 2) “assist in, sponsor, or provide financial, material, or technological support for”; or
- 3) are “otherwise associated with” SDGTs.

# Executive Order 13224 – cont'd



**Prohibits U.S. persons from entering into any transactions or dealing in property or interests in property blocked pursuant to E.O. 13224.**

**Prohibits U.S. persons from “making or receiving . . . any contribution of funds, goods, or services to or for the benefit of” persons determined to be subject to the E.O.**

## **Authorizes the Secretary of State, in consultation with the Secretary of the Treasury and Attorney General --**

to designate as SDGTs persons determined “to have committed, or to pose a significant risk of committing, acts of terrorism that threaten the security of U.S. nationals, or the national security, foreign policy, or economy of the United States.”



## Effectiveness of E.O. 13224 --

Depends on designated al Qaeda financial supporters and facilitators possessing assets located in the U.S., or engaging in financial transactions with U.S. persons.

# Iranian Economic Sanctions



**Prohibits U.S. persons from engaging in commercial transactions with Iran or Iranian controlled entities.**

# Iranian Economic Sanctions – cont'd

**Imposes sanctions against foreign firms that reach threshold levels of involvement in Iran's energy sector and related industries (secondary boycott).**

# Iranian Economic Sanctions – cont'd



**Once the Secretary of State has determined an individual or entity has engaged in prohibited activity, at least 5 of 12 listed sanctions must be imposed.**

# Iranian Economic Sanctions – cont'd



## List of 12 Economic Sanctions --

- 1) Denial of Export-Import Bank loans, credits, or credit guarantees for U.S. exports to sanctioned entities;
- 2) Denial of licenses for the U.S. export of military or militarily useful technology to the entity;
- 3) Denial of U.S. bank loans exceeding \$10 million in one year to the entity;
- 4) If the entity is a financial institution, a prohibition on its service as a primary dealer in U.S. government bonds and/or a prohibition on its serving as a repository for U.S. government funds.

# Iranian Economic Sanctions – cont'd



## List of 12 Economic Sanctions -- cont'd

- 5) ban on procurement contracts with the U.S. government;
- 6) Prohibition on transactions in foreign exchange by the entity;
- 7) Prohibition on any credit or payments between the entity and any U.S. financial institution;
- 8) Prohibition on the sanctioned entity from acquiring, holding, using, or trading any U.S. based property which the entity has a financial interest;

# Iranian Economic Sanctions – cont'd



## List of 12 Economic Sanctions -- cont'd

- 9) Restrictions on imports from the sanctioned entity;
- 10) Ban on U.S. persons from investing in or purchasing significant amounts of equity or debt instruments of a sanctioned person;
- 11) Exclusion from the U.S. of corporate officers or controlling shareholders of a sanctioned firm; and
- 12) Imposition of any of the ISA sanctions on principal officers of a sanctioned firm.

# Revising the U.S. Government's Counter-Terrorist Financing Strategy Against ISIS

- 1) Economic sanctions imposed on members of ISIS under E.O. 13224 have been ineffective.
- 2) Should the U.S. impose economic sanctions against foreign countries that enable ISIS to maintain its oil refineries and sell oil on the black market?
- 3) Should the U.S. adopt an economic sanctions strategy against ISIS that resembles the Iranian sanctions program (secondary boycott)?



# Conclusion

