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The financing of jihadi terrorist cells in Europe



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English Summary

This report takes stock of how jihadis in Western Europe raise, move, and spend money. Using new data from court documents and media reports, it reviews the financing of 40 jihadi terrorist cells that have plotted attacks in Europe, and examines a selection of cases in depth.

European terrorists' financial activities are remarkably ordinary. Jihadis who have plotted attacks in Western Europe most commonly relied on funding from the cell members' own salaries and savings. The vast majority of the cells studied (90 %) were involved in income-generating activities, and half of them were entirely self-financed. Only one in four received economic support from international terrorist organizations such as al-Qaida. Over time, there has been a decline in the proportion of cells that receive support from organized terrorist groups and support networks, and a corresponding increase in cells that are self-financed through legal activities. Despite the attention Islamic charities have received for their alleged roles in terrorist financing, very few jihadi terrorist plots in Europe have involved money which could be traced to such charities. Likewise, the hawala system and other informal value transfer systems, appear to have played no direct role in financing operational terrorist cells in Western Europe. Finally, jihadi terrorist attacks in Western Europe have generally been cheap, with three quarters of the plots studied estimated to cost less than \$10,000.

Knowledge of how terrorists raise, move and spend money, and how this varies between regions and over time, is a prerequisite for developing effective counter-measures. The current terrorist threat to Europe rarely involves large sums of money or suspicious international transfers. Jihadi cells in the region receive little external support and are increasingly relying on income raised locally through legal means. Part of the explanation for this development could be the implementation of stricter international financial controls and regulations following the 9/11 attacks. At the same time, the increase in self-financing and legal income sources implies that European jihadis' financial activities become harder to detect and prevent. This is the reality that future countermeasures need to address.

Sammendrag

Denne rapporten kartlegger hvordan jihadister i Vest-Europa skaffer, flytter og bruker penger. Basert på rettsdokumenter og pressekilder analyserer den finansieringen av 40 terrorceller som har planlagt angrep i Europa, og studerer noen utvalgte saker i dybden.

Rapporten finner at terroristenes økonomiske aktiviteter er trivielle. Den vanligste inntektskilden er cellemedlemmenes personlige midler (lønn, trygd og sparepenger). Det store flertallet av terrorceller genererer noen egne midler, og halvparten er fullstendig selvfinansierte. Kun en fjerdedel av cellene har mottatt støtte fra internasjonale terrororganisasjoner som al-Qaida. Bare 5 % hadde inntekter som kunne spores til islamske veldedige organisasjoner, og det er ingen eksempler på bruk av hawala eller lignede uformelle systemer for overføringer i finansieringen av operative angrepsceller i Vest Europa. Videre er angrepene relativt billige. Tre fjerdedeler er estimert å ha kostet under \$10.000. Over tid har det vært en nedgang i andelen europeiske jihadistceller som mottar støtte fra andre jihadister, mens andelen celler som er selvfinansierte med lovlige inntektskilder har økt.

Kunnskap om hvordan jihadister i Europa finansierer sin angrepsaktivitet er nødvendig for å utvikle effektive og målrettede mottiltak. Dagens terrortrussel mot Vest-Europa involverer sjelden store pengesummer eller mistenkelige internasjonale overføringer. Terrorcellene mottar lite ekstern støtte og er i økende grad finansiert gjennom midler de fremskaffer fra lovlige inntektskilder lokalt. En mulig forklaring på denne utviklingen er implementeringen av strengere finansielle reguleringer etter terrorangrepene 11. september. Samtidig innebærer utviklingen mot økt selvfinansiering at det kan bli vanskeligere å avdekke og stanse europeiske jihadisters økonomiske aktiviteter. Det er denne situasjonen myndighetenes mottiltak nå må rettes mot.

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Preface

This report was written within the framework of the Norwegian Defence Research Establishment's (FFI's) Terrorism Research Group (Terra). Since 1999 Terra has produced academic research for the Norwegian Government on insurgent and terrorist groups operating transnationally. The research focuses mainly on militant Islamist actors, but also includes right-wing extremism and militancy in Europe and Russia. Terra is funded primarily by the Norwegian Ministry of Defence and uses unclassified primary sources to study the history, structure, ideology, and behavior of terrorists. Terra staff includes historians, political scientists and linguists possessing area knowledge and language skills. FFI is recognized as one of the world's leading centers for the academic study of jihadism.

Partly financed by the Ministry of Justice and Public Security, this report draws on earlier research conducted at FFI.¹ It analyses how jihadi terrorist cells in Europe have funded their activities, with a view to strengthen the empirical basis for debates on counter-measures. The report is aimed at policymakers, security officials, researchers and others who take an interest in terrorist financing and counter-measures, in Europe and elsewhere.

This report provides insights into the financing of jihadi attack cells in Europe, but in order to improve the effectiveness of policy responses, more research into the financial activities of other types of actors operating in other regions is also needed. FFI is planning two additional studies on terrorist financing.² The first will focus on the support networks that raise money in Europe to finance terrorist organizations in other parts of the world. Improved understanding of these networks is important because they provide large sums of money to international terrorist and insurgent groups, and are believed to be among the main income sources for groups such as al-Shabaab. The second study will discuss the policy implications of the first studies, and explore the possibility of developing and improving financial indicators of terrorist attacks.

¹ Petter Nesser, "Towards an Increasingly Heterogeneous Threat: A Chronology of Jihadist Terrorism in Europe 2008-2013," *Studies in Conflict & Terrorism*, 2014, <http://www.tandfonline.com/doi/abs/10.1080/1057610X.2014.893405>; Petter Nesser, "Jihad in Europe. Patterns in Islamist Terrorist Cell Formation and Behavior, 1995-2010" (Dr. Philos thesis, Universitetet i Oslo, 2011); Petter Nesser, "Chronology of Jihadism in Western Europe 1994–2007: Planned, Prepared, and Executed Terrorist Attacks," *Studies in Conflict & Terrorism* 31, no. 10 (October 16, 2008): 924–46, <http://www.tandfonline.com/doi/full/10.1080/10576100802339185>.

² Dependent on funding for this research.

1 Introduction

Money is a prerequisite for almost all terrorist activity, and is often described as the “lifeblood” of terrorism.³ Authorities around the globe have devoted significant attention and resources to counter terrorist financing. Yet, there are substantial gaps in our knowledge on how terrorists actually raise, move and spend money. While there are some case studies on the financing of certain terrorist and insurgent groups in Asia, the Middle East and Northern Africa, there are no studies of how jihadi cells in Europe have financed their attacks. Improved knowledge on the financing of jihadi cells in Europe is needed to develop effective countermeasures and targeted policy responses.

Using new data from court documents and media reports, this report reviews the financing of 40 jihadi cells that have plotted attacks against Europe over the last 20 years (1994 to 2013), and study four cases in depth. The main question is: how do the terrorist cells finance attack-related activities? The report concludes that the terrorists raise, move and spend money in ways that are remarkably ordinary. With the exception of buying weapons and bomb-making ingredients, there is little that distinguishes their financial activities from the myriad of economic transactions taking place every day. The cell member’s salaries and savings were the most common funding source, followed by petty crime. Only one out of four cells receives money from an international terrorist organization, and almost no cells rely fully upon external support. Neither are there any examples in the data of elaborate schemes involving trade diversion, massive online fraud, or new payment systems such as virtual currencies and non-bank led mobile money services. The European jihadis tend to plan attacks that are relatively cheap, with three quarters estimated to be less than \$10,000.⁴ The “usual suspects” in international terrorist financing, Islamic charities and the hawala-system, have played next to no role in directly financing jihadi terrorist plots in Western Europe. Nevertheless, they may have contributed indirectly, by financing international terrorist organizations that organize training camps and other infrastructure used by the jihadi cells in Europe.

Over time there have been certain changes in how European jihadi cells finance their activities. Since 2001, the proportion of cells receiving support from other terrorists has decreased, whereas the proportion of cells that are self-financed through legal activities has increased. One likely explanation for this development is the introduction of tougher financial controls and regulations following the 9/11 attacks. The countermeasures have seemingly reduced the abilities of al-Qaida and other international terrorist organizations to finance local cells. However, European jihadi cells appear to have turned increasingly to self-financing methods that are harder to detect and prevent. This development does not imply that existing countermeasures should be abandoned. Rather, it demonstrates that there is a need to continuously reassess the effectiveness of countermeasures as terrorists change their practices.

³ See for example George W. Bush, “President Freezes Terrorists’ Assets” (White House Press Briefing, September 24, 2001), <http://georgewbush-whitehouse.archives.gov/news/releases/2001/09/20010924-4.html>.

⁴ However, the indirect costs of running large terrorist organizations are generally believed to be much higher than the direct operational costs associated with attacks.

1.1 Concepts and Scope

Terrorist financing is understood here to involve the ways in which terrorists raise, move, and spend money. The report identifies how the European jihadi cells generated income and transferred money in the periods they were planning attacks, and estimate the expenses that were directly attack-related. How the terrorist cells stored money is not analyzed separately, because very few European jihadi cells have accumulated significant amounts to store. Terrorist financing is not limited to monetary assets, as “money is only one of a number of essentially interchangeable instruments that can be exchanged for one another in order for terrorist groups to obtain the end-use resources they need.”⁵ For instance, valuable commodities, drugs or weapons can be used instead of cash to store and transfer resources, sold to generate money, and traded into goods or services that the terrorists need. Terrorists can also be provided directly with goods and services they need for attacks, or receive support that is not directly attack-related, but that reduces costs and frees up money for other activities, for example, if the family of a terrorist provides housing and food. Here, all these forms of support are considered part of terrorist financing.

Secondly, the emphasis is on terrorists’ financial strategies and not on countermeasures. Several other studies have described and analyzed the national policies and international regimes designed to fight terrorist financing in some detail.⁶ Thirdly, the focus is on jihadi cells in Western Europe, and not on other types of terrorism or other regions. This approach is adapted from that of Petter Nesser, whose comprehensive overview of terrorist plots in Western Europe since 1994 is the basis for our selection of cases.⁷

Fourthly, while the report surveys multiple cases between 1994 and 2013, the in-depth cases studies are drawn from the period after 2007. The reason for this is the dual aim of providing an up-to-date account of how jihadi terrorism financing happens in Europe, while also considering historical trends.

Fifthly, the report only addresses the financing of jihadi attack cells, and not so-called support or facilitation networks that provide funding and logistical backing for terrorist organizations abroad. Although support networks and attack cells can be closely linked, and attack cells sometimes grow out of support networks,⁸ it is useful to keep them analytically distinct because they have different aims and are likely to raise, move and spend money in different ways.

⁵ *Terrorist Financing in West Africa* (Financial Action Task Force (FATF), October 2013), 10, <http://www.scribd.com/doc/186886528/Terrorist-Financing-in-West-Africa>.

⁶ See for example: Arabinda Acharya, *Targeting Terrorist Financing: International Cooperation and New Regimes* (London; New York: Routledge, 2009); John Roth, Douglas Greenburg, and Serena Wille, “National Commission on Terrorist Attacks Upon the United States. Monograph on Terrorist Financing,” *Monograph on Terrorist Financing: Staff Report to the Commission*, 2003, chap. 4; as well as several chapters in Jeanne K. Giraldo and Harold A. Trinkunas, *Terrorism Financing and State Responses: A Comparative Perspective* (Stanford, Calif.: Stanford University Press, 2007); Thomas J. Biersteker and Sue E. Eckert, *Countering the Financing of Terrorism* (London; New York: Routledge, 2008).

⁷ Nesser, “Jihad in Europe”.

⁸ See Nesser, “Jihad in Europe,” 523–525.

Finally, the empirical analysis includes not only cells that have successfully conducted attacks, but also cells whose attacks did not move beyond the preparation stage. This increases the amount of data on which to base the analysis and gives a fuller picture of how European jihadis work to ensure funding. The expression “terrorist plot” is used to cover both planned and executed terrorist attacks.

1.2 Methods and Sources

The research design consists of three main elements: a literature review, a broad analysis of the financing of 40 different European jihadi cells, and in-depth case studies of four cells. First, we reviewed an extensive bibliography on terrorist financing literature by Eric Price.⁹ This provided background information, helped identify the main research gaps and structured the analyses and discussions.

Secondly, we surveyed the financing of 40 terrorist cells that plotted attacks in Europe between 1994 and 2013. The cases were drawn from two chronologies of jihadi terrorism in Europe by Petter Nesser.¹⁰ From 1994 to 2013, there were 123 jihadi plots in Western Europe, conducted by 110 different cells. Nesser categorizes the plots according to the following three criteria of documentation: known jihadi perpetrator(s), identified target, and solid evidence (bomb-materials, suicide notes). Well documented incidents are categorized as “category 1” cases, whereas less documented incidents are defined as “category 2” and “category 3” cases. In most, but not all cases, the level of documentation corresponds with the seriousness of terrorist plots, as cases where the terrorists had a clear intention and possessed capacities to actually launch an attack received more public attention than cases where motives and capacities were questionable.¹¹ The only cases analyzed in this report are those classified by Nesser as category 1. The cells behind these plots are arguably the most interesting to study with respect to terrorist financing because they have developed the most concrete attack plans, which needed to be financed one way or another. These are also the only cases where there is generally enough information available to analyze the financing. Between 1994 and 2013, there were 49 category 1 plots, conducted by 40 different cells.

Having identified the most well documented jihadi plots against Western Europe, we then searched court documents and media reports for information on income sources, transfers, and expenses for each cell. Court documents contain detailed information and may in general be considered a reliable source of information in democratic states, since evidence is verified through the court process. To ensure as reliable and comprehensive data as possible, the court documents were combined with media reports. Most of the terrorist plots in the sample went to court and generated massive media coverage, which likely uncovered at least the most significant financial activities. Although we may have missed some minor activities, it seems unlikely that

⁹ Eric Price, “Literature on the Financing of Terrorism. Monographs, Edited Volumes, Non-Conventional Literature and Prime Articles Published since 2001,” *Perspectives on Terrorism* 7, no. 4 (2013): 112–30.

¹⁰ Nesser, “Chronology of *Jihadism* in Western Europe 1994–2007”; Nesser, “Towards an Increasingly Heterogeneous Threat.”

¹¹ Nesser, “Chronology of *Jihadism* in Western Europe 1994–2007,” 926.

they would significantly alter the general picture. A summary of the information can be found in Appendix B.

To analyze the data, qualitative knowledge of each case was combined with quantitative methods (descriptive statistics, correlations).¹² In the analysis all income sources are given equal weight, even if one source generated more money than another. The information in open sources is seldom detailed enough to assess relative importance, and it is interesting to know which income sources, transfer methods and expenses are most common among European terrorists, even if this does not necessarily correspond to the largest amounts.

The third part of the analysis consists of in-depth studies of four cases, in order to supplement the general picture from the analytical review with more detailed examples of how specific cells have financed their attacks. The cases were selected on the basis of the findings from the first part of the analysis, which concludes that the most common types of funding sources are legal activities, criminal activities, support from other terrorists, and a mixture of various income sources.

Accordingly, cells were chosen to give further insights into these four “archetypes”. Within each category, the cell with the most extensive and reliable information on its financing activities was chosen. Data availability is hardly an ideal criterion for case selection, but it was necessary to consider this aspect since there are several cases on which there is too little information to conduct a thorough study. The cases represent the four most common types of income sources, but they also give insights into different transaction methods and expenditures, as well as various types of actors, ranging from single actor terrorists to internationally linked organization-run cells.

However, none of the extremely low-cost attacks (less than \$1,000) are represented in the case studies. While it is important to know that attacks exist in which the only expenses were for knives or an axe bought at the local store, there is little reason to undertake an in-depth study of their financing. The discussion of each case is structured according to the three main elements in the chain of financing: income, transfers and expenses.¹³

2 Literature

Existing research has demonstrated that terrorists raise, transfer and spend money in a variety of ways. Over time, state sponsorship of terrorism has almost certainly decreased (at least if insurgency groups receiving support during the Cold War are counted), while other forms of funding have become more important. But how does the significance of various funding sources

¹² Due to the relatively small number of cases, poor data quality and most variables being dichotomous multi-response variables, more advanced statistical methods were deemed unsuitable.

¹³ The approach is similar to that of “structured, focused comparison”, which implies examining the same general topics across several cases to allow for systematic comparison and analytical generalizations. Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (MIT Press, 2005), chap. 3.

and transfer mechanisms vary between groups and geographical areas? These questions are seldom discussed in the existing literature, which often fails to distinguish clearly between various types of terrorist actors. Extremist groups as diverse as the Madrid Cell, Hezbollah, Hamas, FARC, and al-Qaida are analyzed together, with little regard to organizational and ideological differences that are likely to impact on how money is raised and spent. In the words of Biersteker and Eckert, “there is a growing literature, but too much of it is based on over-generalization from a single illustration or case-study of terrorist financing, without regard to important differences that exist between groups committing acts of terrorism or important changes that have taken place in financing and financial regulation over time.”¹⁴

There are some case studies of the financing of terrorist groups in Asia, the Middle East and Northern Africa.¹⁵ The few studies that exist on terrorist financing in Europe mostly concern separatist violence (ETA and IRA),¹⁶ facilitation networks,¹⁷ and/or countermeasures.¹⁸ Some articles on specific terrorist cells or attacks mention financial aspects, and for the largest attacks, such as the 2005 London bombing, official investigative reports address financing.¹⁹ However, the research on jihadi terrorist financing in Europe is limited. Much of the general terrorist financing literature is based on studies of broader extremist movements in the third world, and may be of limited relevance for understanding how operational cells in Europe are funded. This section briefly reviews the terrorist financing literature, with emphasis on funding sources, transfer mechanisms and expenditures that are potentially relevant for jihadi cells in Europe.

2.1 Funding Sources

There is consensus in the literature that terrorist organizations raise funds in many different ways, and that a single terrorist organization often uses a number of different financing methods.²⁰ The most commonly cited income sources are state sponsorship, illegal activities, legal activities and

¹⁴ Biersteker and Eckert, *Countering the Financing of Terrorism*, xiii.

¹⁵ See for example Biersteker and Eckert, *Countering the Financing of Terrorism*; Michael Freeman, *Financing Terrorism. Case Studies* (Farnham; Burlington, VT: Ashgate, 2011); Giraldo and Trinkunas, *Terrorism Financing and State Responses*.

¹⁶ Horgan and Taylor, “Playing the ‘Green Card’ – Financing the Provisional IRA”; Buesa and Baumert, “Dismantling Terrorist’s Economics: The Case of ETA.”

¹⁷ Emerson Vermaat, *Bin Laden’s Terror Networks in Europe* (Mackenzie Institute, 2002); Matthew Levitt, “Hezbollah’s Organized Criminal Enterprises in Europe,” *Perspectives on Terrorism* 7, no. 4 (2013): 27–40.

¹⁸ Loretta Napoleoni, “Terrorism Financing in Europe,” in *Terrorism Financing and State Responses: A Comparative Perspective*, ed. Jeanne K. Giraldo and Harold A. Trinkunas (Stanford, Calif.: Stanford University Press, 2007).

¹⁹ Great Britain Parliament House of Commons, *Report of the Official Account of the Bombings in London on 7th July 2005* (The Stationery Office, 2006), 23, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/228837/1087.pdf.

²⁰ Biersteker and Eckert, *Countering the Financing of Terrorism*, 8; Michael Freeman, “Sources of Terrorist Financing: Theory and Typologies,” in *Financing Terrorism. Case Studies*, ed. Michael Freeman (Farnham; Burlington, VT: Ashgate, 2011), 12.

popular support.²¹ Whereas no jihadi cells in Europe are known to have received state sponsorship, the three other types of funding are more relevant.

Illegal activities are generally considered an increasingly significant funding source for international terrorism, and according to Loretta Napoleoni, illegal activities have become the largest funding source for European jihadi terrorism²². The trend is ascribed to diminishing state sponsorship, stricter regulations imposed on the formal economy and the emergence of a more sophisticated and interconnected global illicit economy.²³ Several radical Islamic preachers influential among European jihadis, such as the now deceased Islamic scholar Anwar al-Awlaki and the previously London-based Abu Hamza, have made announcements in support of criminal activities targeting non-Muslims as a means to fund jihad.²⁴ From the perspective of a terrorist group, fundraising through crime is said to have several advantages. It can provide money quickly, yield high profits, and allow terrorists to operate away from the eyes of regulators and detailed record keepers. In addition, criminal activities can help terrorists meet their logistical needs. For instance, forged documents such as passport and visas can be sold to make money, but can also be used for travelling by the terrorist themselves. On the other hand, involvement in illegal activities entails a number of risks, including detection by law enforcement agencies and ideological “corruption” of members who become more interested in making money than fighting for an ideological goal.²⁵

Terrorist groups in Europe and elsewhere are also reported to acquire funds from legal activities such as salaried employment, social welfare payments, legitimate business activity, personal loans and support from family and friends. For a terrorist group, legal incomes are especially advantageous in terms of security, since they are unlikely to attract attention. On the other hand, legal activities require various forms of documentation, and thus leave paper trails that can lead to detection and be used for prosecution. Furthermore, the yields are generally not as high or as quick as those from criminal activities.²⁶

Finally, terrorist groups are reported to receive income from various forms of popular support, including fundraising activities, support from charities, donations from wealthy individuals,

²¹ Freeman, “Sources of Terrorist Financing: Theory and Typologies,” 12–22.

²² John T. Picarelli and Louise I. Shelly, “Organized Crime and Terrorism,” in *Terrorism Financing and State Responses: A Comparative Perspective*, ed. Jeanne K. Giraldo and Harold A. Trinkunas (Stanford, Calif.: Stanford University Press, 2007); Phil Williams, “Warning Indicators,” in *Terrorism Financing and State Responses: A Comparative Perspective*, ed. Jeanne K. Giraldo and Harold A. Trinkunas (Stanford, Calif.: Stanford University Press, 2007); Napoleoni, “Terrorism Financing in Europe,” 177.

²³ Picarelli and Shelly, “Organized Crime and Terrorism,” 39.

²⁴ Anwar al-Awlaki, “The Ruling on Dispossessing the Disbelievers' Wealth in Dar Al-Harb,” *Inspire*, 2010, 59.

²⁵ Freeman, “Sources of Terrorist Financing: Theory and Typologies,” 18–19, 41; Giraldo and Trinkunas, “The Political Economy of Terrorism Financing,” 18, Picarelli and Shelly, “Organized Crime and Terrorism,” 40–41.

²⁶ Passas, “Terrorist Financing Mechanisms and Policy Dilemmas,” 25; Freeman, “Sources of Terrorist Financing: Theory and Typologies,” 19–20; Biersteker and Eckert, *Countering the Financing of Terrorism*, 9.

membership dues and “taxes”.²⁷ In particular, the role of Islamic charities has received much attention, with authors arguing that “Many [terrorist] groups receive money in the form of charitable donations”²⁸ and that Islamic charities have the potential to play “a significant role in funding terrorism”.²⁹ Islamic charities are considered attractive funding sources because they manage large amounts of funds, are cash-intensive, operate around the world, often in conflict zones, and can be used by terrorists to transfer money and personnel between countries without raising suspicion.³⁰ The level of complicity can vary from charities that have had their funds unknowingly diverted for terrorist purposes, to those that willingly support terrorism and act as fronts.³¹ However, the significance of charity support is likely to vary between groups and regions. For instance, broad extremist movements that also provide welfare services, such as Hamas and Hezbollah, are arguably more likely recipients of direct charity support than the small operational cells that are the subject of this study. At the same time, European jihadi cells may receive such support indirectly, for instance, by using training camps abroad that were set up by organizations that may have received funding from Islamic charities.

2.2 Transferring Resources

If terrorists raise money in a location different from where they are to be spent, the money must be moved. According to Freeman and Ruehsen, the six methods most commonly used by terrorist groups are cash couriers, hawala and similar informal transfer systems, money service businesses (such as Western Union), formal banking, false trade invoicing and high value commodities.³² Other possible transfer methods are Internet and telecommunication technologies such as non-bank led mobile money services, electronic payment systems such as PayPal and virtual currencies such as Bitcoin.³³ Freeman and Ruehsen argue that when choosing how to transfer funds, terrorists will take into account issues such as volume, risk (of detection and of theft), convenience, simplicity, costs, and speed.³⁴ Again, the literature mainly concerns broader extremist movements and larger terrorist organizations outside Europe, but most of the transfer methods discussed could also be employed by the smaller attack cells that are the subject here. However, to set up false trade invoicing, and similar trade-based schemes, successfully requires

²⁷ Freeman, “Sources of Terrorist Financing: Theory and Typologies,” 20–22; Giraldo and Trinkunas, “The Political Economy of Terrorism Financing,” 13.

²⁸ Freeman, “Sources of Terrorist Financing: Theory and Typologies,” 20.

²⁹ Paul J. Smith, “Terrorism Finance: Global Responses to the Terrorism Money Trail,” in *Countering Terrorism and Insurgency in the 21st Century: International Perspectives, Volume 2, Combating the Sources and Facilitators*, ed. James J. F. Forest (ABC-CLIO, 2007).

³⁰ Freeman, “Sources of Terrorist Financing: Theory and Typologies,” 21–22.

³¹ Financial Action Task Force (FATF), “Best Practices. Combating the Abuse of Non-Profit Organizations (Recommendation 8),” June 2013, 5, http://www.fatf-gafi.org/media/fatf/documents/reports/Combating_the_abuse_of_NPOs_Rec8.pdf.

³² Michael Freeman and Moyara Ruehsen, “Terrorism Financing Methods: An Overview,” *Perspectives on Terrorism* 7, no. 4 (2013): 5–26.

³³ Michael Jacobson, “Terrorist Financing and the Internet,” *Studies in Conflict & Terrorism* 33, no. 4 (2010): 353–63.

³⁴ Freeman and Ruehsen, “Terrorism Financing Methods,” 6–7.

time, knowledge and extensive preparations, and is likely to be beyond the abilities of most attack cells.³⁵

2.3 Expenses

How much money do terrorists spend, and on what? The costs of individual terrorist operations are generally said to be low. For example, many of the high profile attacks that have been conducted against Western targets in recent decades, such as the 1993 attack on the World Trade Center, the 2002 Bali bombings and the 2004 Madrid attacks, are estimated to have cost less than \$50,000.³⁶ It is seldom clear how the cost estimates are calculated, but they indicate that even major attacks do not need to be expensive.

Terrorist groups are nevertheless thought to need substantial funding to cover the costs of developing and maintaining the organization and sustaining its activities and ideology.³⁷ Money is needed for the recruitment of new members, to build training camps and other infrastructure, to bribe officials, and to provide food, shelter and sometimes salaries or pensions to members and their families. The indirect costs are generally believed to be much higher than the direct operational costs. More specifically, operational costs are sometimes estimated at about 10% of the total budget of a terrorist organization, although this is likely to vary with the group's size, goals, and expected longevity.³⁸ The larger and more active groups are reported to have budgets of up to hundreds of millions of dollars each year. For instance, the Islamic State is said to have an income of "millions of dollars per month" from oil, kidnapping ransoms and extortion in occupied areas.³⁹ The CIA estimates that prior to 9/11 it cost al-Qaida about \$30 million per year to sustain its various activities.⁴⁰

Finally, it is noteworthy that despite the assertion that terrorist attacks are cheap, the literature often describes shortage of cash as a problem for terrorist operations.⁴¹ The most commonly cited example is the 1993 attack on the World Trade Centre, which failed partly because the militants did not have enough money to create a bomb with more impact. Similarly, in December 2006, documents found at a Jemaah Islamiyah hideout in the Philippines revealed that the group had

³⁵ Passas, "Terrorist Financing Mechanisms and Policy Dilemmas," 30–31.

³⁶ See Passas, "Terrorist Financing Mechanisms and Policy Dilemmas," 31; UN Monitoring Team, *First Report of the Analytical Support and Sanctions Monitoring Team Appointed pursuant to Resolution 1526 (2004) Concerning Al-Qaida and the Taliban and Associated Individuals and Entities* (United Nations, 2004), 12, http://www.un.org/ga/search/view_doc.asp?symbol=S/2004/679; Roth, Greenburg, and Wille, "Monograph on Terrorist Financing," 4.

³⁷ Biersteker and Eckert, *Countering the Financing of Terrorism*, 8; Freeman, "Sources of Terrorist Financing: Theory and Typologies," 8; Financial Action Task Force (FATF), *Terrorist Financing*, 10.

³⁸ See for example Arabinda Acharya, *Targeting Terrorist Financing: International Cooperation and New Regimes* (London; New York: Routledge, 2009), 24.

³⁹ Karen DeYoung, "Islamic State was making \$1 million a day from oil sales before airstrikes began", *Washington Post*, October 23, 2014, http://www.washingtonpost.com/world/national-security/islamic-state-was-making-1-million-a-day-from-oil-sales-before-airstrikes-began/2014/10/23/34e1b0c4-5ae8-11e4-bd61-346aee66ba29_story.html.

⁴⁰ Roth, Greenburg, and Wille, "Monograph on Terrorist Financing," 27.

⁴¹ See for example *Ibid.*, 17; Acharya, *Targeting Terrorist Financing*, 39.

abandoned a number of plans, including establishing a chemical factory and conducting larger-scale attacks in Manila, due to lack of funds.⁴² There are several other oft-cited examples of such monetary problems, indicating that although operational costs are generally estimated to be low, terrorists can have problems acquiring sufficient funding for attacks. Due to the lack of research on terrorist financing in Europe, it is difficult to determine to what extent this and other insights from the general terrorist financing literature hold true for jihadi attack cells in Europe.

3 How Jihadi Cells in Europe are Financed

On March 11, 2004, ten bombs exploded on four different commuter trains in Madrid, killing 191 people and wounding 1,800. The network behind the bombings was mainly funded through trafficking illicit drugs, which were also traded for industrial explosives stolen from a mine in northern Spain by a gang of petty criminals. The attack is among the largest and most deadly terrorist attacks in European history. It is also one of the few European terrorist attacks that have been subject to research and an official investigative report addressing the issue of financing. This section presents the most comprehensive overview to date of how terrorist attacks in Western Europe have been financed. The analysis includes 40 jihadi cells operating between 1994 and 2013.

The main questions are how the cells 1) raised, 2) moved and 3) spent money. We also examine if there are any changes in financing methods over time, if there are differences between countries, and how the financing methods relate to other characteristics of the cells and attacks. For example, we explore whether cells involved in criminal activities are detected more frequently than others. The analysis confirms some conventional wisdoms of the terrorist financing literature, and challenges others. In Appendix A and B, more information about the variables and composition of categories is presented, as well as a brief summary of relevant information on each cell.

⁴² Acharya, *Targeting Terrorist Financing*, 2.

3.1 Raising Money

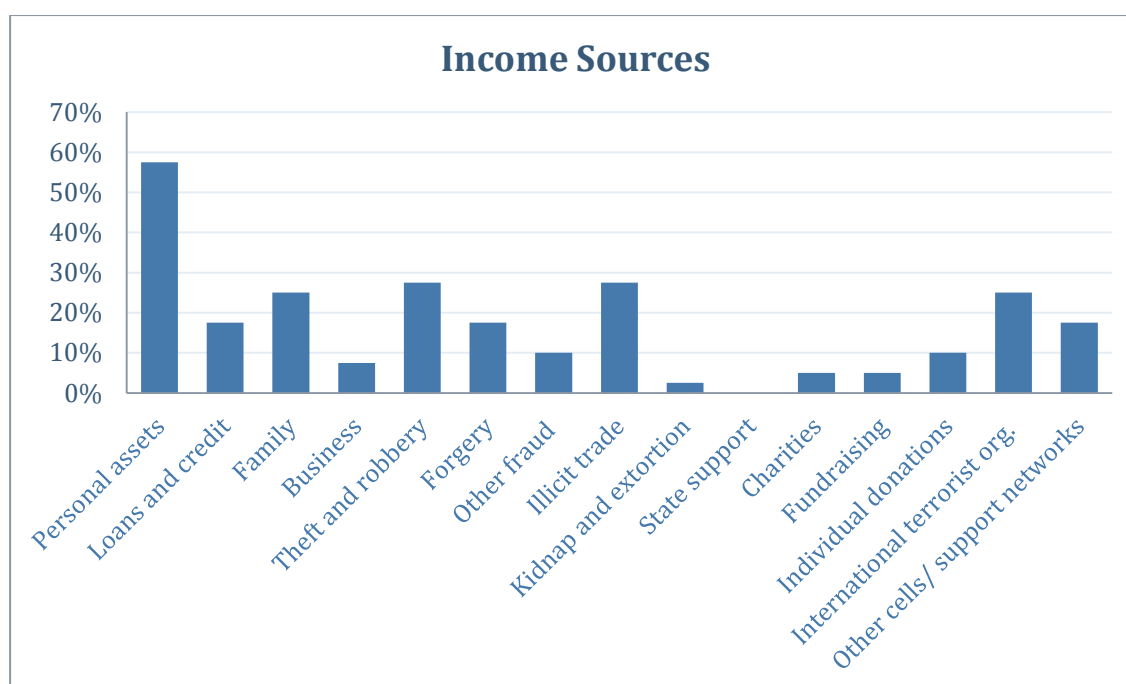


Figure 3.1 Proportion of the cells that have raised money from 15 different income sources.

The majority of the 40 jihadi cells studied rely on more than one funding source. Figure 3.1 displays what proportion of cells have raised money from 15 different funding sources. It shows that cell members' personal assets are by far the most common funding source. According to our data, 58% of the cells have relied at least partly on the cell members' salaries, welfare payments and savings to finance their activities. The second most common income sources are thefts and robberies (28% of the cells in the sample), and illicit trade of various goods such as drugs, cars, forged documents and weapons (also 28%).

Approximately 25% of the cells have received support from an international terrorist network such as al-Qaida. In addition to cases where there is concrete evidence of transfers, this number includes cells that are known to have strong links to international terrorist networks, but where there is no concrete information on economic transfers. Examples include cases such as the shoe-bomber plot (2001), the liquid bomb airliner plot (2006), and the "underwear bomber" plot (2009). In all these cases there is considerable documentation of organizational backing (evidence of communication, training, etc.), and we hypothesize that the attackers also received financial support, although there is no direct evidence of this. In any case, it is clear that the majority of cells in the sample received no financial support from international terrorist organizations, indicating that external support is not a crucial factor.

Given how much attention Islamic charities have received in the terrorist financing literature and in the media, it is interesting that they have played only a small role in the financing of attack cells in Europe. As Figure 3.1 shows, only two of the 40 cases (5%) involve Islamic charities. The first case is the liquid bomb airliner plot in 2006. One of the attackers was said to have diverted

money to his accomplices from the Crescent Relief Fund, an Islamic charity for which he worked.⁴³ An official investigation into the charity concluded that the organization could not account for all its funds, but could neither prove nor disprove the accusations of terrorist funding.⁴⁴ In the second case, one of the cell members behind the Birmingham rucksack bomb plot in 2011 undertook volunteer work for an Islamic charity. Together with other cell members and acquaintances, he used collection buckets and t-shirts from the charity to collect money on the streets of Birmingham during Ramadan. They collected over £13,000 (\$21,000) in the name of the charity, but told the charity that the amount was much smaller in order to keep most of the money themselves. Interestingly, the cell subsequently lost £9,000 (\$14,500) on currency trading – an activity in which none of the other cells in the sample are known to have engaged.⁴⁵

In addition, various forms of charity support can be said to have played a limited and indirect role in three other cases. First, one of the members of the Glasgow-based “Doctor Cell” lived for a period in quarters owned by the Islamic Academy in Cambridge, where he established contact with the other cell members.⁴⁶ However, he paid rent and only lived there for a short period, so although vital as a meeting place, the arrangement likely had no financial impact on the plot.

Secondly, one of the plotters behind the foiled attack at the Strasbourg Christmas market in 2000 had his lodgings provided by Safe Haven, which is a Sheffield-based housing organization, but not an Islamic charity.⁴⁷ Thirdly, one of the members of the German-based Tawhid Cell targeting Jews in Germany in 2002, Shadi Abdallah, went to Mecca and then to al-Qaida camps in Afghanistan on a trip sponsored by the Tabligh movement. Although Tabligh can be characterized as a broad social movement rather than a charity, the case illustrates how charitable aspects may facilitate pathways to militancy. It is also possible that funding from Islamic charities is supporting European jihadi cells more indirectly, through mechanisms that are not studied in this report. For instance, some of the money given by international terrorist organizations to European jihadi cells may originally have been donated by Islamic charities.

⁴³ “Islamic Charity’s Assets Frozen for Alleged Connection to Terrorism,” *ABC News*, August 24, 2006, http://abcnews.go.com/blogs/headlines/2006/08/islamic_charity/.

⁴⁴ *Inquiry Report Crescent Relief (London)* (Charity Commission, September 29, 2011), 3, https://apps.charitycommission.gov.uk/Library/crescent_relief_archive.pdf.

⁴⁵ Paul Peachey and Kim Sengupta, “Birmingham Terror Cell: The Profiles,” *The Independent*, February 21, 2013, <http://www.independent.co.uk/news/uk/crime/birmingham-terror-cell-the-profiles-8505049.html>; “Birmingham Terror Cell ‘Financier’ Joked about Stealing Cash...,” *Birmingham Mail*, April 24, 2013, <http://www.birminghammail.co.uk/news/local-news/birmingham-terror-cell-financier-joked-3001068>.

⁴⁶ Duncan Gardham, “Terror Trial: The Doctors Accused of Planning ‘Spectacular’ Car Bombings,” *The Telegraph*, October 9, 2008, <http://www.telegraph.co.uk/news/uknews/3165548/Terror-trial-The-doctors-accused-of-planning-spectacular-car-bombings.html>.

⁴⁷ Paul Harris and Burhan Wazir, “Al-Qaeda’s Bombers Used Britain to Plot Slaughter,” *The Guardian*, April 21, 2002, <http://www.theguardian.com/world/2002/apr/21/terrorism.religion>.

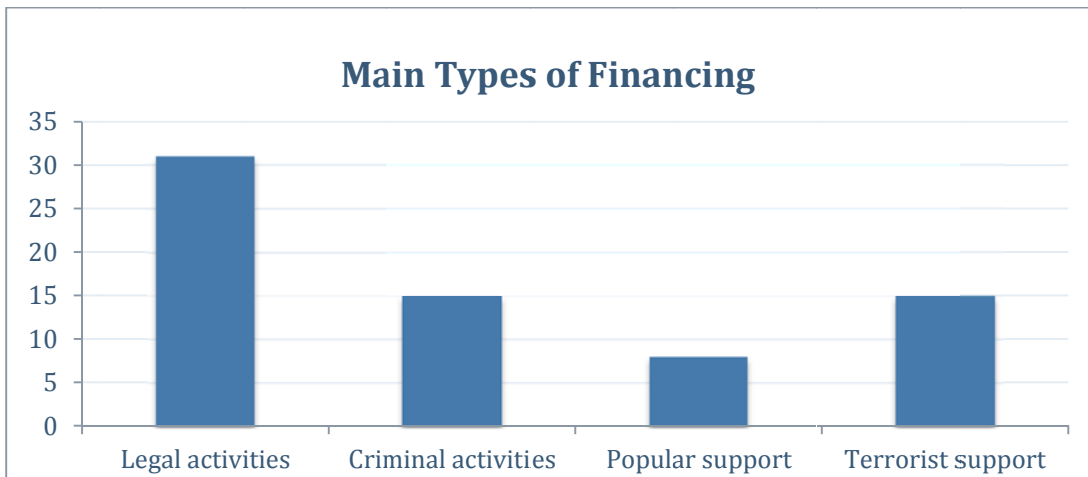


Figure 3.2 Number of cells that have received money from four main types of funding.

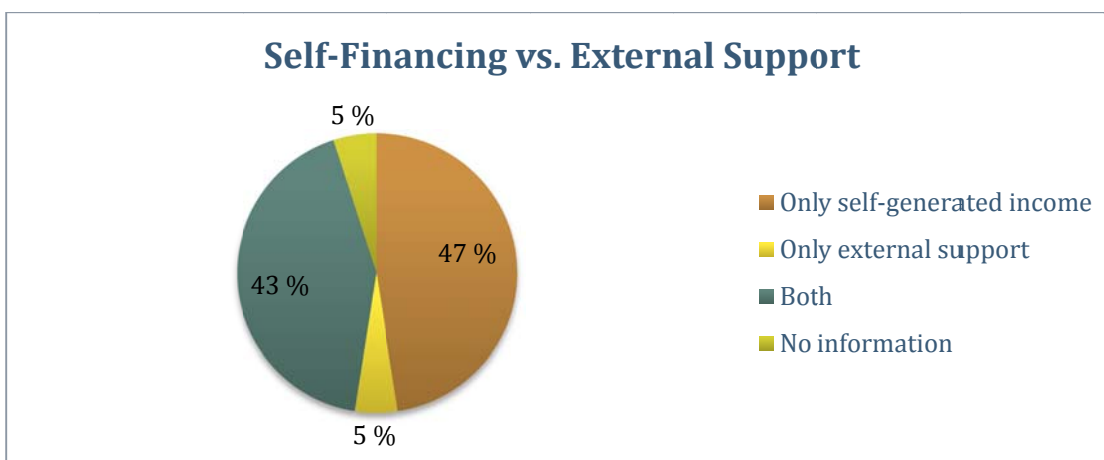


Figure 3.3 Proportion of cells that are self-financed, externally supported, and a combination.

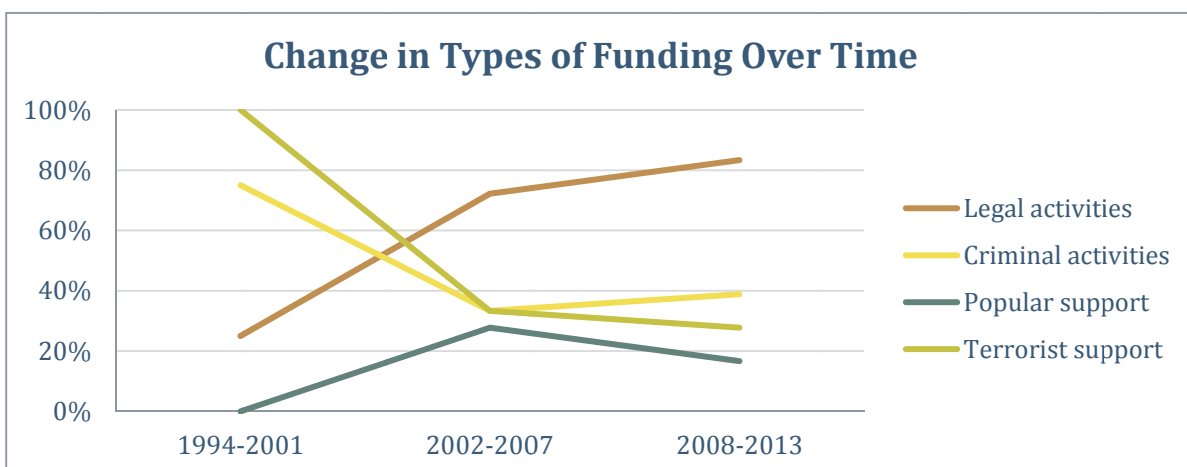


Figure 3.4 Proportion of cells generating income from the main types of funding in three time periods: 1994–2001, 2002–2007 and 2008–2013.

Figure 3.2 groups the various income sources into four types of funding: legal activities, criminal activities, popular support and terrorist support.⁴⁸ Legal income is the most common type of funding, with 29 cells (73%) being involved in some form of legal activities to generate money.

Criminal activities and support from other terrorists (international terrorist organizations and other European cells or support networks) are the second most common types of funding sources, each employed by 38% of the cells. Popular support is the least common. Charities, donations and fundraising have contributed to the funding of only eight cells. Furthermore, it constituted only part of those eight cells' income, as all had additional income from other types of sources. The case studies in Section 5 provide more detailed examples of cells that have raised income from the three most common types of funding: legal, illegal and terrorist support. In addition, a fourth case study represents mixed funding, since it is also a common feature that terrorist cells rely on several types of income. In the sample as many as 21 cells, more than half, have income from two or more different types of sources, such as both legal and illegal activities.

The concept of self-financing is seldom clearly defined in the terrorist financing literature, but here it refers to groups that generate their own income, either from legal or illegal activities.⁴⁹ As much as 90% of cells in the sample have been involved in some kind of income-generating activities. Moreover, as Figure 3.3 shows, almost half of the cells in the sample (19 cells) are entirely self-financed, meaning there is no evidence that they have received external support. In fact, this is the most common financing model for the European jihadi cells, followed by a mixture of income-generating activities and external support. 43% of the cells are in this mixed category. According to the data, only 5% (2 cells) have depended wholly on external support. Self-financing has also become more common over time. From 1994 until 2001, none of the cells were entirely self-financed. From 2002 until 2007, 44 % were entirely self-financed, whereas in the period from 2008 to 2013, 61% of the cells studied were entirely self-financed.

Figure 3.4 shows how the importance of the four main types of income has changed over time. Since the overall sample is relatively small, there are too few cases in each time period to draw any firm conclusions. It is still noteworthy that while financing from legal activities has become more common, support from other terrorists has been decreasing. Before 2001, all five cells studied were at least partially funded by international terrorist organizations or their European support networks. Since then, there has been a noticeable decline, and none of the six cells in the sample after 2010 are known to have had such funding. Although the data show only a correlation and not a causal relationship, this may suggest that tighter financial controls and other anti-terror measures may have forced local cells to rely increasingly on their own income as funding from the organizations abroad has dried up. The tendency towards more autonomous terrorist cells is

⁴⁸ For more information on how the income sources are grouped, see Appendix A.

⁴⁹ There are other possible interpretations of the concept of self-financing. For instance, FATF refers to funding from “internal sources, including family and other non-criminal sources”, thus excluding illegal activities from the concept. See Financial Action Task Force (FATF), *Terrorist Financing*, 14. Since the boundaries of the cells are often blurry, with varying numbers of affiliates fulfilling various support functions, the line between self-financing and external support can also sometimes be difficult to determine.

not only apparent in the area of financing, but is part of a gradual development towards more decentralized terrorist networks with local cells operating without central leadership, although the extent, causes and implications of this development remains an issue of debate.⁵⁰

Contrary to the assumption that terrorists are turning increasingly to illegal activities and gray markets, there is little evidence in our data that terrorist involvement in criminal activity has increased over time. In fact, as shown in Figure 4 there has been a decline in criminal activities from the mid-1990s to the mid-2000s, followed by a slight increase again. However, there have been considerable variations between years, so this trend should not be taken as definite. Similarly, the proportion of cells that have received income from popular support (from fundraising, donations, charities) has fluctuated around 20%, with no clear trend over time.

As for variation between countries, there are observable tendencies, but again too few cases to draw any firm conclusions. Looking at the UK, France and Scandinavia, the three countries/regions with most plots, we find that the UK has the largest proportion of self-financed cells (69%), compared to 57% of the cells in Scandinavia and only 33% of the cells in France. Cells operating in France have received support more often from other terrorists (50%) than have Scandinavian (29%) and UK-based cells (15%). In Scandinavia and the UK, all of the studied terrorist cells (100%) have generated at least part of their income from legal sources, whereas in France, only 17% of the cells have done so.

Financing methods, cell types, and the likelihood of executing attacks are also related in certain ways. For instance, smaller cells are more likely to be self-financed, cells with foreign fighters are more likely to receive support from terrorist organizations abroad, and self-financed cells are more likely to execute attacks.

The pattern of smaller cells being more often entirely self-financed than larger cells may be explained by the fact that small cells have fewer members to train and equip. They are thus likely to need less money, and can more easily raise it without external help. Single actor terrorists are especially overrepresented in the category of self-financing. Several of the single actor attacks in Europe have been conducted with simple hand weapons and cost almost nothing to perform, making it possible to cover the costs through the terrorist's own means. However, there are several exceptions. There are examples of terrorists conducting attacks alone who have been externally supported, such as the shoe-bombers Reid and Badat, and the "underwear bomber" Taimour Abdulwahhab. There are also some larger, internationally connected cells that have been self-financed, such as the "Doctor Cell" (2007) and probably the London Underground bombings (2005).⁵¹

⁵⁰ For instance, Marc Sageman has argued that the jihadi threat has become "home-grown," de-centralized and "bottom-up," whereas Bruce Hoffman has argued that al-Qaida has retained capacity to direct global terrorism "top-down". See Marc Sageman, *Leaderless Jihad: Terror Networks in the Twenty-First Century* (University of Pennsylvania Press, 2011); Bruce Hoffman, "The Myth of Grass-Roots Terrorism," *Foreign Affairs* 87, no. 3 (2008): 133–38.

⁵¹ According to media reports one of the London suicide bombers, Shehzad Tanweer, left behind a bank account containing £121,000 of unknown origin, triggering speculations that he had received money from

Secondly, cells with foreign fighters more often receive support from international terrorist organizations than cells without such members. Not all cells with foreign fighters receive support from international terrorist groups, but nine of the ten cells that have received such support had at least one member who had trained and/or fought abroad. Conversely, only one of the 12 cells without foreign fighters has received international support.⁵² The only cell that may have received international support without possessing foreign fighter experience is the Paris Cell, which planned to attack the headquarters of the French domestic security service in Paris in 2008. The cell's leader, Rany Arnaud, is said to have received support from militants in Algeria. He had lived in Syria from 2006-07 and wanted to join the insurgency in Iraq, but there is no information that he ever managed to do so.⁵³ Overall, it seems training or fighting in a jihadi conflict theatre increases the likelihood of receiving support from international terrorist networks. It is likely that jihadi training fulfils several functions relevant to economic support, including establishing contacts, functioning as vetting processes to convince leaders that recipients are sufficiently competent, and facilitating the transfer of money, which can be provided directly in cash at the camp.

Finally, self-financed cells are more likely to launch attacks than other cells. Among the cells in the sample that are entirely self-financed, 53% have managed to execute their plots, compared to only 21% among those that received some external support. Part of the explanation is probably that self-financed cells are more difficult to detect because they have no financial connections to known terrorists. Furthermore, compared to cells that receive external support, self-financed attacks are generally cheaper, less complicated and conducted by smaller cells without foreign fighters.⁵⁴ Involving fewer people and conducting more simple attacks arguably presents fewer opportunities for errors and decreases the risk of detection. Interestingly, there is no evidence in our data that other aspects of financing affect the terrorists' ability to execute attacks. For example, as described in Section 2.1, one of the assumed disadvantages from the terrorists' point of view of relying on crime to generate money is an increased risk of detection by police. Yet, there is no evidence in the material that cells involved in criminal activities are detected more often than others. Their plots reach the stage of execution as often as cells without involvement in crime.

terrorists while in Pakistan. However, further inquiries reportedly left police convinced the cash was not a payment from a terrorist organization, but possibly an attempt at tax fraud by a family member. It is also possible that Tanweer and another cell member, Khan, received some training in the border-areas between Afghanistan and Pakistan, but there is no evidence that they received any financial support. The official investigative report on the London bombings concludes that "Current indications are that the group was self-financed. There is no evidence of external sources of income." See Great Britain Parliament House of Commons, *Report of the Official Account of the Bombings in London on 7th July 2005*, 23; "£121,000 fortune of a 7/7 bomber", *The Daily Mail*, January 7, 2006, <http://www.dailymail.co.uk/news/article-373459/121-000-fortune-7-7-bomber.html#ixzz3CkBJXnNb>.

⁵² The data on foreign fighters is adapted from the data set "Foreign Fighter Observation Set 1.0 (.xls)" compiled by Thomas Hegghammer, available at hegghammer.com/text.cfm?path=2176.

⁵³ "Un Apprenti Terroriste Voulait «faire Sauter» La Direction Du Renseignement," *Le Figaro*, March 11, 2009, <http://www.lefigaro.fr/actualite-france/2009/03/11/01016-20090311ARTFIG00078-un-apprenti-terroriste-voulait-faire-sauter-la-direction-du-renseignement-.php>.

⁵⁴ See above and Section 3.3

3.2 Moving Money

Having surveyed how European terrorist cells generate income, this section examines how it is moved. The need to move money will depend, among other things, on how and where the money is raised. Cells that receive external support are automatically involved in some kind of money transfer, but even the cells that receive no external support and raise the money locally will sometimes need to transfer money, for example between members of the same cell. Cash, money service businesses (particularly Western Union), and bank transfers appear to be the most common transfer methods, both for receiving external support and for transfers between cell members. There are no signs that funds for jihadi attack cells in Europe have been transferred through false trade invoicing, new online/mobile technologies or the hawala system, although it should be noted that this finding is uncertain due to limited information on money transfers in the data.

Most jihadi attack cells in Europe have received support in cash. External support for the GIA Network (1995), the Strasbourg Cell (2000), the Beghal Network (2001), the Tawhid Cell (2002), the *Jyllands-Posten* plot (2009), the Stockholm Cell (2010), and probably the two shoe-bombers (2001 and 2003) and the “underwear bomber” (2009) was provided in cash. To the extent that information is available, cash was seldom transferred by couriers, but rather handed over in personal meetings between the terrorists and their supporters during preparations. For instance, David Headley who plotted an attack against the offices of the newspaper *Jyllands-Posten* in 2009, received money for attack preparations in cash when he met with leaders of LeT and HUJI to plan the attacks and discuss surveillance videos.⁵⁵ In the sample there is only one known example of cash couriers. Rachid Ramda, once an editor of the London-based GIA-newsletter *Al Ansar*, and Ali Touchant, who oversaw the GIA Network in France in the mid-1990s, reportedly used lower-level members of the network as couriers to transfer cash to attack cells.⁵⁶

Money service businesses are another common method for moving funds to European terrorist cells and between members of the cells. The GIA Network (1005), the Beghal Network (2001), the Chechen Network (2002), the London fertilizer bomb plot (2004), the Madrid Cell (2004), the Madrid national court bomb plot (2004), the Hofstad Group (2004), the liquid bomb airline plot (2006), and the Swedish Cell (2010) all received and/or sent funds through money service businesses. Western Union was used by at least seven of these nine cells.

A number of international transfers also happened through the formal bank system. The Terrorist Finance Tracking Program (TFTP) has aided in the prevention and investigation of several European terrorist cells and plots, including the Sauerland Cell (2007), the liquid bomb airline plot (2006), the London Underground bombings (2005), the Hofstad Group (2004), and the

⁵⁵ The National Investigation Agency (India), “Interrogation Report of David Coleman Headley,” June 2010, <http://www.investigativeproject.org/case/354>.

⁵⁶ “Le Procès En Cour D’assises de Rachid Ramda, Au Jour Le Jour,” *SOS Attentats*, October 2007, http://www.sos-attentats.org/fiche-association-communiqués.asp?id=%7BE758A127-71ED-4CD5-8E27-C6063FF38FF2%7D&c=communiqués&lan_id=eng.

Madrid Cell (2004).⁵⁷ Since the TFTP collects data on international financial transactions (SWIFT transfers), all these cases must have involved at least one international bank transfer or payment. In addition, the leader of the Beghal Network that plotted to attack the US Embassy in Paris in 2002, admitted that he received instructions for an attack from Bin Laden's chief agent-handler Abu Zubaydah in 2001, and that al-Qaida had transferred money for the attack to a bank account in Morocco.⁵⁸ The most recent case known to involve formal bank transfers is the Stockholm suicide attack in December 2010. A man living in Glasgow, Nasseridine Menni, was convicted of transferring money for terrorism totaling £5,725 (\$8,400) to the bank account of the suicide bomber.⁵⁹ Furthermore, since the majority of European cells derive some income from legal sources such as salaries and benefits, they receive at least part of their income through the formal banking system. Most cell members use bank accounts and credit cards for their everyday economic activities, and sometimes also to pay for attack-related expenses and transfers.

There are no examples in the sample of the use of false trade invoicing or new payment technologies such as PayPal, Bitcoin or non-bank led mobile money transfer services. Somewhat unexpectedly there are also no examples of the use of hawala or similar informal value transfer systems (IVTS). Given that the terrorist financing literature describes IVTS as one of the most popular transaction methods among terrorists,⁶⁰ it is striking that such systems play little or no direct role in financing jihadi terrorist plots in Europe. Part of the explanation for this finding could be that hawala transfers are difficult to detect and thus under-reported in the material. Another likely explanation is that people in general seldom use the hawala system for transfers to Europe. The flow of remittances generally goes in the opposite direction, from workers in the West to their families in the developing world. It is probable that this general trend of hawala use is reflected among jihadists, so that hawala is more widespread among the European support networks that send money to terrorist organizations abroad, than among the jihadi cells in Europe. However, hawala may contribute to financing the European cells more indirectly. For example, the money that European jihadi cells receive in cash from terrorist organizations abroad may originally have been transferred to those organizations through hawala.

⁵⁷ "Terrorist Finance Tracking Program. Questions and Answers" (The United States Department of the Treasury), accessed March 24, 2014, <http://www.treasury.gov/resource-center/terrorist-illicit-finance/Terrorist-Finance-Tracking/Documents/Final%20Updated%20TFTP%20Brochure%20%288-5-11%29.pdf>.

⁵⁸ Mary Buckley and Rick Fawn, *Global Responses to Terrorism: 9/11, Afghanistan and Beyond* (Routledge, 2004), 48. It should be noted that Beghal later retracted his statement, saying it was extracted through torture.

⁵⁹ Lucy Christie and Christine Lavelle, "Nasseridine Menni Jailed for Transferring Money to Stockholm Suicide Bomber Taimour Abdulwahab," *The Independent*, August 27, 2012, <http://www.independent.co.uk/news/uk/crime/nasseridine-menni-jailed-for-transferring-money-to-stockholm-suicide-bomber-taimour-abdulwahab-8082376.html>.

⁶⁰ For more details on hawala and terrorist financing, see *The Role of Hawala and Other Similar Service Providers in Money Laundering and Terrorist Financing* (Financial Action Task Force (FATF), 2013), <http://www.fatf-gafi.org/media/fatf/documents/reports/Role-of-hawala-and-similar-in-ml-tf.pdf>.

3.3 Spending Money

How much money do European terrorists spend, and on what? The jihadi cells in the sample appear to have few expenses beyond attack-related activities. This is not so surprising given that most cells are designed to carry out one attack, often a suicide mission, and that few cells planned or managed to execute more than one attack. They do not pay salaries, distribute propaganda, provide social services or maintain training camps. Most of their expenses are attack related, and include travel and training, renting localities for storage and bomb-making, as well as requisitioning vehicles, weapons and bomb materials to be used in attacks. This underlines the importance of recognizing that the types and levels of costs will vary according to the size, goals, activities, location, and longevity of a terrorist cell.

At the same time, the European terrorist cells do exploit the wider infrastructure of propaganda material and training camps set up and paid for by larger jihadi networks abroad. If they had not been able to “free-ride” on these structures, the costs at the cell-level would likely be higher. The evidence indicates that the expenses of European jihadi cells are usually limited to the living expenses of the cell members, including housing and food. Many cell members live with their families or in the apartments of accomplices, reducing the need for rent and expensive stays in hotels. This is a form of non-monetary support that helps keep preparation costs low and frees up money for attack-related expenses.

Table 3.1 shows the estimated costs of the terrorist plots that were planned and conducted by the 40 cells studied. In general, the cost estimates include all attack-related expenses such as travel and training, the requisition of weapons, explosives and other bomb-making materials, communication, transport, rent of “bomb-factories” and storage. They do not include living costs of the cell members (lodging, food, etc.). For plots that were disrupted, the estimates only include expenses accumulated at the time of disruption, and not planned or possible future costs. This is because it is very difficult to predict what costs may have been accumulated if the plots were executed, but suggests that the actual costs would have been higher than our estimates. Appendix B provides details on the costs of each plot.

	Disrupted before any costs incurred	<\$100	\$100-1,000	\$1,000-10,000	\$10,000-20,000	>\$20,000	Not possible to estimate	Total
Proportion of plots	8% (3)	8% (3)	10% (4)	50% (20)	13% (5)	8% (3)	5% (2)	100% (40)

Table 3.1 Cost of European Terrorist Plots.

Table 3.1 confirms the conventional wisdom that terrorist attacks tend to be inexpensive. Three quarters of the plots in the sample are estimated to have cost less than \$10,000. The majority cost between \$1,000 and \$10,000. A number of plots have also been significantly cheaper, with 10% estimated at costing \$100–\$1,000 and 8% at less than \$100. In addition, three plots were disrupted before any attack-related expenses were accumulated.

The cheapest attacks were conducted with knives or other simple weapons, such as the Mohammed cartoonist axe attack (2010) and the attack on a British MP (2010) who was targeted because of his stance on the Iraqi war. In these plots, the weapons used cost as little as £2 (\$3), and there is no evidence that the perpetrators had additional costs related to planning and preparation, such as travel to training camps. Although none of these attacks caused death or casualties on a large scale, they nevertheless generated media coverage.⁶¹ This illustrates that the “return on investments” can be very high for terrorist attacks. It is possible to cause significant fear and attention with attacks costing less than \$100. Even the most elaborate attacks involving large cells, several bombs, multiple attack-sites and months of planning and preparation are not very expensive. Only three plots are estimated to have cost more than \$20,000: the Madrid train attacks (2004), the Strasbourg Cell Christmas market plot (2000), and the bombing campaign of the GIA Network in France (1995–96), which involved several separate bombings.⁶²

In general, cells that receive external support seem to spend more money on attacks than the cells that raise their own funds. None of the plots estimated at over \$20,000 were self-financed, whereas six of the seven plots costing less than \$1,000 were self-financed. It is likely that this is partly because cells that plan expensive attacks are more likely to actively seek external support and partly because cells that receive external support adapt their ambitions and plans to this increased funding. Some may also be less careful with expenses if they have more money available and/or if they have received the money from others rather than earned it themselves.⁶³ Finally, as discussed earlier, self-financed cells are often smaller, and smaller cells are likely to use less money simply because there are fewer cell members to prepare for an attack.

In tune with examples cited in the terrorist financing literature (see Section 2.3), many European terrorists had problems raising sufficient funding. In almost one-third of the cases in the sample, there are explicit references to the cell lacking money and/or individual cell members having financial troubles. For instance, several members of the Beghal Network that planned attacks against the US Embassy and cultural centre in Paris in 2001 were unable to travel to Afghanistan for training because of financial troubles, and another cell member had to borrow money to be able to travel back to France.⁶⁴ The shoe-bomber Saajid Badat, who was to execute a bomb attack

⁶¹ See “Tainted Mail Sent to Premier, Embassies,” *Chicago Tribune*, June 5, 2003, http://articles.chicagotribune.com/2003-06-05/news/0306050216_1_british-embassies-powders-rat-poison; Jan M. Olsen, “Man With Axe Attempts Attack On Mohammed Cartoonist Kurt Westergaard,” *Huffington Post*, January 1, 2010, http://www.huffingtonpost.com/2010/01/01/apparent-attack-against-m_n_409176.html.

⁶² In addition, two plots that were thwarted during the planning process were budgeted to cost more than \$20,000: the Beghal Network’s planned 2001 attack on the US Embassy in Paris was fixed by Al-Qaeda at a maximum of \$50,000, and Dhiren Barot, the leader of a cell that plotted attacks in the UK and the US in 2004, estimated the cost of his dirty bomb plot to be £70,000 (\$128,000).

⁶³ For instance, economic experiments find that people are less likely to give away money if they have made an effort to earn the money themselves rather than receiving it from others. Stephan Muehlbacher and Erich Kirchler, “Origin of endowments in public good games: The impact of effort on contributions”, *Journal of Neuroscience, Psychology, and Economics*, Vol. 2(1), May 2009, 59-67. <http://dx.doi.org/10.1037/a0015458>.

⁶⁴ “Ministère Public C/ Daoudi, Beghal, Bounour et Autres. Jugement,” 92.

on a trans-Atlantic airliner on behalf of al-Qaida in 2001, claims he only agreed to bring the bomb to the UK because al-Qaida paid for his ticket, which he could otherwise not afford.⁶⁵ A member of the Glostrup Cell, who was in Sarajevo to acquire weapons and explosives, told his acquaintances in Denmark in an intercepted phone call that “the problem is we need more money... Try to see if we can get some more money”.⁶⁶ It cannot be ruled out that some of the terrorists referred to personal financial problems so as to excuse their actions. Nevertheless, it appears that while jihadi attacks in Europe tend to be cheap, perpetrators may still have a hard time raising sufficient funds.

3.4 Summary

This section has examined how 40 terrorist cells behind plots in Western Europe have raised, moved and spent money. Key findings include:

- The most common income sources of European terrorist cells are: 1) salaries and savings of cell members, 2) illegal trade in drugs, weapons, and other goods, 3) theft and robbery.
- 73% of the cells generate at least part of their income from legal sources, and 38% of the cells are involved in criminal activities to raise money.
- Only 25% have received support from international terrorist networks.
- Contrary to common assumptions, only two cases (5%) involve funding from Islamic charities
- Self-financing is widespread: 47% of the cells are entirely self-financed, and almost 90% have been involved in at least one income-generating activity (legal and/or illegal). Self-financing has become more common over time.
- Since 2001, there has been a marked decline in financial support from other terrorists to attack cells in Europe, paralleled by an increase in legal income sources. There is no evidence that involvement in criminal activities has increased.
- Different types of cells rely to some extent on different types of funding. Small cells tend to be more self-financed than larger cells, and cells with foreign fighters more often receive support from international terrorist groups and networks.
- Self-financed cells are more likely to execute attacks than cells that received outside support. Among entirely self-financed cells, 53% have managed to carry out their plans, compared to only 21% among those that receive some external support. The type of financing does not otherwise appear to affect the likelihood that attacks

⁶⁵ Old Bailey Central Criminal Court, “Regina v. Saajid Badat. Prosecution Opening of Facts” (Merrill Legal Solutions, April 22, 2005), 15.

⁶⁶ “Indictment against Bektasevic Mirsad and Others” (Court of Bosnia and Herzegovina, April 6, 2006), 10.

become executed. For example, cells involved in crime are not detected more often than others.

- Self-financing through legal means appears to be most widespread in Scandinavia and the UK, whereas support from other terrorists and criminal activities are more common in France.
- There is no evidence of direct hawala-transfers to jihadi terrorist cells in Europe. Neither is there any examples of the use of new payment systems such as virtual currencies and mobile money services. Cash, money service businesses (Western Union) and formal bank transfers have been the most common methods for moving funds.
- European terrorist attacks have been relatively inexpensive. 76% of the plots are estimated at less than \$10,000. Material support from family as well as “free riding” on infrastructure provided by larger international jihadi networks contribute to keep costs low at the level of operational cells. Still, in one third of the cases there are indications that the cell had problems generating sufficient funding.

4 Case Studies: Four Main Types of jihadi Terrorist Cell Financing in Europe

In order to provide further insights into how European terrorist cells have financed their activities, this section presents case studies of four main types of jihadi terrorist cell financing in Europe. The cases have been selected to illustrate how some of the most common types of financing work in practice. The cases include one cell that is self-financed through legal activities, one that is financed mainly by criminal activities, one that has received the majority of its funding from other terrorists, and one cell that relies on a combination of all these funding sources. Each case study addresses the issues of income sources, transfer methods and expenses,⁶⁷ and also contains a brief discussion of insights provided by the case and how it compares to other cases. The emphasis is on the financial aspects of the groups, and the plots and cell members are described only briefly.

4.1 Legal Income Sources: The Doctor Cell

On June 29, 2007, two men attempted to detonate two remote controlled car bombs in West London. One of the cars was parked outside a nightclub and the other on a nearby street, possibly in an attempt to target people fleeing from the club. The cars contained homemade bombs made of gas canisters, petrol and nails, which were to be detonated by mobile phones. However, despite repeated attempts by the attackers, the bombs did not explode. The failed attack was soon discovered, and the police began searching for the perpetrators. The two men fled back to

⁶⁷ Prices are cited both in the original currency and in US dollars. The conversion to US dollars is based on the exchange rates at the time of payment. The historical exchange rates were found at “Current and Historical Rate Tables”, *XE Currency*, <http://www.xe.com/currencytables/#>, last accessed October 2014.

Glasgow, Scotland, where they both lived. The following day, June 30, they drove a car into the terminal building at Glasgow airport in an attempted suicide attack. The car became trapped in the airport terminal doors and again it failed to explode. One of the attackers then sprinkled petrol on the car and himself and ignited it. The car caught fire, but did not explode. The two attackers were apprehended, and one of them later died from his injuries. None of the other people at the airport were physically injured.⁶⁸ In addition to the attacker who died, eight people were arrested in connection with the plot, seven in the United Kingdom and one in Australia. Many of them were doctors, leading to the nickname “the Doctor Cell”. Six of those arrested were released without charges. In the following, the focus is on the financial activities of the three core plotters: the two attackers, as well as the man who was accused of advising and financing them.

The attacks were carried out by Bilal Abdulla, an Iraqi citizen who worked as a junior doctor in Scotland, and Kafeel Ahmed, an engineer from India. Kafeel Ahmed died from the injuries he suffered in the attack, whereas Abdulla was found guilty of conspiracy to murder and conspiracy to cause explosions, and in 2008 he was convicted to at least 32 years in prison.⁶⁹ A third man, Mohammed A., a junior doctor from Jordan, was accused of offering finance and advice for the plot and charged with conspiracy to cause explosions and conspiracy to murder, but was found not guilty.⁷⁰ The cell is believed to have been acting autonomously from any central leadership, but it is possible that Bilal Abdulla met and trained with a group of insurgents, possibly al-Qaida in Iraq (AQI), when he visited Iraq in May and June 2006. A document recovered from Abdulla’s laptop following the attacks included a statement addressed to the Soldiers of the Islamic State of Iraq, which is another name for AQI. It read: “God knows that the days I spent with you were the best and most rewarding days of my life.” Prosecutors said this proved Abdulla had been actively involved in the insurgency in Iraq, but Abdulla denied the charge, saying he did not write the document. Scotland Yard sent detectives to Iraq to investigate, but did not find evidence that Abdulla was directly involved with militant groups.⁷¹

Both Bilal Abdulla and Mohammed A. worked as trainee doctors in UK hospitals, and their salaries were an important source of income for the cell. In addition, savings and repayment of a personal loan contributed to financing their attack.

⁶⁸ “Glasgow Airport Attack: Timeline of a Terrorist Act,” *STV News*, June 29, 2012, <http://news.stv.tv/west-central/107856-glasgow-airport-terror-attack-timeline-the-planning-of-a-massacre/>; Matthew Taylor, “The Doctor, the Engineer and a Failed Call That Averted Disaster,” *The Guardian*, December 17, 2008, <http://www.theguardian.com/uk/2008/dec/17/glasgow-airport-trial-uk-security>.

⁶⁹ Haroon Siddique, “Glasgow Airport Car Bomber Jailed for 32 Years,” *The Guardian*, December 17, 2008, <http://www.theguardian.com/uk/2008/dec/17/glasgow-terrorism>.

⁷⁰ Although Mohammed A. was acquitted, it is interesting to include him in the financial analysis of the plot because he admitted providing the two attackers with money, even if it was not proven that he knew what the money was for. Woolwich Crown Court, “Opening Note. The Queen v. Bilal Talal Abdul Samad Abdulla, Mohammed Jamil Abdelqader Asha,” October 7, 2008, 83.

⁷¹ Matthew Taylor and Richard Norton-Taylor, “Glasgow Airport Bomber Was Being Tracked by MI5,” *The Guardian*, December 17, 2008, <http://www.theguardian.com/uk/2008/dec/17/glasgow-airport-bomber-bilal-abdulla>.

Mohammed A. was employed as a senior house officer in the neurology department at the University Hospital of North Staffordshire, and had a monthly salary of £2,400 (\$4,800). However, UK doctors are required to be registered by the General Medical Council (GMC) and are only permitted to work if their GMC registration is up to date. Mohammed A. had forgotten to renew his registration, and it was invalid from April to May 2007, so the hospital could not pay his salary for this period. Consequently, in June 2007, the month leading up to the attack and during which the most intensive attack preparations occurred, his salary was only £117 (\$230).⁷² Despite facing a month of substantially reduced income, Mohammed A. was willing to provide the would-be attacker Bilal Abdulla with £1,300 (\$2,600) at the end of May. To collect this money, Mohammed A. contacted a friend whom he had previously lent £1,000 (\$2,000). The friend agreed to pay back the loan at once, and over the course of the next four days he withdrew the money from various ATM's and gave it to Mohammed A. He also withdrew £300 (\$600) from his own bank account. During the evening of 26 May 2007, Bilal Abdulla travelled to the town where Mohammed A. lived, and Mohammed A. gave him the £1,300 (\$2,600) in cash.⁷³

According to Mohammed A. himself, he lent Abdulla the money without any knowledge of what it was going to be used for.⁷⁴ The prosecution disputed this and argued that Mohammed A. knew about the plot and willingly contributed money and advice to the two attackers. In the end, Mohammed A. was acquitted of all charges. Putting aside the question of Mohammed A.'s complicity, the fact that he provided money to Abdulla remains undisputed.

Bilal Abdulla worked as a junior house officer in general surgery at the Royal Alexandra Hospital in Paisley, Scotland. His exact salary is not known, but junior house officers in the UK typically received a monthly salary of between £1,700 and £2,500 (\$3,400-5,000).⁷⁵ Abdulla also had some savings. In an instant messenger conversation at the end of March with the other attacker, Kafeel Ahmed, Abdulla said that he would have £3,000 (\$6,000) available after paying rent in April (and that they could ask Mohammed A. for more if needed).⁷⁶

The last plotter, Kafeel Ahmed, was enrolled part-time in a PhD program in engineering at the Anglia Ruskin University in the UK, but he had spent most of the time between 2005 and 2007 in India due to illness in his family. However, he returned to the UK in May 2007 and obtained a temporary position at the Warrington Hospital in Liverpool.⁷⁷ There is no openly available information about his personal income or savings, but it appears that his financial contribution to

⁷² Woolwich Crown Court, "Opening Note. The Queen v. Bilal Talal Abdul Samad Abdulla, Mohammed Jamil Abdelqader Asha," 26.

⁷³ *Ibid.*, 27.

⁷⁴ *Ibid.*, 83.

⁷⁵ [Ben Flanagan, "Junior Doctors," *The Guardian*, March 3, 2002.](http://www.theguardian.com/money/2002/mar/03/wageslaves.careers)

<http://www.theguardian.com/money/2002/mar/03/wageslaves.careers>. The numbers from this article have been adjusted for inflation to 2008, but not otherwise updated.

⁷⁶ Woolwich Crown Court, "Opening Note. The Queen v. Bilal Talal Abdul Samad Abdulla, Mohammed Jamil Abdelqader Asha," 18.

⁷⁷ *Ibid.*, 10.

the attack was limited, as Bilal Abdulla made the majority of purchases, and, on the few occasions that Ahmed made purchases, he used Abdulla's credit card.

There is no information that the cell received any external support. The main income sources for the group were Bilal Abdulla's income and savings, and the money provided to Abdulla by Mohammed A. through reclaiming a personal loan. From April to June, this amounts to an income of about £12,000 (\$24,000). This is the most relevant time period to address, since most of the preparatory activities took place during this period. In fact, the first known indication that the cell had begun planning a terrorist attack is from February 26, 2007. In a *Yahoo!* messenger service conversation between Abdulla and Kafeel Ahmed, the latter wrote "bro inshallah I think we are gonna start experiments sometime soon ... Probably in a week or so we will have a meeting".⁷⁸ However, attack-related expenses such as renting the house where they built the bombs, and buying cars and bomb materials only started to accumulate a few months later, at the end of April (see timeline in Appendix C).

There is no evidence of international transfers. The group members' salaries were probably transferred to their bank accounts through formal bank transfers. The money from Mohammed A. to Bilal Abdulla was transferred in cash in person. In addition, Abdulla had given the PIN code for his bank card to Ahmed, and on several occasions Ahmed used this credit card to withdraw money and pay expenses, for instance on June 5 and June 6 when he withdrew money to buy two of the cars. Most purchases were made in cash.⁷⁹

Most of the preparations and attack-related expenses occurred in June 2007. During the first half of June 2007, Abdulla and Ahmed bought five used cars from five different sellers, for a total of £3,450 (\$6,900). Two of these cars were used in the London attack and one in the attack on the Glasgow airport terminal. According to the prosecution, the attackers originally planned to use the remaining cars and bomb material in a series of attacks similar to the one attempted in London, but they were forced to change their plans when the first attack failed. Abdullah also rented a house, in which they constructed the car bombs, for an estimated £2,000 (\$4,000) from April through June. The car purchases and the rent for the "bomb factory" are the largest expenses. Other attack-related expenses include Ahmed's flight from India to the UK two months prior to the attack, car hire, inland travel, and various bomb materials such as petrol, nails, gas canisters, mobile phones and wires. They bought the bomb materials in more than 20 visits to different stores in various cities. The final purchases were made just one day before the attack.⁸⁰ Appendix C provides a more detailed overview of the expenses. All in all, the attack-related expenses can be safely estimated at less than £10,000 (\$20,000), and were probably closer to £7,000-8,000 (\$14,000-16,000). Living costs, such as expenses for food, utilities, and Mohammed A.'s housing, comes in addition to this.

⁷⁸ *Ibid.*, 15–16.

⁷⁹ *Ibid.*, 31, 33.

⁸⁰ *Ibid.*

The Doctor Cell is an example of a cell that is self-financed through legal activities, using the members' salaries and savings to finance an attack. The case study illustrates how such cells can operate, and why they are hard to detect through financial surveillance. The group raised the necessary funding through methods that were nearly impossible to identify as related to terrorism or other serious crime, and none of its financial activities were inherently suspicious. Relying on legal income sources, raising the money locally, using cash and having low expenses, it is no wonder the cell's financial activities did not raise red flags. In addition, the cell members took deliberate security measures, such as avoiding large cash withdrawals and formal bank transfers between themselves, and buying the bomb materials in various stores in different cities across several weeks. They also employed other counter-surveillance measures, such as using aliases and undertaking reconnaissance. Several other jihadi cells in Europe have exhibited some degree of professionalism and employed similar security measures. For instance, the Strasbourg Cell, while plotting to bomb a Christmas marketplace in 2000, divided up their purchases in a similar manner and bought small amounts of chemicals in 48 different pharmacies all over Germany.⁸¹

Still, the ease of concealing all preparations and financing a terrorist attack through legal means should not be exaggerated. Although it was possible for the group to amass the necessary funds, money was not abundant, and when Ahmed and Abdullah needed money to buy the cars and bomb material needed for the attack, they had to ask Mohammed A. for help.⁸² The level of education among the Doctor Cell's members is exceptional, and for terrorists with less education and resources, it is surely more difficult to secure stable salaried employment and take the same measures to avoid detection. Nevertheless, the case is far from unique in the history of jihadi terrorism in Europe. Other cells that have self-financed their attacks through legal activities include the London Underground bombings in 2005,⁸³ the German commuter train suitcase plot in 2006, the attack against a military barracks in Milan in 2010, and the cell that tried to attack an English Defence League rally in June 2012. In addition, several less advanced attacks with handheld weapons, such as the 2010 axe attack on Kurt Westergaard and the assassination attempt on a British MP, were conducted by individuals with legal income and no known external support. These latter attacks nevertheless differ significantly from those of the Doctor Cell because they were conducted by single actor terrorists and cost almost nothing to prepare and conduct.

4.2 Support from International Terrorist Organizations: The *Jyllands-Posten* Plot

In October 2009, US authorities arrested two men suspected of plotting an attack against the Danish newspaper *Jyllands-Posten* in retaliation for its publication of cartoons of the Prophet Mohammed. The attack was to be a suicide mission, in which terrorists would storm

⁸¹ Harris and Wazir, "Al-Qaeda's Bombers Used Britain to Plot Slaughter."

⁸² Woolwich Crown Court, "Opening Note. The Queen v. Bilal Talal Abdul Samad Abdulla, Mohammed Jamil Abdelqader Asha," 9.

⁸³ For a discussion on whether the cell behind the London Underground bombings may have received external support, see footnote 51.

the *Jyllands-Posten* offices, have its staff taken hostage and executed, and then have their severed heads thrown out of the windows of the newsroom in an international media spectacle.⁸⁴

The two arrested men were David Coleman Headley, an American citizen of Pakistani origin, and Tahawwur Hussain Rana, a Pakistani-born Canadian citizen. The men communicated with, and received instructions and funding from, the Kashmiri separatist group Lashkar-e-Taiba (LeT), as well as a Pakistani militant known as Ilyas al-Kashmiri. Al-Kashmiri was the operational commander of the Pakistani-based Harkat-ul-Jihad al-Islami (HUJI), and was in regular contact with al-Qaida.⁸⁵

Of the two arrested men, Headley had the most operative role. He was to be among the attackers, and had undertaken two reconnaissance trips to Copenhagen. He had previously received training from LeT in Pakistan, and was also involved in the preparations of the group's terrorist attacks in Mumbai in November 2008.⁸⁶ The other man, Tahawwur Hussain Rana, was involved in the planning of the attacks and assisted Headley in undertaking the surveillance trips. He was also a fundraiser for LeT. In January 2013, he was sentenced to 14 years in prison for his role in the Denmark terrorist plot and for providing material support to LeT.⁸⁷

David Headley received money and other forms of support from associates of LeT and HUJI on several occasions during the preparations. The planning of the attack began almost a year before the arrests, at the end of 2008, when Headley met with a mid-level LeT commander called Sajid Majid in Pakistan. Sajid gave Headley €3,000 (\$4,300) to travel to Denmark and conduct surveillance of the *Jyllands-Posten* offices.⁸⁸ Headley first returned to the United States, and then in January 2009 he flew from Chicago to Copenhagen, Denmark. He gained access to the offices of *Jyllands-Posten* in Copenhagen and in Aarhus on the pretext that he was seeking to place an advertisement in the newspaper on behalf of Rana's company, First World Immigration. Headley collected video footage of the offices of *Jyllands-Posten*, and looked into leasing an apartment that could be used by LeT's attack team.⁸⁹ Afterwards he travelled to Pakistan, but in March 2009, LeT told Headley that they would put the Denmark attack on hold due to the pressure the organization was under as a result of its role in the Mumbai attack that killed more than 160 people in November 2008.⁹⁰

⁸⁴ United States District Court of Illinois, "Plea Agreement David Coleman Headley," 7, accessed April 24, 2014, http://www.thehindu.com/multimedia/archive/00069/Plea_Agreement_69179a.pdf.

⁸⁵ Nesser, "Towards an Increasingly Heterogeneous Threat," 4.

⁸⁶ Laura Fitzpatrick, Randy James, and Dan Fletcher, "Alleged Terrorism Plotter David Headley," *Time*, December 9, 2009, <http://content.time.com/time/nation/article/0,8599,1946462,00.html>.

⁸⁷ "Tahawwur Rana Sentenced to 14 Years in Prison for Supporting Pakistani Terror Group and Terror Plot in Denmark," *FBI Press Release*, January 17, 2013, <http://www.fbi.gov/chicago/press-releases/2013/tahawwur-rana-sentenced-to-14-years-in-prison-for-supporting-pakistani-terror-group-and-terror-plot-in-denmark>.

⁸⁸ United States District Court of Illinois, "Plea Agreement David Coleman Headley," 10. The National Investigation Agency (India), "Interrogation Report of David Coleman Headley," 79–80.

⁸⁹ United States District Court of Illinois, "Plea Agreement David Coleman Headley," 12.

⁹⁰ *Ibid.*, 13.

Headley then turned to Ilyas al-Kashmiri, who was the operational commander of Harkat-ul-Jihad al-Islami (HUJI). Kashmiri was willing to take over the sponsorship of the plot and told Headley that he could provide funding and manpower. In May 2009, Kashmiri gave Headley \$1,500 and instructed him to travel to Europe to produce more surveillance videos and meet with contacts that could provide money, weapons and recruits for the attack.⁹¹ In July, Headley thus travelled to Derby, England, where he met with two of Kashmiri's European connections. However, they did not want to participate in the Denmark plot and were unable to supply weapons, instead offering him about \$15,000.⁹² There is no information available on how they had raised the money. Headley subsequently went to Stockholm to meet a veteran militant called "Farid". "Farid" was also unable to help Headley as "Farid" believed he was under surveillance by the Swedish security services. Headley then travelled on to Copenhagen, where he made 13 surveillance videos and approached drug dealers about acquiring guns.⁹³ He was finally arrested at the airport in Chicago while on his way to Pakistan to meet with Kashmiri and deliver the surveillance videos.⁹⁴

From December 2008 to his arrest in October 2009, Headley had received €3,000 (\$4,300) from Sajid Mir (from LeT) and \$1,500 from Ilyas al-Kashmiri, as well as \$15,000 from Kashmiri's associates in Britain. In addition, Rana had bought at least two of the plane tickets for Headley's travels. Rana's income apparently derived from three businesses he owned: an immigration consultancy firm, a grocery store and a farm in Illinois which offered halal meat to Muslims.⁹⁵ Sometime during the summer of 2009, Rana and Headley also agreed that funds that had been provided to Rana for safe-keeping could be used to finance the attack. This amounted to \$5,000 in *zakat* money from Rana's brother, who also lived in the US.⁹⁶ All in all, about \$25,000 seems to have been available for the plot. All the money given to Headley was provided in cash. At least two of the plane tickets were bought online by Rana in Headley's name, and subsequently e-mailed to Headley.⁹⁷

The only expenses that had accumulated at the time of arrest were related to reconnaissance and planning, including two trips to Copenhagen, travel within Europe (UK–Sweden–Denmark), and two trips between the US and Pakistan. For instance, Headley flew from Copenhagen through Atlanta to Chicago on August 5, 2009, on return tickets worth \$904.90.⁹⁸ The total travel costs can be estimated to be no more than \$5,000. In terms of equipment, the only known items used in

⁹¹ The National Investigation Agency (India), "Interrogation Report of David Coleman Headley," 100.

⁹² Sebastian Rotella, "The American Behind India's 9/11 – And How U.S. Botched Chances to Stop Him," *ProPublica*, January 24, 2013, <http://www.propublica.org/article/david-headley-homegrown-terrorist>.

⁹³ United States District Court of Illinois, "Plea Agreement David Coleman Headley," 14; The National Investigation Agency (India), "Interrogation Report of David Coleman Headley," 102–105.

⁹⁴ United States District Court of Illinois, "Plea Agreement David Coleman Headley," 15.

⁹⁵ "Canadian arrested in Chicago on terror charges", *The Star*, October 29, 2010, http://www.thestar.com/news/canada/2009/10/27/canadian_arrested_in_chicago_on_terror_charges.html.

⁹⁶ "Tahawwur Rana Sentenced to 14 Years in Prison for Supporting Pakistani Terror Group and Terror Plot in Denmark."

⁹⁷ "Government Trial Exhibits Introduced June 1, 2011 - David C. Headley," accessed April 24, 2014, http://www.investigativeproject.org/documents/case_docs/1821.pdf.

⁹⁸ *Ibid.*

the preparations are the business cards used by Headley to gain access to the *Jyllands-Posten* offices, and the cameras he used to film the surveillance videos. The cards were ordered and paid for by Rana (price unknown), whereas Headley used his mother-in-law's video camera and the camera on his Sony Ericson phone to make the videos.⁹⁹ The plot was interrupted at the early stages of preparation. It is therefore hard to come up with an estimate of what the total cost would have been if the plans had been followed through.

Although the available information is less detailed than for the Doctor Cell, the Rana-Headley plot provides rare insights into the financing of a European terrorist attack by international terrorist organizations. There are several terrorist plots in Europe which likely involved financial support from international terrorist organizations, but are too poorly documented to give much insight into the financial dimension. They include cases such as the 2009 underwear bomber, Umar Farouk Abdulmutallab, whom AQAP provided with training, the bomb, and perhaps also money for the plane ticket, and the two shoe-bombers, Richard Reid and Sajjid Badat (arrested in 2001 and 2003, respectively), who were instructed, trained, and equipped by al-Qaida.¹⁰⁰ Similarly, Rany Arnaud, the man behind a plot to bomb the headquarters of France's domestic intelligence (DCRI) service in Paris in 2008, was waiting for a postal order from Algeria so he could buy explosives. The exact affiliation of the donors is unknown, but Arnaud had "made contact with people involved in jihadi movements to seek help in carrying it out and received remittances to fund it."¹⁰¹ There are also several cells that have functioned partly as support networks, partly as attack cells, and where the financial flows moved both ways. For example, the Tawhid Cell, the Beghal Network and the GIA Network all collected money in Europe for international terrorist organizations, but also received funding and other forms of support for specific attacks in return. Although Rana and Headley operated on a much smaller scale than these networks, the case is similar in the sense that Rana provided material support to LeT, at the same time as LeT helped fund the specific plot against *Jyllands-Posten*.

The Rana-Headley case illustrates that there can be a close connection between money and command and control. The plot was initiated by LeT, but as soon as Kashmiri offered to fund the attack, he became the operational commander and the attack plans were adjusted in accordance with his wishes, including that the heads of the *Jyllands-Posten* staff should be thrown out of the windows. It is also interesting to note that neither LeT nor Kashmiri gave Headley the full amount needed for the attack, but rather paid him small advances to cover specific expenses. Although two payments are too few to draw any firm conclusions, they indicate a preference for financial control similar to that exhibited by al-Qaida and affiliated groups in Iraq and North Africa that

⁹⁹ The National Investigation Agency (India), "Interrogation Report of David Coleman Headley," 106.

¹⁰⁰ Old Bailey Central Criminal Court, "Regina v. Saajid Badat. Prosecution Opening of Facts," 12; Marissa Ressa, "Sources: Reid Is Al Qaeda Operative," *CNN*, December 6, 2003, <http://edition.cnn.com/2003/WORLD/asiapcf/southeast/01/30/reid.alqaeda/>; "United States of America vs. Umar Farouk Abdulmutallab. First Superseding Indictment" (United States District Court Eastern District of Michigan Southern Division, December 15, 2010).

¹⁰¹ *The Use of Internet for Terrorist Purposes*, 67.

demand that their members keep detailed records of financial transactions.¹⁰² Tight financial controls can be useful for terrorist leaders in order to keep subordinates in line and reduce their incentives to act against their orders.¹⁰³

4.3 Criminal Activities: Mohammed Merah

In March 2012, the French-Algerian jihadi Mohammed Merah conducted a series of shootings in France. On March 11, he shot and killed a soldier in Toulouse. Four days later, he killed two more soldiers in the nearby town of Montauban, before he targeted a Jewish school in Toulouse, killing one teacher and three children. All three attacks were executed in a similar manner, with Merah approaching and escaping the attack scene on a scooter, using a pistol and a submachine gun to shoot his victims. Merah was shot and killed by police as he jumped from a window following a 30-hour siege of his apartment.¹⁰⁴

Mohamed Merah was born to Algerian parents in Toulouse in 1988. He was first believed to be a so-called “lone wolf”, but investigations revealed that he had close connections to jihadi networks in France and had received terrorist training in Pakistan.¹⁰⁵ However, there is no indication that persons other than Merah were actively involved in preparing the attacks.

One of Merah’s brothers, a sister and his step-father were all affiliated with various neojihadi networks in France.¹⁰⁶ French security forces had begun taking notice of Mohammed Merah’s ties to extremists in Toulouse as early as October 2006. In May 2007, they described him as a “radical jihadi” who had recently joined a Salafi movement police had infiltrated.¹⁰⁷ He had mixed with Forsane Alizza, a pro-al-Qaida group encouraging French citizens to travel to Af-Pak and other conflict zones for jihad.¹⁰⁸ Mohammed Merah also had close ties to various criminal gangs. In 2007 he was sentenced to 20 months in prison for violent robbery. After his release in 2009, he

¹⁰² See for example Rukmini Callimachi, “\$0.60 for Cake: Al-Qaida Records Every Expense,” *AP*, December 30, 2013, <http://bigstory.ap.org/article/060-cake-al-qaida-records-every-expense>.“

¹⁰³ Jacob N. Shapiro, “Terrorist Organizations’ Vulnerabilities and Inefficiencies: A Rational Choice Perspective,” in *Terrorism Financing and State Responses: A Comparative Perspective*, ed. Jeanne K. Giraldo and Harold A. Trinkunas (Stanford, Calif.: Stanford University Press, 2007).

¹⁰⁴ “Who Was French Gunman Mohammed Merah?,” *CNN*, March 23, 2012, <http://www.cnn.com/2012/03/21/world/europe/france-shooting-suspect-profile/index.html>.

¹⁰⁵ Nesser, “Towards an Increasingly Heterogeneous Threat,” 8.

¹⁰⁶ Virginie Andre and Shandon Harris-Hogan, “Mohamed Merah: From Petty Criminal to Neojihadist,” *Politics, Religion & Ideology* 14, no. 2 (June 2013): 307–19. Paul Cruickshank and Tim Lister, “How Did Mohammed Merah Become a Jihadist?,” *CNN*, March 26, 2012, <http://www.cnn.com/2012/03/26/world/europe/france-shooting-suspect/index.html>.

¹⁰⁷ Bruce Crumley, “The Terror of Toulouse: How Much Did the French Know About a Spree Shooter?,” *Time*, March 11, 2013, <http://world.time.com/2013/03/11/the-terror-of-toulouse-how-much-did-the-french-know-about-a-spree-shooter/>.

¹⁰⁸ Cruickshank and Lister, “How Did Mohammed Merah Become a Jihadist?”.

travelled extensively in the Middle-East, including Iraq and Afghanistan. In 2011, he attended a training camp linked to Tehrik Taliban Pakistan (TTP) and al-Qaida in Waziristan, Pakistan.¹⁰⁹ Mohammed Merah's main income source was criminal activities, including theft, robbery and drug trafficking. He also collected state benefits and possibly received some money and other forms of material support from his family, but these amounts were marginal compared to the proceeds from illegal activities. According to Merah himself, al-Qaida offered to finance the plot, but Merah refused.¹¹⁰

To finance his travel and training in Pakistan in 2011, Merah told the French police that he sold his car for €4,400 (\$6,300), adding that "even if I hadn't sold it, I would have had enough money to travel."¹¹¹ The extra money he refers to likely originated from criminal activities. According to law enforcement and intelligence sources, Merah had made €40,000 (\$58,000) by acting as a drug courier between Spain and France.¹¹² He was also involved with a network of petty criminals conducting burglaries, thefts and robberies, and had at least 18 convictions from French courts.¹¹³ Merah claims that while he trained in Pakistan, al-Qaida offered to finance his operation, but that he refused because it is "easy to get money in France." He returned to France in November 2011, but felt he could not take action at once, since he was certain that the security services were after him. Therefore, he began spending the proceeds from his earlier crimes and did not work. He says he initially had about €20,000 (\$24,500), but as the weapons were expensive, he soon found himself with only €500 (\$610) left. He then participated in an activity which he claims earned him a little over €10,000 (\$12,000). He refuses to say exactly what he was involved in, only that he joined up with some of his criminal contacts and "did some work with them," serving as a driver.¹¹⁴ Once the necessary finances and weapons were acquired, Merah reportedly shut down all communications with both his criminal and militant Islamist contacts.¹¹⁵ At the time of the attacks, he still had some money left. Media reported that a large wad of money was found in a car rented by Merah (there was about €5,000 (\$6,100) in the car according to Merah himself).¹¹⁶

¹⁰⁹ Thibault Raisse, "Le Pacte Secret de Merah Avec Un Lieutenant de Ben Laden," *Le Parisien*, March 21, 2014, <http://www.leparisien.fr/faits-divers/le-pacte-secret-de-merah-avec-un-lieutenant-de-ben-laden-21-03-2014-3693621.php>.

¹¹⁰ "Exclusif - Transcription Des Conversations Entre Mohamed Merah et Les Négociateurs," *Liberation FR*, July 17, 2012, http://www.liberation.fr/societe/2012/07/17/transcription-des-conversations-entre-mohamed-merah-et-les-negociateurs_833784. Author's translation. It is important to note that this is a transcription of what Merah himself chose to tell the negotiators. Though his statements give valuable insight into his planning and thinking, it must be acknowledged that he may intentionally and unintentionally distort the truth.

¹¹¹ *Ibid.*

¹¹² Makarenko, *Europe's Crime-Terror Nexus*, 45.

¹¹³ Andre and Harris-Hogan, "Mohamed Merah," 309.

¹¹⁴ "Exclusif - Transcription Des Conversations Entre Mohamed Merah et Les Négociateurs."

¹¹⁵ Makarenko, *Europe's Crime-Terror Nexus*, 45.

¹¹⁶ "Merah : La Version Du Dernier Mis En Examen," *Le Progres*, June 2, 2013, <http://www.leprogres.fr/faits-divers/2013/06/02/merah-la-version-du-dernier-mis-en-examen>; "Exclusif - Transcription Des Conversations Entre Mohamed Merah et Les Négociateurs."

In addition to proceeds from crime, Mohammed Merah received welfare and some support from family members. He was unemployed and his only steady income was state benefits worth €475 (\$625) a month.¹¹⁷ His sister, Souad Merah, provided him with mobile phones, and let him use her Internet in the months before the attacks.¹¹⁸ In a video that was filmed without her knowledge, she told their brother Abdelghani how she was proud of Mohammed Merah, and confessed having bought plane tickets for him.¹¹⁹ In a subsequent interview, she claimed that she let him use her credit card to buy a ticket from Paris to Damascus since he did not have a credit card, and that he paid her back afterwards.¹²⁰ Mohammed Merah also used his mother's computer, amongst other things, to set up a meeting with his first victim.¹²¹ Although he received some support from his family, it is clear that illegal activities were Merah's primary income source.

Mohammed Merah prepared and carried out the attacks alone, received no external funding, and raised the money in France and Spain, where the resources were later to be used. There was consequently little need to transfer funds, although he probably brought some cash from France to Pakistan. Following the attacks, Merah barricaded himself in his apartment with a large arsenal of weapons and ammunition, as well as ingredients to make petrol bombs. His weapons included at least three Colt .45 pistols, a submachine gun, a Kalashnikov assault rifle, a pump-action shotgun, an Uzi machine pistol, and a Colt .357 Python revolver.¹²² According to investigators, he used one of his three .45-caliber pistols and the Uzi submachine gun in the attacks.¹²³ The weapons must have been acquired illegally, as Merah's prior convictions would have made it impossible for him to obtain weapons legally.¹²⁴ Merah himself said he had bought the weapons from criminals engaged in large-scale sale of firearms in France and Spain.¹²⁵

Cost estimates for the weapons vary. According to a spokesman for the General Police Union Workers' Force in France, a Kalashnikov rifle can be purchased illegally for about €1,000, or

¹¹⁷ Andrew Osborn, "Size of Merah Gun Arsenal Amazes French Public," *IOL News*, March 23, 2012, <http://www.iol.co.za/news/world/size-of-merah-gun-arsenal-amazes-french-public-1.1263042#.U198AVfc9nU>.

¹¹⁸ John Lichfield, "Scooter Terrorist Mohamed Merah 'Was Not a Lone Wolf,'" *The Independent*, September 4, 2012, <http://www.independent.co.uk/news/world/europe/scooter-terrorist-mohamed-merah-was-not-a-lone-wolf-8102822.html>.

¹¹⁹ "Toulouse : La Sœur de Mohamed Merah En Garde À Vue," *Le Parisien*, April 15, 2014, <http://www.leparisien.fr/midi-pyrenees/toulouse-la-soeur-de-mohamed-merah-en-garde-a-vue-15-04-2014-3770411.php>.

¹²⁰ "Souad Merah, Une Sœur Un Peu Trop «fière»," *Libération*, November 19, 2012, http://www.liberation.fr/societe/2012/11/19/souad-merah-une-soeur-un-peu-trop-fiere_861625.

¹²¹ John Irish, "French Gunman Trapped by Email, Bike," *Reuters*, March 22, 2012, <http://www.reuters.com/article/2012/03/22/us-france-shootings-investigation-idUSBRE82L0H620120322>.

¹²² Osborn, "Size of Merah Gun Arsenal Amazes French Public."

¹²³ Bastien Inzaurrealde, "Toulouse Gunman Puts Spotlight on France's Growing Illegal Gun Trade," *Christian Science Monitor*, March 27, 2012, <http://www.csmonitor.com/World/Europe/2012/0327/Toulouse-gunman-puts-spotlight-on-France-s-growing-illegal-gun-trade>.

¹²⁴ *Ibid.*

¹²⁵ "Exclusif – Transcription Des Conversations Entre Mohamed Merah et Les Négociateurs."

\$1,300.¹²⁶ Other gun experts say that Kalashnikovs go on the black market in France for anything between €1,500 and €3,000 (\$2,000–4,000), whereas a Colt .45 pistol of the kind Merah used can be bought for €600 (\$800) legally and around €1,000 (\$1,300) illegally. The whole arsenal would have cost at least €10,000 (\$13,000) to purchase.¹²⁷ Merah himself listed the prices he had paid for the various weapons to the negotiators. They add up to €9,300 (\$11,300), plus some weapons for which he could not remember the price.¹²⁸ One of Merah’s criminal contacts, Fetha Malki, admitted providing Merah with the Uzi submachine gun, but said he gave it to him for free because it did not work and Merah was to restore it. Malki also sold Merah a bulletproof vest for an unknown price.¹²⁹

As for the jihadi training in Pakistan in 2011, Merah himself said the plane tickets to Pakistan cost close to €1,000 (\$1,400). There is no information on whether he paid anything for the training he received, but he claims he spent a lot of money on the trip.¹³⁰ He also said he bought a video camera for the trip for about €1,000 (\$1,400). This may have been the same camera that he later used to film the attacks.¹³¹ The scooter used in the attacks had been stolen in May 2011.¹³² He had also rented a car,¹³³ but appears not to have used it in connection with the plot.

Adding the above expenses together, the total cost of the attack-related activities can be roughly estimated at somewhere between €10,000 and €20,000 (\$13,000–20,000), of which the most was spent on firearms. However, if one includes only the two weapons that were used in the attacks, and not the entire arsenal, the estimate should be reduced to €5,000–7,000 (\$6,500–9,000).

The Merah shootings were financed primarily by income from criminal activities. Other jihadi terrorist cells in Europe that derived most of their income from illegal activities include: the Paris kosher supermarket attack (2012), the Düsseldorf Cell (2011), the Madrid Cell (2004), the Madrid National Court bomb plot (2004), the Chechen Network (2002), and the GIA Network (1995). In addition, many cells have been involved in some criminal activities, but did not generate their main income from it. In contrast to most of the other cells financed by crime, the Merah shootings were executed by a single person rather than a group. Although Merah had ties to militants in France and other European countries and received training in Waziristan, he prepared and carried out the attack alone. It is noteworthy that compared to the attacks of other single actor terrorists, such as Roshonara Choudhry and Mohammed Geele, Merah’s attacks were considerably more

¹²⁶ Inzaurrealde, “Toulouse Gunman Puts Spotlight on France’s Growing Illegal Gun Trade.”

¹²⁷ Osborn, “Size of Merah Gun Arsenal Amazes French Public.”

¹²⁸ “Exclusif – Transcription Des Conversations Entre Mohamed Merah et Les Négociateurs.” Author’s translation.

¹²⁹ “Merah : La Version Du Dernier Mis En Examen.”

¹³⁰ “Exclusif – Transcription Des Conversations Entre Mohamed Merah et Les Négociateurs.”

¹³¹ “Merah Aurait Fait Du Shopping À Genève,” *Le Matin Suisse*, March 26, 2012,

<http://www.lematin.ch/monde/europe/La-camera-de-Merah-achetee-a-la-Fnac-de-Geneve-/story/13251284>.

¹³² “Email Trail Led France Police to Suspect in Jewish School Murders,” *NBC News*, March 22, 2012, <http://worldnews.nbcnews.com/news/2012/03/22/10804296-email-trail-led-france-police-to-suspect-in-jewish-school-murders>.

¹³³ “Merah : La Version Du Dernier Mis En Examen.”

expensive. Generally, small cells plot inexpensive attacks, but the Merah case illustrates that, depending on the choice and amount of weapons, solo terrorist attacks may be as expensive as those of group-based, organized cells. For example, the 2005 London Underground bombings are estimated by British authorities to have cost a maximum of £8,000 (\$14,500), which is less than the estimated costs of Merah's arsenal of weapons.¹³⁴

Money does not appear to have been a constraint on Merah's operations. He had bought more weapons than he needed, and used only two of them in the attacks. He even had more money left when police caught up with him. In fact, several other cells that have raised money from crime exhibit similar wealth, especially those involved in international smuggling. For instance, the Chechen Network that operated in France in the early 2000s generated several hundred thousand Euros from trafficking in forged documents, electronics and cars, and the network behind the Madrid Cell had "a substantial war chest sufficient to fund a series of additional attacks".¹³⁵ When searching the apartment of two network members after the bombings, police found €19,000 (\$34,400) in cash, hashish with an estimated market value of €75,500 (\$135,750), and tablets of ecstasy valued to €1,278,000 (\$2,313,200).¹³⁶ In contrast, members of the Doctor Cell, who relied only on legal income sources, were short on money and spent all the funds available to them on attack-related expenses. As discussed in the overview of research of terrorism financing, terrorists tend to find criminal activities attractive compared to legal activities precisely because of their higher yields.

On the downside from a terrorist's perspective, illegal activities are said to involve higher risk of detection by security services. However, Merah's criminal profile may in fact have helped him escape detection. According to a report by the European Parliament, although his travels and jihadi connections were well-known to French police, he was not put under close surveillance precisely because they had assessed his dual criminal/terrorist profile as too peculiar for him to constitute a threat.¹³⁷ He had access to all the weapons he needed through his criminal connections and knew how to prepare himself because of his criminal background.¹³⁸ The Merah case therefore sheds light on the more general finding that European jihadis involved in crime are not detected more often, and manage to launch attacks just as frequently as cells relying on other income sources.

¹³⁴ Great Britain Parliament House of Commons, *Report of the Official Account of the Bombings in London on 7th July 2005*.

¹³⁵ Phil Williams, "In Cold Blood: The Madrid Bombings," *Perspectives on Terrorism* 2, no. 9 (November 19, 2010), <http://www.terrorismanalysts.com/pt/index.php/pot/article/view/50>; "Jugement No. 1 Du 14 June 2006. Ministère Public C/ Marbah, Lebig, Benhamed et Autres." (Tribunal de Grande Instance de Paris, June 14, 2006), 97, 131, 144.

¹³⁶ "Sumario 20/2004" (Audiencia Nacional, Juzgado Central de Instrucción no. 6, 2004), 301.

¹³⁷ Makarenko, *Europe's Crime-Terror Nexus*, 45. For a more detailed discussion of how Merah slipped through France's counterterrorism defence, see Pascale Combelles Siegel, "French Counterterrorism Policy in the Wake of Mohammed Merah's Attack," *CTC Sentinel*, April 23, 2012, <https://www.ctc.usma.edu/posts/french-counterterrorism-policy-in-the-wake-of-mohammed-merahs-attack>.

¹³⁸ Makarenko, *Europe's Crime-Terror Nexus*, 45.

If crime presents terrorists with the opportunity to raise lots of money quickly, and without increasing the risk of detection, this raises the question of why more cells are not engaging in illegal activities. After all, the majority of cells in the sample (62%) have no known income from criminal activities. Some may have ideological reservations, but there is little evidence to support the assumption. To the extent that information on ideological considerations is available in the material, the terrorists find justifications that allow them to engage in crime. For instance, according to his brother, Merah saw stealing from the disbelievers as a way “to please Allah and serve the cause by dispossessing the infidels”.¹³⁹ Rather than ideology, it appears to be a question of opportunity. Most of the terrorist cells that do engage in illegal activities have cell members with a criminal past, such as Merah. Cells without such members, like the Doctor Cell, seem less likely to raise money from crime. This is arguably because profitable engagement in criminal activities requires networks and know-how that is generally more easily available to those with criminal backgrounds.

4.4 Mixed Funding: The Swedish Cell

The plot

In December 2010, five men were arrested in Sweden and Denmark suspected of preparing a terrorist attack against the offices of the Copenhagen newspaper *Jyllands-Posten*. They had been under surveillance for several months, and were tracked by Swedish and Danish security services as they drove from Sweden to Denmark on December 28, 2010. They brought a submachine gun, a silencer, several dozen 9mm submachine gun cartridges and about 200 plastic strips suitable to be used as handcuffs. They were suspected of planning to storm the localities of the newspaper and kill as many as possible, in a guerrilla-style attack inspired by the one in Mumbai, India in 2008, which killed 166 people.¹⁴⁰

The cell behind the plot consisted of four persons: Mounir Dhahri, of Tunisian descent, Munir Awad, of Lebanese descent, Sahbi Zalouti, of Tunisian descent, and Omar Aboelazm, of Egyptian descent. The three latter had Swedish citizenship.¹⁴¹ A fifth person, who had arranged an apartment in Copenhagen for the attackers, was originally arrested in connection with the plot, but was released without charge.¹⁴² The Danish Police Security Services (PET) described the cell members as “militant Islamists with links to international terror networks.”¹⁴³ The ringleader, Mounir Dhahri, is believed to have received training in Pakistan between 2008 and 2010. Two of the other cell members, Munir Awad and Sahbi Zalouti, had also been to Pakistan. They were arrested in 2009 in Waziristan, accused of lacking valid travel documents and suspected of trying

¹³⁹ Cited in Andre and Harris-Hogan, “Mohamed Merah,” 312.

¹⁴⁰ Nesser, “Towards an Increasingly Heterogeneous Threat.”

¹⁴¹ “Trial to Start for Scandinavia ‘Mumbai-Style’ Terror Plot,” *CNN*, April 13, 2012, <http://www.cnn.com/2012/04/12/world/europe/denmark-terror-trial/index.html>.

¹⁴² “Four Danish Terror Plot Suspects Remanded in Custody,” *The Sydney Morning Herald*, December 30, 2010, <http://news.smh.com.au/breaking-news-world/four-danish-terror-plot-suspects-remanded-in-custody-20101230-19awt.html>.

¹⁴³ “5 Arrested in Plot on Danish Newspaper,” *Wall Street Journal*, December 30, 2010, <http://online.wsj.com/news/articles/SB40001424052970203525404576049431521312142>.

to connect with terrorists. In Sweden, Awad moved in the same circle as "Farid," a Stockholm-based militant who was part of Ilyas Kashmiri's network and who met with David Headley when he was plotting to attack *Jyllands-Posten*.¹⁴⁴ Dhahri was a former drug addict, and with the exception of Zalouti, all four cell members had several convictions in Sweden for violence and petty crimes.¹⁴⁵

The four cell members had income from several different sources, including petty crime, sickness benefits, stray jobs in formal and informal sectors, and support from their families. It is also likely that they received support from Pakistani militants, as Dhahri brought lots of cash of unknown origin with him from Pakistan, where he, according to one of the other cell members, had been assigned a mission to "kill as many as possible" in Denmark.¹⁴⁶

In the time leading up to the attack, Munir Awad was on sick leave and received 5,900 SEK (\$770) in sickness benefits each month.¹⁴⁷ According to Awad himself, he had a desperate need for money, and often joined Zalouti in various criminal activities to earn money.¹⁴⁸ In fact, Awad claimed he believed they were going to Copenhagen to carry out a robbery, rather than a terrorist attack.¹⁴⁹ Omar Aboelazm also conducted petty crimes, and was on sick leave and received sickness benefits in the time leading up to the attack.¹⁵⁰ Aboelazm's father managed his economy, and had given him at least €6,000 (\$7,300), that he collected from his bank box immediately before their departure for Copenhagen.¹⁵¹ He lived for free with his sister in her apartment when in Sweden, and he also spent time in Morocco where his wife lived.¹⁵² Sahbi Zalouti faced economic problems after losing his job at Arla Foods in 2008.¹⁵³ He worked in the informal sector driving a truck for DHL, among other assignments. Despite his economic difficulties, Zalouti provided Mounir Dhahri with significant amounts of money as well as other forms of support. For example, he let Dhahri live in his apartment and provided him with equipment, such as a cell phone and SIM-cards.¹⁵⁴ Zalouti says he gave Dhahri 45,000 SEK (\$5,850) when he left Sweden in 2008, and admits that he sent more than 10,000 SEK (\$1,300) to Dhahri while he was in Pakistan. Zalouti claims that he does not remember where the money he sent came from, but says he always had cash with him because he worked mostly in the informal sector.¹⁵⁵

¹⁴⁴ "Trial to Start for Scandinavia 'Mumbai-Style' Terror Plot." See also Section 4.2.

¹⁴⁵ "Här Är de Terrordömda Svenskarna," *Svenska Dagbladet (SvD)*, March 2, 2012, http://www.svd.se/nyheter/inrikes/har-ar-de-terrordomda-svenskarna_6895533.svd.

¹⁴⁶ Retten i Glostrup, "Udskift av Rettsboken april 13, 2012 (Court Transcript)," 2012, 8.

¹⁴⁷ Østre Landsret, "Dom Munir Awad (Conviction)," January 31, 2013, 2.

¹⁴⁸ *Ibid.*, 9.

¹⁴⁹ *Ibid.*, 10.

¹⁵⁰ Retten i Glostrup, "Udskift av Rettsboken april 13, 2012 (Court Transcript)," 49.

¹⁵¹ *Ibid.*, 53.

¹⁵² *Ibid.*, 50.

¹⁵³ *Ibid.*, 17.

¹⁵⁴ *Ibid.*, 26.

¹⁵⁵ *Ibid.*, 7, 27

Dhahri left Sweden in 2008 and returned in November 2010. Before he left Sweden, he had worked in a mosque and at a sports store. During his time abroad, Dhahri had no official income, and he did not work after he returned to Sweden in November 2010.¹⁵⁶ Nevertheless, when arrested in Copenhagen in December 2010, he was in possession of \$20,000 in 100-dollar notes. He claimed that his wife sent him some money (without specifying how she did this), and that he earned money from selling clothes, working as a dish-washer, and from drug trafficking between Iran and Turkey. He said the money was in 100-dollar notes because he exchanged the money he earned into US dollars at exchange bureaus once or twice a week.¹⁵⁷ However, Munir Awad claimed that some of the money Dhahri brought with him when he returned to Sweden was from a fundraising event for poor Muslims.¹⁵⁸ It is also possible that Dhahri received money from Pakistani militants to finance the attack. During the trial the judge remarked that many of the 100-dollar notes in Dhahri's possession had adjoining serial numbers and identical symbols drawn on them. This led the judge to doubt Dhahri's explanation that he had earned all the money himself and exchanged it over a period of two years.¹⁵⁹ Furthermore, in December 2010, Dhahri made more than 75 calls to Pakistani telephone numbers. On December 9, in a phone call intercepted by the security services, Dhahri spoke to a person in Pakistan who said "If you need something, tell me if you lack money or something."¹⁶⁰ This indicates at the very least a willingness on behalf of Dhahri's Pakistani contacts to contribute financially.

It is evident that the cell members received money from a variety of sources, including legal and illegal activities and likely militants in Pakistan. It is difficult to estimate the cell's income, but given the \$20,000 in Dhahri's possession, money appears to have been more than sufficient to cover daily living expenses as well as attack preparations.

Zalouti sent money to Dhahri twice while the latter was in Pakistan. One time, he said he sent money "through the family".¹⁶¹ There is no information on how this transfer took place. The other time, on July 27, 2010, he transferred 10,000 SEK (\$1,300) in his own name via Western Union.¹⁶² The receipt for this transfer was found by police in Zalouti's apartment. According to Pakistani police, the phone number noted next to the name of the recipient is known to be used by terrorist organizations in Pakistan.¹⁶³ Zalouti says the money was to be used for Dhahri's return to Sweden, and that it was addressed to another person because Dhahri had lost his identity papers and could not collect the money himself.¹⁶⁴

¹⁵⁶ *Ibid.*, 32–33.

¹⁵⁷ *Ibid.*, 31–32.

¹⁵⁸ *Ibid.*, 11.

¹⁵⁹ Retten i Glostrup, "Dom afsagt den 4. juni 2012. Anklagemyndigheden mod Sahbi Ben Mohamed Zalouti, Mounir Ben Mohamed Dhahri, Munir Awad og Omar Abdalla Aboelazm. (Conviction)," June 4, 2012, 7.

¹⁶⁰ Retten i Glostrup, "Udskift av Rettsboken april 13, 2012 (Court Transcript)," 40.

¹⁶¹ *Ibid.*, 26.

¹⁶² Retten i Glostrup, "Dom Zalouti M. Fl. (Conviction)," 5.

¹⁶³ *Ibid.*, 26.

¹⁶⁴ Retten i Glostrup, "Udskift av Rettsboken april 13, 2012 (Court Transcript)," 27.

Dhahri did not use his credit card in the two years he travelled outside Sweden. If he received money from Pakistani militants, they likely gave it to him in cash since he was caught in Copenhagen with \$20,000 in 100-dollar notes. The three other cell members also brought cash to Denmark. Both Aboelazm and Awad emptied their bank accounts shortly before their departure to Copenhagen. The day before, on December 27, Aboelazm collected €6,000 (\$7,300) from his bank box, and withdrew 10,000 SEK (\$1,300) from his bank account from two different ATMs. On December 28, Aboelazm also emptied Munir Awad's bank account for him, withdrawing a total of 13,600 SEK (\$1,800) in three different ATMs.¹⁶⁵ Awad claims he gave the money to his wife to pay rent and other expenses, and the police never found the money.¹⁶⁶

The main attack-related costs were procurement of weapons. The men brought a submachine gun, a silencer, plastic strips and ammunition to Copenhagen. Police also found a gun and more ammunition in Zalouti's apartment. According to Dhahri himself, he had bought the submachine gun in 2007 for 14,000 SEK (about \$2,100). He acquired the gun through his criminal connections much later, after he got back to Sweden in November 2010.¹⁶⁷ Aboelazm bought the plastic strips from a Bauhaus store in Stockholm in the morning the day they left for Copenhagen.¹⁶⁸ Except for the submachine gun, there is no information available regarding the cost of the other weapons and equipment.

Expenses for transportation were low. The car in which the men drove to Copenhagen, a Toyota Avensis, was rented by Aboelazm and Zalouti on the morning of December 28, 2010.¹⁶⁹ Aboelazm also paid the toll of about \$7 when they drove across the Øresund Bridge between Sweden and Denmark later that night. In the months leading up to the attack, Zalouti had communicated via Instant messenger with a man in Denmark and inquired about renting an apartment in Copenhagen for 4,500 SEK (\$650) a month. However it is unclear if Zalouti or some of the others actually paid for the apartment, or if they were allowed to stay for free.¹⁷⁰ Finally, the expenses for Dhahri's travel and training in Pakistan could be considered attack-related, but are difficult to estimate. Little is known about Dhahri's activities in the two years he was away from Sweden, or what costs were accumulated. He received at least 55,000 SEK (\$7,150) from Zalouti while he was away, but some of this probably covered expenses that could not be seen as related to the attack plan. We know that he returned to Stockholm by car in November 2010, driven by Zalouti from Brussels, and that his travel to Sweden was thus cheap.

Although it is impossible to say for sure, the cost of the attack was probably below \$10,000, with the largest expense categories being weapons and Dhahri's travel/training. Housing and other living expenses come as an addition to this, but were probably low, as Aboelazm lived with his sister and was provided for by his family, and Dhahri stayed with Zalouti after his return.

¹⁶⁵ *Ibid.*, 53.

¹⁶⁶ Østre Landsret, "Dom Munir Awad (Conviction)," 6.

¹⁶⁷ Retten i Glostrup, "Udskift av Rettsboken april 13, 2012 (Court Transcript)," 34–35.

¹⁶⁸ *Ibid.*, 8.

¹⁶⁹ *Ibid.*, 52–53.

¹⁷⁰ *Ibid.*, 18.

The Swedish Cell relied on a combination of legal, illegal and external income and is thus an example of the most common financing strategy of terrorist cells, namely mixed funding. The majority of the European terrorist cells (70%) have more than one funding source, and just over half the cells (21 cells) have income from two or more different types of sources. Diversification of income sources is a strategy that reduces dependency on one specific source and overall financial vulnerability. However, the case of the Swedish cell indicates that such diversification need not be a conscious choice, and reminds us that one should not over-rationalize the financial decisions of terrorist cells. The cell's income sources appear to have been determined not by any overall financial strategy, but simply by the individual cell members exploiting the available opportunities for earning money. For instance, there would be little reason for the three other cell members to risk detection by engaging in petty crime as they did, when Dhahri alone had access to more money than they needed for the plot. However, given that the cell and attack plans were fully formed only shortly before the time of attack, it is logical that they had no common financial strategy for most of the time leading up to the attack. It is of course also possible that Dhahri himself had a clear strategy of seeking funding abroad, and/or that those who provided Dhahri with money had a more coherent financial strategy.

It can be very difficult to follow "the money trail" of terrorism, particularly in cases with multiple income sources and limited use of the formal banking sector. Even after the Swedish case was examined in court, it was still not clear where Dhahri's cash originated: drug trafficking, ad hoc jobs, Pakistani militants and/or fundraising for poor Muslims? Without formal traces, one is left with the words of the defendants themselves, which tend to be contradictory and misleading. Nevertheless, some financial data, such as records from Aboelazm's bank on the use of his credit card, was used as evidence in court. In combination with intercepted phone calls, Internet communication, and physical surveillance, financial records helped establish the terrorists' whereabouts, even if the information was far from comprehensive.

Finally, it is interesting to note that the Swedish case is not the only case in which European jihadis have tried to settle their financial records prior to an attack. Roshonara Choudhry, who attempted to assassinate a British MP in 2010, paid back her student loan on the day of the attack. According to her friends, she feared that once caught for the murder she intended to carry out, her family would be liable for the debt. She also emptied her bank accounts in order to prevent the British state taking her money after she was arrested.¹⁷¹ For Awad, who allegedly gave the money to his wife, the motivation appears to have been similar: to provide for his family and ensure they got the money rather than the Swedish authorities. Although far from a bulletproof indicator, these two cases suggest that if persons suspected of terrorist involvement suddenly pay off debt and/or empty their bank accounts, it could indicate that an attack is imminent.

¹⁷¹ Vikram Dodd, "Profile: Roshonara Choudhry," *The Guardian*, November 2, 2010, <http://www.theguardian.com/uk/2010/nov/02/profile-roshonara-choudhry-stephen-timms>.

5 Conclusion: Remarkably Ordinary

This report has presented data on the financing of 40 jihadi cells that plotted terrorist attacks in Western Europe between 1994 and 2014. Overall, these cells financed their activities in ways that are remarkably ordinary. 73% of the 40 jihadi cells studied generated income from legal sources, and the most common income source was the salaries and savings of cell members, followed by illegal trade in drugs, weapons, and other goods, and theft and robbery. Only 25% of the cells studied received support from international terrorist networks. Most jihadi cells in Europe raise the money they need themselves, and close to 50% have been entirely self-financed. Moreover, the report confirms that jihadi terrorist plots in Europe tend to be inexpensive, with three quarters of the analyzed plots estimated at less than \$10,000.

Over time, there has been a decline in funding from international terrorist organizations and support networks to attack cells. The development is paralleled by an increase in self-financing. But contrary to the claims that organized crime “has evolved into an important and almost ubiquitous tool for terrorists”¹⁷², there is no evidence that European jihadi cells have increasingly turned to illegal activities. Rather, the data show a marked increase in legal activities.

The decline in support from international terrorist organizations and support networks may partly be explained by the introduction of stricter financial controls and regulations that have made it more difficult for al-Qaida and its affiliates to raise money and transfer them to local cells. In this respect, existing counter terrorist financing (CTF) measures may be considered a success.

However, the recent development towards increased self-financing based on legal income sources is worrying from the perspective of prevention. Many European terrorist cells now raise the necessary funds through methods that are difficult to identify as being related to terrorism. Few of their financial activities are in themselves suspicious or spectacular. Unless the individuals in such self-financed cells are already under surveillance for some other reason, their financial transactions are unlikely to raise red flags. This does not mean that existing countermeasures should automatically be abandoned. However, it is important to recognize that terrorists are flexible and adapt to the policies imposed. There is a constant need for reassessment of countermeasures, taking into account how today’s terrorists actually fund their activities.

¹⁷² Williams, “Warning Indicators,” 83.

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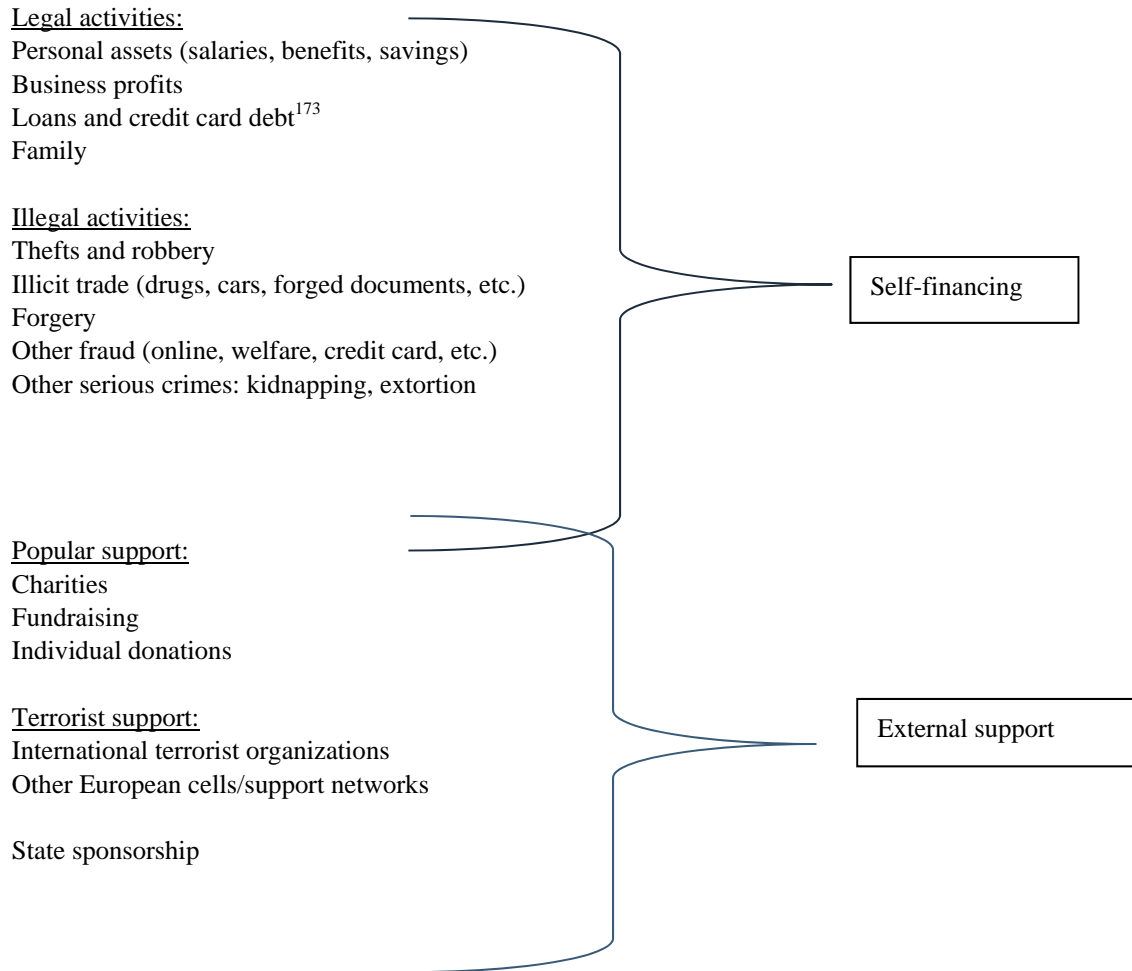
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Appendix A Categorization of Income Sources



¹⁷³ It may be argued that loans and credit card debt should be classified as illegal activities, since terrorists using these sources to fund attacks do not intend to pay back the debt. However, it seems contra-intuitive to label loans as illegal, in the same category as theft and smuggling. At the outset, bank loans and credit cards are legitimate sources of funding, and are classified as such in this analysis. Only if there is information that the terrorists used forged documents or other fraud to apply for the loans, do I classify it as illegal.

Appendix B Overview of Cell Financing

Plot/Cell	Year	Income Sources	Transfer Methods	Attack-Related Expenses
The GIA Network ¹⁷⁴	1995	<ul style="list-style-type: none"> - Crime - Support network in the UK (Rachid Ramda, who again received money from GIA and Bin Laden) 	<ul style="list-style-type: none"> - Western Union - Cash couriers 	>\$20,000. Bomb materials for eight attacks, extensive travel, rent two apartments as safe houses/bomb factories in Paris
The Strasbourg Cell ¹⁷⁵	2000	<ul style="list-style-type: none"> - Crime - At least \$10,000 from support network in UK (Abu Doha) - Welfare schemes 	<ul style="list-style-type: none"> - Cash 	>\$20,000. 30 kg chemicals, pressure cookers, rent car, rent two apartments in Baden-Baden and one in Frankfurt, travel in Europe and Algeria. One cell member trained in Afghanistan.
The Beghal Network ¹⁷⁶	2001	<ul style="list-style-type: none"> - \$15,000 from al-Qaida - Support network in UK - Crime 	<ul style="list-style-type: none"> - Cash - Western Union - Bank transfer? (TFTP) 	\$10,000-20,000 had incurred at time of arrest (training, travel, bomb materials, vehicles). (But budget up to \$50,000, upper limit set by al-Qaida).
The Shoe-bomber Plot (Richard Reid)	2001	<ul style="list-style-type: none"> - Al-Qaida 	<ul style="list-style-type: none"> - Cash (Carried cash and paid plane ticket with cash) 	\$1,000-10,000. Training in Afghanistan, bomb material, extensive travel (incl. \$1800 plane ticket Paris-Miami for the attack).

¹⁷⁴ Brynjar Lia and Åshild Kjøl, *Islamist Insurgencies, Diasporic Support Networks, and Their Host States: The Case of the Algerian GIA in Europe 1993-2000* (Kjeller, Norway: Norwegian Defence Research Establishment, 2001), <http://www.ffi.no/no/Rapporter/01-03789.pdf>.

¹⁷⁵ Harris and Wazir, "Al-Qaeda's Bombers Used Britain to Plot Slaughter"; "Oberlandsgericht Frankfurt Am Main Im Namen Des Volkes Utreil in Der Strafsache Gegen Benali, Boukhari, Maroni, Sabour (Verdict)." (Oberlandsgericht Frankfurt am Main, June 20, 2003); Cost estimate by Williams, "Warning Indicators," 80.

¹⁷⁶ "Ministère Public C/ Daoudi, Beghal, Bounour et Autres. Jugement."

Plot/Cell	Year	Income Sources	Transfer Methods	Attack-Related Expenses
The Tawhid Cell ¹⁷⁷	2002	<ul style="list-style-type: none"> - Donations at mosques and from wealthy individuals - Al-Qaida - Welfare schemes - Forgery and illicit trade of passports 	<ul style="list-style-type: none"> - Cash - Bank transfers 	\$1,000–10,000. Travel and training in Afghanistan, gun (\$550), hand grenades.
The Chechen Network ¹⁷⁸	2002/2004	<ul style="list-style-type: none"> - Crime (trade in stolen cars, electronics, forged documents, forgery, thefts) - Collections from Muslim community in Paris (for Chechnya) 	<ul style="list-style-type: none"> - Cash - Western Union 	\$1,000–10,000. Small amounts of chemicals, electronics, a NBC protection suit. In addition, the network sent money to Georgia. (Of €75,000 (\$70,000) earned from car trafficking, one cell member estimated that 20% had been used to pay for the group's living expenses and to finance their activity, whereas 80% was sent to Georgia)
The Heathrow Airport Plot ¹⁷⁹	2003	<ul style="list-style-type: none"> - Welfare scheme - Subletting apartment 	<ul style="list-style-type: none"> - Cash? Rowe withdrew £7,000 (\$10,200) from his bank account shortly before his arrest, carried the money in cash when arrested. In 1999 he was stopped at the airport on his way to Georgia carrying \$12,000 in cash. 	Unknown (Andrew Rowe possibly travelled to Malaysia and Frankfurt to plan the attack, al-Qaida possibly tried to smuggle weapons to UK)

¹⁷⁷ The Chief Federal Prosecutor at the Federal Court of Justice, Germany, "Indictment of Shadi Moh'd Mustafa Abdalla," May 14, 2003; Bundeskriminalamt, "Preliminary Investigation Report Al-Tawhid," April 17, 2002.

¹⁷⁸ "Jugement No. 1 Du 14 June 2006. Ministère Public C/ Marbah, Lebig, Benhamed et Autres."

¹⁷⁹ Jeremy Britton, "Rowe 'Bore Al-Qaeda Hallmarks,'" *BBC*, September 23, 2005, http://news.bbc.co.uk/2/hi/uk_news/4271368.stm.

Plot/Cell	Year	Income Sources	Transfer Methods	Attack-Related Expenses
The Italy Bomb Plot ¹⁸⁰	2003	- Unknown	-Unknown	Unknown. 2.2 pounds of C4 explosives of unknown origin. Maps. No housing expenses? (The cell squatted in an abandoned building)
The Toxic Letter Plot ¹⁸¹	2003	- Unknown	- Unknown (likely none)	<\$100 (?). Ten letters and stamps, small amounts of phenarsazine, an arsenic derivative used in rat poison, and hydrazine, used as a garden pesticide.
The Shoe Bomber Plot II (Badat) ¹⁸²	2003	- Al-Qaida provided the bomb, paid for return to UK - In the UK, Badat lived with his family	- Unknown (likely cash)	\$5,000–10,000 (?). Travel and training AfPak, bomb material.
The London Fertilizer Bomb Plot ¹⁸³	2004	- Bank loan £16,000 (\$29,000). - Money from family - Donations and housing from persons in Pakistan and Canada	- Cash - Western Union - One financier deposited money into a bank account (through a third person); one of the terrorists was given a debit card for the account.	\$15,000–20,000. Training and travel to Pakistan, rent storage, 600 kg fertilizer, other bomb materials.

¹⁸⁰ “Arrests Trigger Italy Terror Alert,” *BBC*, January 24, 2003, <http://news.bbc.co.uk/2/hi/europe/2689915.stm>.

¹⁸¹ “Tainted Mail Sent to Premier, Embassies.”

¹⁸² Old Bailey Central Criminal Court, “Regina v. Saajid Badat. Prosecution Opening of Facts.”

¹⁸³ “Her Majesty the Queen v. Khawaja. Reasons for Judgment” (Ontario Superior Court of Justice, October 29, 2008),

<http://images.theglobeandmail.com/v5/content/features/PDFs/KhawajaReasonsforJudgment.pdf>;

“Parliament Bomb Plot Just Talk,” *BBC*, September 15, 2006,

http://news.bbc.co.uk/2/hi/uk_news/5348978.stm.

Plot/Cell	Year	Income Sources	Transfer Methods	Attack-Related Expenses
The Madrid Cell ¹⁸⁴	2004	<ul style="list-style-type: none"> - Main source: drug trafficking and other crimes - Also donations, personal loans, salaries, businesses, the Moroccan Islamic Combatant Group (GICM) Network in France and Belgium 	<ul style="list-style-type: none"> - Exchange of goods: paid for explosives with drugs worth €45,000 (\$55,000) and a car - Cash - Bank transfers? (TFTP) - (Postal orders and Western Union for transfers to Syria and Afghanistan) 	Initially estimated at \$10,000, but Spanish officials later concluded that the costs were over \$60,000.
The Barot Cell (planned attacks in UK and US, 4 plots incl. Limo Bomb Plot) ¹⁸⁵	2004	<ul style="list-style-type: none"> - Salaries - The cell leader Barot reportedly reached out to al-Qaida for approval and economic support, but had received no funding for his plots when arrested. 	<ul style="list-style-type: none"> - Bank transfers - Two cell members had credit cards for each other's bank accounts. 	\$1,000–10,000. At the time of disruption, no vehicles or bomb-making materials had been acquired; only US reconnaissance had been undertaken. But planned four bomb plots, one of which was estimated by Barot at £70,000 (\$128,000).
The Madrid National Court Bomb Plot ¹⁸⁶	2004	<ul style="list-style-type: none"> - Crime (credit card fraud, passport forgery, robberies, possibly drug trafficking) 	<ul style="list-style-type: none"> - MSB or bank transfer (money "wired" from cell leader in Switzerland to members in Spain) 	Plot disrupted before any significant attack-related expenses had occurred. (Planned to purchase 500 kilos of the explosive Goma-2 and rent a flat and a truck for the attack)

¹⁸⁴ "Sumario 20/2004" separate piece no. 10; cost estimates cited by Biersteker and Eckert, *Countering the Financing of Terrorism*, 6; Fernando Reinares, "The Madrid Bombings and Global Jihadism," *Survival* 52, no. 2 (May 2010): 83–104; "Men Guilty in Belgium Terror Case," *BBC*, February 16, 2006, <http://news.bbc.co.uk/2/hi/europe/4721454.stm>.

¹⁸⁵ "Mass Damage and Chaos," *The Guardian*, November 7, 2006, <http://www.theguardian.com/uk/2006/nov/07/terrorism.usa>; "Man Admits UK-US Terror Bomb Plot," *BBC*, October 12, 2006, http://news.bbc.co.uk/2/hi/uk_news/6044938.stm; "Dhiren Barot's Co-Conspirators," *BBC*, June 15, 2007, http://news.bbc.co.uk/2/hi/uk_news/6756685.stm.

¹⁸⁶ "Opration Nova," *Global Jihad*, May 15, 2008, http://www.globaljihad.net/view_page.asp?id=892; "Prisión Para Mohamed Achraf, Líder de La Célula Que Planeó Atentar Contra La Audiencia Nacional," *El Mundo*, April 22, 2005, <http://www.elmundo.es/elmundo/2005/04/22/espana/1114195218.html>.

Plot/Cell	Year	Income Sources	Transfer Methods	Attack-Related Expenses
The Hofstad Group (Van Gogh murder + plans to attack Schiphol Airport, HQ of police security services and/or a nuclear reactor) ¹⁸⁷	2004	<ul style="list-style-type: none"> - Salaries - Crime (drugs, armed robberies) - Received money from the cell in Spain that planned to bomb Madrid national court 	<ul style="list-style-type: none"> - MSB or bank transfers ("wiring" of money from Achraf, Ahmed H. "transferred" money to members in Lisbon to buy weapons) - Bank transfers between Van Gogh murderer and members of wider network (discovered through TFTP). 	\$5,000–10,000. Three members to AfPak for training, travel in Europe, weapons, possible bomb-making equipment.
The London Underground Bombing ¹⁸⁸	2005	<ul style="list-style-type: none"> - Salaries - Bank loan - Credit card debts -At least two cell members lived with and were supported by their parents 	<ul style="list-style-type: none"> - Unknown - (Used cash, checks, credit cards and exchange of goods for purchases) 	£7,000–8,000 (\$13,000–15,000). Travel to Pakistan and inland UK, rent, car hire, bomb materials.
The London Transport Copycat Attack ¹⁸⁹	2005	<ul style="list-style-type: none"> - Salaries - Welfare schemes - Subletting flat 	<ul style="list-style-type: none"> - Unknown - (Used cash and discount card to buy chemicals) 	\$5,000–10,000. 400 litres peroxide for £500 (\$900), travel and training Pakistan and Somalia.
The Glostrup Cell ¹⁹⁰	2005	<ul style="list-style-type: none"> - Crime (theft from exchange bureau) - Family (covered living expenses, lent cell members an apartment in Bosnia and video camera used for suicide tape) 	<ul style="list-style-type: none"> - Unknown - (One of the cell members admitted "sending" money to another who was in Bosnia to purchase explosives and weapons) 	\$1,000–10,000. Bus travel Denmark-Bosnia, 32 kilos explosives, a pistol with silencer, bullets.

¹⁸⁷ Nesser, "Jihad in Europe," 342–350.

¹⁸⁸ Great Britain Parliament House of Commons, *Report of the Official Account of the Bombings in London on 7th July 2005*.

¹⁸⁹ "Profile: Yassin Omar," *BBC*, July 9, 2007, http://news.bbc.co.uk/2/hi/uk_news/6634917.stm; "Trial Transcripts July 21 2005 London Underground Plot," *July 7th People's Independent Inquiry Forum*, January 2007, <http://z13.invisionfree.com/julyseventh/index.php?showtopic=1360>.

¹⁹⁰ "Baggrund: Terrorsagen fra Glostrup," *Nyhederne.tv2.dk*, February 14, 2007, <http://nyhederne.tv2.dk/article.php/id-6109270:baggrund-terrorsagen-fra-glostrup.html>; "Indictment against Bektasevic Mirsad and Others."

Plot/Cell	Year	Income Sources	Transfer Methods	Attack-Related Expenses
The German Suitcase Bomb Plot ¹⁹¹	2006	- Family	- Unknown	\$100–1,000. Bomb components costing no more than \$300 (+ could add flight to Lebanon after the fact)
The Liquid Bomb Airline Plot ¹⁹²	2006	- Possibly al-Qaida - Possibly diversion of funds from an Islamic charity - £25,000 loan application - Family (brother's apartment used as bomb factory)	- Western Union - Cash - Bank transfers? (TFTP)	\$5,000–10,000. Travel and training in AfPak, bomb ingredients (40 litres of hydrogen peroxide, powdered drinks, batteries). (The apartment used as bomb-factory had been bought in early 2006 by brother of one cell member for £138,000 (\$260,000))
The Doctor Cell ¹⁹³	2007	- Salaries - Savings - Personal loan	- Cash - Shared credit card	About \$15,000. Purchase of 5 cars, rent bomb factory, inland travel, bomb equipment.
The Sauerland Cell ¹⁹⁴	2007	- Odd jobs - Possibly money from Islamic Jihad Union (IJU) support network: several of the Sauerland Cell's acquaintances were later convicted for funding IJU, incl. the wife of one cell member.	- Bank transfers? (TFTP)	About \$10,000. Travel and training in Pakistan for all four cell members, 720 litres hydrogen peroxide, 24 military detonators (smuggled in by a 15-yr-old who was paid €100 (\$135)), rent garage and bungalow, bought three small transport vans in France.

¹⁹¹ Financial Action Task Force (FATF), *Terrorist Financing*, 15.

¹⁹² "Airliner Bomb Trial: How MI5 Uncovered the Terror Plot," *The Telegraph*, September 9, 2008, <http://www.telegraph.co.uk/news/uknews/2709379/Airliner-bomb-trial-How-MI5-uncovered-the-terror-plot.html>; "Islamic Charity's Assets Frozen for Alleged Connection to Terrorism."

¹⁹³ Woolwich Crown Court, "Opening Note. The Queen v. Bilal Talal Abdul Samad Abdulla, Mohammed Jamil Abdelqader Asha."

¹⁹⁴ Elias Davidsson, "The Terrorist Patsies from Sauerland, Germany," *MWC News*, December 3, 2012, <http://mwcnews.net/focus/analysis/23250-eliasdavidsson-terrorist-patsies.html>.

Plot/Cell	Year	Income Sources	Transfer Methods	Attack-Related Expenses
The Barcelona Plot ¹⁹⁵	2008	- Salaries - Support network/other cell in France	- International bank transfer of €9,000 (\$14,000) to the cell leader - Cash?	\$1,000–10,000. Travel (five plotters travelled to Barcelona over the three months prior to the arrest, two on flights from Pakistan), some bomb material (only enough for experimentation).
The Paris Cell (planned attack on HQ of France's domestic intelligence service) ¹⁹⁶	2008	- Algerian militants (?) (The cell leader Rany Arnaud had reportedly "made contact with people involved in jihadi movements to seek help in carrying it [the attack] out and received remittances to fund it". When arrested, he was waiting for a postal order from Algeria to buy explosives).	- Postal order	Disrupted before any expenses had incurred. (Arnaud had made several trips to Syria trying, but failing, to join the insurgency in Iraq).
The Milan Military Barracks Attack ¹⁹⁷	2009	- Odd jobs	- Unknown	<\$1,000. Bomb material costing no more than \$300.
The Jyllands-Posten Plot ¹⁹⁸	2009	- International terrorist organizations (€3,000 (\$4,300))	- Cash	\$1,000-10,000. Travel US-Pakistan, US-Europe (two surveillance trips).

¹⁹⁵ Fernando Reinares, "A New Composite Global Terrorism Threat to Western Societies from Pakistan? Making Sense of the January 2008 Suicide Bomb Plot in Barcelona (WP)," *Real Instituto Elcano*, 2010, http://www.realinstitutoelcano.org/wps/portal/rielcano_eng/Print?WCM_GLOBAL_CONTEXT=/wps/wcm/connect/elcano/Elcano_in/Zonas_in/DT28-2010.

¹⁹⁶ "Un Apprenti Terroriste Voulait «faire Sauter» La Direction Du Renseignement."

¹⁹⁷ Federico Bordonaro, "The October 2009 Terrorist Attack in Italy and Its Wider Implications," *CTC Sentinel* 2, no. 10 (October 3, 2009), <https://www.ctc.usma.edu/posts/the-october-2009-terrorist-attack-in-italy-and-its-wider-implications>.

¹⁹⁸ The National Investigation Agency (India), "Interrogation Report of David Coleman Headley."

Plot/Cell	Year	Income Sources	Transfer Methods	Attack-Related Expenses
		from LeT and \$1,500 from HUJI) - \$15,000 from UK support network - 5,000 \$ from zakat from Rana's brother in US)		
The "Underwear Bomber" ¹⁹⁹	2009	- Family - AQAP	- Unknown	\$1,000–10,000. Training Yemen, bomb, return plane ticket Lagos-Amsterdam-Detroit \$2,381
Mohammed Cartoonist Axe Attack ²⁰⁰	2010	- Salary	- None	<\$100. Axe and knife.
Airliner Bomb Plot ²⁰¹	2010	- Salary	- None	Disrupted before any expenses had occurred.
Assassination Attempt UK MP ²⁰²	2010	- Family - Savings	- None	<\$100. Knives cost £2 (\$3).
The Norwegian Cell ²⁰³	2010	- Salaries - Welfare fraud? - Business fraud and money laundering?	- International bank transfers? (TFTP) - MP3-player given by Davud to Jakobsen to cover his expenses for hydrogen peroxide	\$1,000–10,000. Some bomb materials, Davud's travel and training Iran/Pakistan.
Letter Bomb <i>Jyllands-Posten</i> ²⁰⁴	2010	- Welfare	- Unknown - (Exchanged cash, used Carrefour-card to buy 2 kilos sodium)	\$100-1,000. Bus return ticket Copenhagen-Belgium, stay in hotel (3 nights), some bomb materials.

¹⁹⁹ "United States of America vs. Umar Farouk Abdulmutallab. First Superseding Indictment."

²⁰⁰ "Danish Cartoonist Attacker Guilty," *BBC*, February 3, 2011, <http://www.bbc.co.uk/news/world-europe-12353863>.

²⁰¹ "Terror Plot BA Man Gets 30 Years," *BBC*, March 18, 2011, <http://www.bbc.co.uk/news/uk-12788224>.

²⁰² Dodd, "Profile: Roshonara Choudhry."

²⁰³ Jørgen Svarstad and Lene Li Dragl, "Dømt i terrrorsak fikk tre år for hvitvasking," *Aftenposten*, November 24, 2012, <http://www.aftenposten.no/nyheter/iriks/Domt-i-terrorsak-fikk-tre-ar-for-hvitvasking--7053432.html>; "'Swift' Used in Norway's Al Qaeda Sting, US Says," accessed May 23, 2014, <http://euobserver.com/foreign/30452>.

Plot/Cell	Year	Income Sources	Transfer Methods	Attack-Related Expenses
Stockholm Suicide Attack ²⁰⁵	2010	<ul style="list-style-type: none"> - Donations from individual in Glasgow - Student loan (partly legit, partly based on document forgery) 	<ul style="list-style-type: none"> - Cash deposits to bank accounts - (Cash payments for bomb equipment) 	\$1,000–10,000. Travel and training in the Middle East, travel to Stockholm from Scotland, car (\$1,500), bomb materials (pressure cookers, nails and bullets, pipes, 9–11 kilos of explosives).
The Swedish Cell ²⁰⁶	2010	<ul style="list-style-type: none"> - Drug trafficking? - Extremists in Pakistan? - Odd jobs - Petty crime - Welfare - Family 	<ul style="list-style-type: none"> - Western Union - (Arrested with more than \$20,000 in cash) - (Two cell members emptied their bank accounts just before the planned attack) 	\$1,000–10,000. Travel, training in Waziristan/Iran for Dhahri. Machine gun (\$2,100), gun, ammunition, car hire.
The Düsseldorf Cell ²⁰⁷	2011	<ul style="list-style-type: none"> - Salaries - Forgery - Online fraud (using fake names and passports to set up eBay accounts for fraudulent sale of cameras, etc., raised €5,200 (\$7,500)) 	<ul style="list-style-type: none"> - Unknown 	\$1,000–10,000. Travel, training in Pakistan for el-Kebir, fake ID papers. (The only bomb equipment obtained appears to be grill lighters from which the cell planned to extract hexamine).
Birmingham Rucksack Bomb Plot ²⁰⁸	2011	<ul style="list-style-type: none"> - Money raised by group in name of charity (at least £13,000 (\$21,000), but lost £9,000 (\$14,500) on currency trading). 	<ul style="list-style-type: none"> - Cash collected from community was deposited into one cell member's bank account - (Money stored in cash, £6,000 (\$9,600)) 	\$1,000–10,000. Travel, training in Pakistan for six men, bomb equipment. (In addition, the men planned to spend the money from charity collections on

²⁰⁴ Lars Akerhaug, “Fant bombemanager og snikmordoppskrift hos enbent bokser,” *VG*, May 16, 2011, <http://www.vg.no/nyheter/utenriks/terrorisme/artikkel.php?artid=10085794>.

²⁰⁵ Christie and Lavelle, “Nasserdine Menni Jailed for Transferring Money to Stockholm Suicide Bomber Taimour Abdulwahab”; Duncan Gardham, “Stockholm Suicide Bomber Funded by Fake Course in Luton,” *The Telegraph*, February 22, 2013, <http://www.telegraph.co.uk/news/uknews/terrorism-in-the-uk/9889040/Stockholm-suicide-bomber-funded-by-fake-course-in-Luton.html>.

²⁰⁶ Retten i Glostrup, “Dom Zalouti M. Fl. (Conviction).”

²⁰⁷ “German Police Arrest Alleged Al-Qaeda Cell Member,” *Deutsche Welle*, August 12, 2011, <http://www.dw.de/german-police-arrest-alleged-al-qaeda-cell-member/a-15586985-1>.

²⁰⁸ “Birmingham Terror Cell ‘Financier’ Joked about Stealing Cash...”

Plot/Cell	Year	Income Sources	Transfer Methods	Attack-Related Expenses
		<ul style="list-style-type: none"> - Loan applications - Personal income and savings 	found in apartment.)	setting up an Islamic centre that would be used for terrorist recruitment).
Mohammed Merah ²⁰⁹	2012	<ul style="list-style-type: none"> - Crime (Break-ins, robberies, drug trafficking) - Welfare - Family - Sale of his car 	- None	\$10,000–20,000. Travel, training in Pakistan, weapons (Eight in total, two of which were used in the attacks), video camera.
English Defence League Plot ²¹⁰	2012	<ul style="list-style-type: none"> - Salaries - Welfare? 	- Unknown	\$1,000–10,000. Inland travel, two old cars, insurance, bomb material (fireworks, nails and ball bearings), two shotguns, swords, knives and a partially assembled pipe bomb.
Paris Kosher Supermarket Attack ²¹¹	2012	<ul style="list-style-type: none"> - Crime (thefts, drug trafficking) 	<ul style="list-style-type: none"> - Unknown - (During searches, police found €27,000 (\$35,300) in cash at the homes of suspects). 	\$100–1,000. Hand grenade or homemade firebomb, revolver.
Woolwich Attack ²¹²	2013	<ul style="list-style-type: none"> - Salary 	- Unknown	\$100–1,000. Knives, a meat cleaver and a car. (Not included: Adebolasjo travelled to Kenya in 2010, suspected of planning to train with al-Shabaab, was turned back).

²⁰⁹ “Exclusif – Transcription Des Conversations Entre Mohamed Merah et Les Négociateurs.”

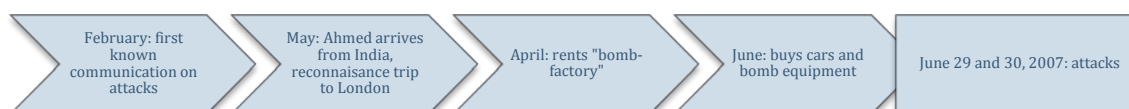
²¹⁰ “Birmingham Islamic Extremists Admit Planning Terrorism Attack on EDL,” *Birmingham Mail*, April 30, 2013, <http://www.birminghammail.co.uk/news/local-news/birmingham-islamic-extremists-admit-planning-3306911>.

²¹¹ Reilhac and Sage, “French Police Kill One in Raid Linked to Jewish Market Attack.” *Reuters*. October 6, 2012. <http://www.reuters.com/article/2012/10/06/us-france-raid-idUSBRE8950BK20121006>.

²¹² “Adebolajo ‘Bought Five-Piece Set of Kitchen Knives,’” *ITV News*, December 20, 2013, <http://www.itv.com/news/update/2013-11-29/adebolajo-bought-five-piece-set-of-kitchen-knives/>; Tom Parmenter, “Rigby Killers Tried To Buy Gangster’s Bullets,” *Sky News*, December 19, 2013, <http://news.sky.com/story/1184805>.

Appendix C Timeline of the Attack-Related Expenses of the Doctor Cell

Below is a timeline of the attack-related purchases of the so-called Doctor Cell (see Section 4.1), illustrating how a European jihadi cell may go about acquiring the goods needed for a bomb attack. The Doctor Cell was chosen because it is the case with the most detailed information available on expenses.²¹³



- February 18, 2007: First known attack-related purchase. Mohammed A. buys two Nokia mobile phones, one which was later lent to Abdulla (and used to make contact with the agency that let the house used as bomb factory, as well as to book the hotel where they stayed during a reconnaissance trip to London.)
- April 17: Abdulla views and subsequently lets a three-bedroom house with garage at 6 Neuk Crescent, Houston, near Glasgow, for the purpose of constructing explosive devices. Abdullah pays the deposit on April 19, and he signs the lease and moves in on April 28.
- May 5/6: Kafeel Ahmed arrives at Heathrow from India. Abdullah meets him at the airport. At the airport Ahmed hires a Peugeot and they drive to visit Mohammed A. in Newcastle-Under-Lyme and then on to the rented house in Houston. The car is returned to Glasgow Airport on May 6.
- May 9: Ahmed hires a Vauxhall Astra at Manchester Airport. The car is used when purchasing many of the bomb materials and in the reconnaissance trip to London.
- May 10 and 15: The men buy a satellite navigation device and video camera from two different stores in Glasgow.
- May 19/20: Abdulla and Ahmed travel to London in the rented Vauxhall Astra on a reconnaissance mission. They stay at the Newham Hotel in east London.
- May 24: Thyristors are ordered online in Abdulla's name from the company RS Components. (Thyristors are electrical components which can be used to activate a secondary circuit). The items are delivered to 6 Neuk Crescent on May 25. More orders from RS Components are placed on June 15 and 16, and delivered on June 18.
- May 25: Electrical items to the value of £77.08 are bought from Maplin (an electrical specialist) in Glasgow.

²¹³ The timeline is compiled based on Woolwich Crown Court, “Opening Note. The Queen v. Bilal Talal Abdul Samad Abdulla, Mohammed Jamil Abdelqader Asha”; and “Glasgow Airport Attack.”

- May 29: Kafeel Ahmed buys tools and a large quantity of nails and screws at the hardware store B&Q in Keighley, and a gas canister and a propane regulator from a B&Q store in Beeston in Leeds.
- June 2: Ahmed buys a green Mercedes, later used in the attempted attack outside the Tiger Tiger nightclub in London, for £700.
- June 3: Ahmed and Abdulla buy a white BMW for £600.
- June 5: Ahmed buys a silver Mercedes for £650.
- June 6: Ahmed buys a blue Mercedes, later used in the attempted Cockspur Street attack in London, for £900.
- June 8: More electrical components are bought from the Maplin store in Glasgow, including transistors and the board upon which the circuitry for the bomb devices was constructed.
- June 15: Ahmed buys 25 litre water carriers, oil and batteries at two different Halfords stores.
- June 16: Ahmed and Abdulla buy a metallic green Jeep Cherokee for £600. This is the vehicle they later drive into the Glasgow Airport terminal.
- June 18: Purchase of two more 10 litre water carriers, mineral oil and Evostick putty from a third Halfords store. Another propane canister and a regulator are bought from B&Q in Blackburn.
- June 19: Aprons, wire rope and tubing and a blow lamp are bought from the B&Q store in Glasgow.
- June 22: Abdulla and Ahmed visit the B&Q store in Warrington to buy and fill a gas canister, and another B&Q in Preston to purchase a second canister.
- June 23: Abdulla and Ahmed go to Halfords in Glasgow where they buy a 20 litre jerry can and bulbs, and then to the Tesco store in Kilbirnie where they buy duvets and pillows. These were used to cover the devices and the gas canisters in the vehicles driven to London.
- June 23: Abdulla is caught on CCTV at a Shell garage in Paisley and a BP garage in Glasgow, filling jerry cans with petrol.
- June 26: Tyre sealant, a car charger for a satellite navigation system and a can of motor oil are bought at Halfords in Glasgow.
- June 27: Final bomb purchases are made. Butane canisters, a volt meter and tyre weld are bought in Clydebank, walkie-talkie radios are bought in Glasgow's Great Western Road,

and propane gas cylinders and gloves are bought from B&Q in Strathkelvin Retail Park, Glasgow.

- June 28: Abdulla and Ahmed finish the two Mercedes car bombs in the garage of the Houston property. They drive the cars to London for the attacks.