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INTERNATIONAL REPORTS

# DOLLARS FOR DAESH

## ANALYZING THE FINANCES OF AMERICAN ISIS SUPPORTERS



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## DOLLARS FOR DAESH

### ANALYZING THE FINANCES OF AMERICAN ISIS SUPPORTERS

The war against DAESH takes different approaches: direct war was launched across Iraq and northeastern Syria; an extinction war marked with control, prudence and caution against the DAESH followers around the world. The global coalition and affiliated partners remain vigilant as they target and launch an all-out attack against DAESH. This report issued by “the Program on Extremism at George Washington University” on September 2020, and developed by LORENZO VIDINO, JON LEWIS and ANDREW MINES, addresses the financial component of the DAESH-related mobilization in the U.S. between 2013 and 2020 with a special attention attached to the funding facts related to about 209 individuals charged with DAESH related cases, or those who were sentenced in the USA for their involvement in terrorism. It seems most of them left behind noticeable traces of their funding, their intention to join DAESH, carry out local attacks or provide support for DAESH. Most of the American supporters of DAESH have been involved in financial crimes in small amounts and in easy-to-do ways.

## SMALL INDIVIDUAL FUNDS

Most of the American supporters of DAESH adopted personal savings to provide small amounts needed for terrorist activities. Most of such individuals were employees or workers in different sectors of medium-to-low salaries; while in few cases, some held high-income positions. Since most of the funding expenditures (sending small sums to DAESH supporters abroad, purchasing plane tickets or light weapons) did not exceed a few thousand dollars, most of them kept their financial actions confidential because they did not resort to fraud or borrowing.

Some have engaged in additional fundraising activities to supplement their savings; about 23.4% of those surveyed in the research study engaged in legal techniques and processes (donations, asset sales, quality credits), and 6.7% resorted to illegal methods. It was noted that most of these American supporters of DAESH used simple and uncomplicated methods, whether legal or illegal. Only a few of them have shown relative adeptness in financial fraud. Unlike the vital case in Europe about the criminal past of terrorist perpetrators, we find quite a few of these Americans with a criminal past. Of the 209 cases, only four were related to terrorist activities or direct armed crimes to obtain money, such as armed robbery and drug trafficking. The writers of the report have attempted to establish a parameter to differentiate terrorist financing activities from ordinary transfers between individuals that may seem suspicious to non-specialists and experts.

## FINANCE AND CONTROL ACT

Supporters of DAESH in America tend to avoid using official banking institutions, such as banks; most of them instead resort to other technologies that they deem safer to conceal identity, such as cryptocurrencies or relying on other people to transfer money on their behalf.

Most of the individuals relied on the funds they needed for their DAESH-related activities in various ways, such as relying on ties of kinship or friendship, and others received aid from extremist sympathizers with the project. Although a small number of Americans sneaked into Syria, some relied on other peers who were supporters of DAESH abroad and funneled money to facilitate their travel to Syria.

Direct financial exchanges with actual foreign agents of DAESH were rare; the report did not refer to only

one case, in which such exchanges were aimed at supporting a domestic terrorist attack on USA soil. Contrary to what some people believe, there is no evidence that charities were established to fund and support terrorist organizations.

The small size of the financial footprint of DAESH supporters in USA is per se good news for the USA authorities. However, it has another complex aspect related to paucity of clarity. The nature of the financial transactions of many DAESH supporters in USA can be a challenge to whistle-blowers who often rely on financial transfers to implicate individuals associated with terrorism. Such transactions are also used as evidence in their prosecutions; scarcity means the dearth of legal information to pursue and convict them in court.

The Financing Act and Continued Control alongside the constant communication between the private and public sectors, which highlights counterterrorism in USA and was put in place in the wake of the 9/11 Attacks of 2001, has proven its influence and efficiency in combating financial crimes in past years. The report affirms that these legal procedures need careful control and revision to keep pace with the development of terrorist networks, which in the case of DAESH in USA are less developed, along with technical developments, online crowdfunding, cryptocurrency and deep and dark web transactions.

## NEW FINANCING MEANS

When terrorist financing is highlighted, we are referring to funds and resources that are collected legally and illegally, stored and transferred, aimed at committing terrorist acts, or supporting the service structure of terrorists, whether they are local or international. Terrorists and extremists are constantly seeking to devise new ways to evade the law, deceiving security officials who seek to inspect, detain and disrupt the functioning of such networks. However, those entrusted and mandated with monitoring the resources and the flow of funds face great difficulty. Well, this is true because this work remains complicated given the new challenges hindering the movement of goods, money and people across borders and because of the anonymity and secrecy, which their actions are shrouded with while online.

Experts believe that DAESH is the richest terrorist group in history. At the peak of control over large swaths of territory in 2015, DAESH had more than 6



billion dollars, equivalent to the GDP of some countries. This invites us to pose critical questions: Here is an important question: How did this organization create a war fund of this size? How did the superpowers fail to prevent this, especially following the 9/11 Attack as governments and the private sector have become more professional and experienced in combating terrorist financing and financial crime?

Although DAESH lost its control on the ground, it still maintains (even relatively) financial power. The observers and penholders of this file see that the DAESH leaders who have fled have millions of dollars that they seized from Iraq and Syria, and used them to invest in legitimate commercial activities anonymously in Iraq, Syria and Turkey. Some experts stated that some DAESH leaders had bought large quantities of gold.

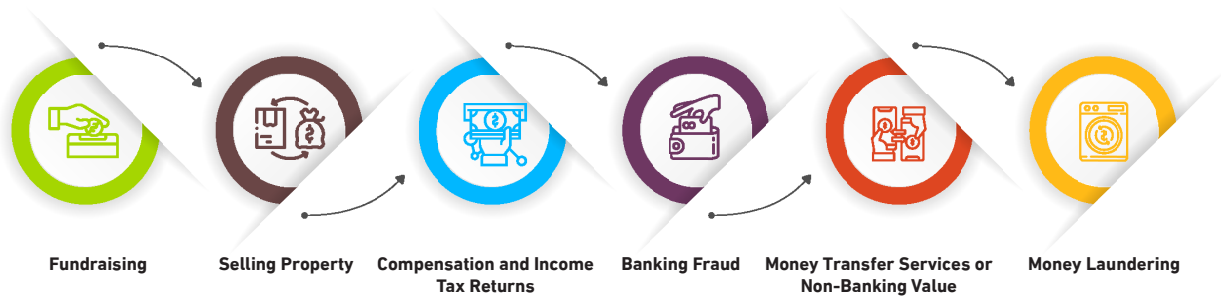
Faced with this down-to-earth reality, security experts and decision-makers realized that DAESH and other terrorist groups still have the ability to recruit new individuals and finance criminal activities, not only in the Middle East, but also within America, which may give DAESH the opportunity to stay alive, and perhaps return to control new territory if the security conditions on the ground become favorable.

Although we do not have accurate knowledge of how much money DAESH has today, it is believed that DAESH stashes away two billion dollars, that fall into the form of private donations, taxes, ransoms and commercial

revenue streams received during high days of total control between 2014-2017. For instance, in June 2014, DAESH seized control of a huge cash amount of \$ 425 million, after seizing a bank in Mosul, Iraq. This extra cash flow to DAESH made it the richest terrorist group ever. Of note, the most trusted source of income was coming from tax revenues from the loyalists, and from exploiting the Syrian and Iraqi oil fields. At the zenith of its alleged caliphate, DAESH used to sell 100 truckloads of oil daily, worth nearly \$ 30 million a month.

The report that we have at our fingertips explains the methods of those who tried to support DAESH from within the United States of America, whether those who planned terrorist attacks, or those who collected donations for the purpose of handing them over to members inside America, or sending them to the terrorist organization in Syria. The report indicates the methods and means exploited by these individuals in the United States. To raise and transfer funds and assets to support regulation. The report also analyzes the different types of networks from which individuals have drawn financial support, and identifies a number of other key trends in counterterrorism.

The targeting of individuals and companies that help transfer and funnel funds to support DAESH operations increases the pressure on the terrorist organization on all fronts. The Iraqi security forces and the Syrian Democratic Forces, with the support of the International Coalition, continue to target DAESH leaders and



## FUNDRAISING TECHNIQUES

remaining fighters, raid and destroy their mountain and desert hideouts, and seize supplies, weapons and explosives used in their sabotage activities.

### TRACKING FINANCIAL TRANSACTIONS

This report relies on a set of official data collected during the investigations related to the financial crimes of DAESH in USA, over a seven-year period. The data is extracted and culled from tens of thousands of pages; official documents of USA court cases, Department of Justice files, special press releases, Freedom of Information Act requests, interviews with security experts and detailed news articles about each individual included in this report. The report authors collected data on 209 individuals charged with terrorism and other crimes in USA related to DAESH. Although extremism programs track DAESH supporters living in USA and track their financial activities, the said authors obtained critical and accurate notes on financial transactions in support of DAESH.

Terrorist financing is complex, nontransparent and ever-changing that has gained more attention in the last two decades following the 9/11 Attacks of 2001; Al-Qaeda, which spearheaded international terrorism in the 1990s and the first decade of the twenty-first century, was funded to the tune of \$30 million annually; most of funding came from wealthy individuals sympathetic to Al-Qaeda. Other parts of funding came from charities that professionally collected donations, whether they were sent to the organization or invested in other matters. The techniques for sending money to Al-Qaeda have often been using wire transfers to US banks. For instance, DAESH financed all the expenses of the hijackers of the 9/11 Attacks of 2001 – about half a million dollars.

The elimination of terrorist financing has become one of the key foci of the international community counter-terrorism strategies. The USA has invested huge resources to crack down on terrorist financing.

Weeks into the terrorist attacks, the USA government took major steps to address the problem domestically; strict laws have been passed to combat the financing of terrorism by authorizing the USA government to identify and restrict foreign assets, and track down individuals and entities involved in financing terrorism or are considered a high risk of committing terrorist acts. Designations have since become one of the central pieces of the USA approach on the subject, and to date hundreds of individuals and entities have been designated by the U.S. Department of the Treasury.

### ILLUSION OF CUTTING OFF FUNDING

In the aftermath of the 9/11 Attacks of 2001, the USA security services have been active in counterterrorism, establishing special units to track crimes related to terrorist financing. The main USA improvements in counterterrorism have increased cooperation among relevant agencies, which mostly cooperated keenly with the USA authorities, especially in sharing information, which led to more cooperation between intelligence and agencies, laying bare and exposing many illegal financing channels.

Despite the rhetoric and concrete efforts from many policymakers, it soon became clear that completely cutting off the flow of money funneled to fund terrorism was a glaringly downright chimera; terrorists have invented myriad of methods to raise and transfer money, especially small amounts, in ways that are almost impossible to detect and control. More so, authorities realized that official investigations into terrorist financing may be very complex, and such challenges range from the difficulty of tracking funds over the vast USA soil to the difficulty of obtaining decisive material evidence from other states to prove the court's intent, i.e., proving that the individual or organization has prior knowledge that transferred was going to fund acts of terrorism. This was why it was difficult to stop the money flow or go through all the activities to see which were the main customers in collecting and funneling money.



The strict legal system was put in place after 2001 to combat terrorist financing, and it was better amended over time, and the results were substantial, both domestically and internationally. As was expected, the terrorists and their sympathizers quickly adapted and changed their tactics, engaging in a cat-and-mouse game of ingenuity with whistle-blowers, seeking to track and cut off their funding. Over the past two decades, sources of funding have diversified to include a wide range of legal and illegal activities; terrorists have worked out alternative methods, including money exchange arrangements to internet-based payment systems.

### **DAESH FINANCIAL RESOURCES**

In conjunction with many international partners, the United States has directly targeted various financing networks around the world. For example, on November 18, 2019, the United States included two DAESH agents in Turkey, and four companies linked to DAESH operating in Syria, Turkey, the Gulf and Europe, and included them in the blacklist of terrorism because of providing financial and service support to the terrorist organization. In 2020, the United States targeted two financial supporters of the organization in Syria and Turkey, disrupting their ability to continue collecting and transferring funds on behalf of the organization.

Whereas the proceeds of DAESH are unstable today because of its lack of regional control that would allow it to control the very profitable oil fields, tax the population, and blackmail individuals and commercial companies, the terrorist organization focused its efforts on attracting new agents in order to collect money and plan various attacks. It should be noted that at least 65 countries have prosecuted or arrested foreign

terrorist fighters or their associates, which has severely restricted DAESH financial infrastructure.

DAESH has managed to bring about a new revolution in many manifestations of terrorism, including the media and financing methods; it has successfully covered and controlled swathes of territory estimated to be the size of Great Britain, in both Syria and Iraq, to create a fully functioning state-like apparatus to rule it. DAESH was also able to control huge funds on a previously unthinkable scale for any terrorist group. Many experts believe that DAESH is the richest terrorist organization in history. It is estimated that its war budget reached \$6 billion. DAESH has relied on two main sources to finance its activities, both of which are associated with its entire control of the swathes of territory it once occupied:

1. Extortion and levy taxes on the civilian population and the institutions allowed to operate in Iraq and Syria.
2. Smuggling, trafficking and selling of petroleum products.

DAESH also relied on additional means to collect funds, including bank robberies and soliciting donations from all supporters around the world. It also resorted to kidnappings for ransom, smuggling, trafficking and selling antiquities and other illicit practices. Although the confrontation with DAESH began with air strikes launched by the allies to stop its advance to other regions and protect the Yazidis, the mounting concern was also to reduce the sources of income on which it relied, fed and capitalized. With this in mind, the Alliance adopted strategies based on air strikes directed at oil refineries, pipelines, tankers and the infrastructure for extracting oil. The USA also imposed sanctions on the buyers of oil extracted from the territories controlled by



DAESH. To compensate for such losses, DAESH resorted to tightening its tax law on residents of the areas under its control.

This dynamic has led some scholars to debate the utility of the counter-terrorism financing apparatus in the current environment; some concluded the need for governments to abandon traditional counterterrorism laws that came into force following the 9/11 Attacks of 2001 because DAESH and most terrorist organizations are not directly affected by such laws, as they do not use the official banking systems; they move their funds internally and transfer them through unconventional systems, rendering traditional means of combating terrorist financing with little or no effect.

### USA SUPPORTERS OF ISIS

In the last ten years, America has been subjected to more than 20 terrorist attacks, all triggered by terrorist ideology. If we look at the numbers of victims, America is the second most targeted country in the West following France. Most of the attacks took place in the small states of America, with fairly easy planning, except for the San Bernardino, California attack, which left 58 people dead and many injured. It is difficult to establish the true intentions behind these terrorist attacks, or to attribute them with certainty to a specific terrorist group.

Often times, perpetrators are influenced by terrorist ideology or the rhetoric of a specific organization, and

at other times we find personal circumstances drive a given perpetrator, such as mental health or social and economic crises, which have either driven or pushed the pace of criminal action; some did not pledge allegiance to ISIS and claimed that they carried out the attack on behalf of ISIS, not following its orders. Such an action expresses an individual's loyalty and sympathy to ISIS without being part of it.

It should be noted that ISIS claimed responsibility for seven attacks that took place in the USA, and even in these cases in which ISIS claimed responsibility, the whistle-blower found little evidence of a direct or indirect link between perpetrators and ISIS. In a few cases, there was direct online communication with ISIS members abroad, but the relationship was more encouraging, not aiding with planning. ISIS encouraged such supporters and sympathizers to do all the work, from planning, financing and implementing, by themselves.

Financially, the analysis of the attacks in the USA shows two important aspects of terrorism: decentralization and the relative independence of perpetrators from such organizations. This study indicated that all the attacks inside the USA cost, in fact, very little money; a few thousand dollars per case. Again, perpetrators had a normal life; some used their own money to buy weapons or rent cars that were used in carrying out some attacks, and the experts found no evidence of external funding for any successful attack.



## FUNDRAISING TECHNIQUES

With the exception of some cases, most ISIS supporters living in the USA left small financial footprints of their activities, whether they were interested in traveling abroad to join ISIS, carrying out local attacks or finding other methods of support for ISIS. Most of the money most of such Americans raised was small and easy, mostly relying on their personal savings to pay support costs.

### A) LEGAL DONATIONS

While most of the American supporters of ISIS did not see a need to engage in illegal activities to raise additional funds to obtain other resources to further their terrorism-related plans, contenting themselves with what is legal, some supporters have decided to engage in illegal activities considered federal crimes for which they are being prosecuted in federal law. Many terrorist fundraising activities do not constitute a crime unless otherwise linked to a terrorist motive. Below are some legal examples of fundraising:

1. **Fundraising:** whether from sympathizers with the project or from among the general public of Muslims, which is the most common method of fundraising in a legal manner, followed by the American supporters of ISIS. Most of these donations are made by individuals from within pre-existing support networks, and in lesser cases, from new support networks that some supporters have recently established online.
2. **Selling Property:** Some supporters of ISIS living in the USA sold various properties and assets to finance their travel abroad to join ISIS. The authors referred to six such cases, three of which were related to the sale of an individual car to purchase plane tickets, and one case in which the perpetrator was able to travel and join ISIS.
3. **Compensation and Income Tax Returns:** The authors also referred to one case of a young American supporter of ISIS who received financial compensation for a job-related injury; he used this compensation to travel to Syria showing off his dollars among ISIS fighters.
4. Although many of the perpetrators in this study used their personal savings, we find only one individual who linked his travel time to join ISIS with the date of receiving the income tax that the USA administration returns to citizens after April each year.

### B) ILLEGAL DONATIONS

Illicit financial transactions are very common in Europe; experts point to the close relationship between crime and terrorism among European terrorists. Since many European terrorists have a criminal record, this made it easier for them to resort to extensive criminal activities to collect funds and invest in terrorism-related cases. In the USA, the situation is different; to support or fund ISIS, a number of American supporters of ISIS have turned to illegal methods, such as asking for illegal financial assistance, selling weapons, theft, armed robbery, and trafficking drugs, but they were not as accurate and efficient as their European counterparts.

This is why the report indicates that the reality in the USA is slightly different, for when we find that European terrorists have a past record with the police before they travel, more than 60% of Dutch and German terrorists engaged in some crimes before they had any connection to ISIS, and similar numbers were reported across Western Europe. Only 14 people in the USA, or 6.7% of the 209 people in this study, have a criminal past record, and those who have resorted to illegal methods to obtain money are much less. The report mentioned a number of instances of fundraising for the purpose of financing terrorism, showcased in the following:

1. **Banking Fraud:** Experts have found two examples of at least two people who have taken the course of banking fraud to finance ISIS. The first one deposited stolen cheques of \$12,000 in his personal account at three different banks in California, and after a short period of time withdrew those funds in cash, and used them to finance his travel to Syria to join ISIS. However, he was arrested and charged with 26 cases of bank fraud and intent to travel to join a terrorist organization.

The other one was a woman named Zobia Shahnaz of Pakistani origin, who participated in bank fraud and was able to collect double of what the first person did. Shahnaz worked as a laboratory technologist at Manhattan Hospital with a salary of \$ 71,000 a year, and ended up defrauding American institutions and collecting amounts of more than \$ 90,000, which is the largest case for terrorist financing linked to ISIS in the USA so far. In 2015, Shahnaz began to search for information online about ways to join ISIS. In January 2016, she left the USA on a two-week volunteer medical trip to a refugee camp in Jordan, where ISIS had a great ideological impact there. However, it is unclear whether

the purpose of her travel was to contact members of ISIS or if this contact occurred without a previous plan. Soon after returning to the USA, she began fraudulently applying for more than 12 bank credit cards. Then, she was able to purchase more than 62,000 dollars of cryptocurrency such as Bitcoin, and most of it converted into US dollars, deposited in her current account. Later, she got a Pakistani passport and bought a ticket for a flight to Islamabad, but she was arrested before she left the US territory at John F. Kennedy International Airport in December 2017, and in March 2020 she was sentenced to 13 years imprisonment for providing material support to ISIS.

## 2. Money Transfer Services or Non-Banking Value:

The lack of unified currencies for transferring money made supporters of ISIS prefer the easiest and most common traditional method of transferring assets. In general, non-banking money or value transfer services (MVTs) received the lion's share among the transfers of terrorist supporters in the USA. Western Union and MoneyGram were the preferred methods for USA supporters of ISIS. Of the 209 funding cases recorded in this report, these two services were used in at least 24 cases. Despite recent concerns about terrorist use of these platforms, perpetrators have taken care to avoid using traditional MVTs systems, such as cryptocurrencies. Instead of transferring money to other supporters, some perpetrators chose to use Bitcoin to support ISIS first, and then as of money-laundering obtained illegally, by following bank and credit card fraud.

**3. Money Laundering:** The report refers to one example of an individual living in the United States who directly laundered money for the benefit of ISIS. A 32-year-old man named Al-Shenawi connected directly online with an ISIS member, called Saif Sujan, who introduced him through another peer from Egypt who had joined ISIS in Syria.

Sujan was an ISIS expert, among others, entrusted and assigned to oversee the ISIS electronic operations to direct the money to recruits abroad. Al-Shenawi received his first transfer of \$1,500 in March 2015 and was asked to use the money to buy specific equipment. Al-Shenawi used part of this money to purchase a phone, laptop, and VPN to communicate securely with ISIS and other affiliates. Sujan continued to send various amounts directly to Al-Shenawi via PayPal and Western Union transfers, and via other intermediaries in Bangladesh, Turkey and Egypt. In total, he collected about \$8,700 within four months, and he agreed with Sujan to use these funds to launch a terrorist attack on behalf of ISIS on US soil.

## SHIPPING AND SUPPORT NETWORKS

While some of the perpetrators carried items of value with them when traveling to join ISIS, others shipped equipment to peers who preceded them to join ISIS. The report cites examples of American peers of Bosnian origin who tried to ship equipment to a person named Hafez Al-Amri, who left the USA in May 2013 to join ISIS in Syria.

He also tried to ship equipment to Syria, including tactical gear, military clothing, combat boots, firearms accessories and other items such as hot cocoa. The





value of the equipment they bought was \$2,500, and they sent the remaining \$6,000 through Western Union transfers. Finally, they were arrested and four of them were sentenced to prison terms ranging from 36 months to 96 months in prison; two others confessed to the crime and are still awaiting sentencing.

After explaining how the American supporters of ISIS collected funds through legal and illegal means, and how they used these resources to support ISIS, the authors emphasized the need to add an analytical framework, which is support networks. It is appropriate to determine whether the individual acted alone to collect the money or relied on other people, and who such people in the network are. The report has drawn a line between four cases of financial support networks: lack of formal support networks, reliance on previously existing support networks, creation of new support networks and establishment of direct support networks with supporters of ISIS abroad.

## REPORT FINDINGS

The battle against ISIS has taken various methods and manifestations; it was not limited to Iraq and Syria, but was all over the world. Countries have sought to completely besiege ISIS and cut off all financing methods, even the small amounts of money coming from its supporters around the world.

This report proved that terrorist financing related to ISIS in the USA remains a limited phenomenon. Supporters of ISIS in the USA tend to collect and transfer funds in easy and traditional methods, and most transfer transactions were small amounts not exceeding thousands of

dollars, with the exception of some cases, and most of the transactions inside the USA were between a few individuals who tried to avoid the banking system.

Although the strict laws issued following the 9/11 Attacks of 2001 contributed to the rapid detection of many supporters of ISIS, the authors believe that surveillance and tracking down in the USA need to be reset and modernized to keep pace with the ever-changing and renewed nature in the technical and tactical field of terrorist networks, especially the long-standing ones such as the Shiite terrorist Hezbollah, which has more sophisticated financial apparatus within US soil.

ISIS revenue flows have become unstable because of its lack of the territorial control that would have allowed it in the past to access lucrative oil fields and to blackmail and levy taxes on residents and businesses. Over the past three years, the Global Coalition has targeted about 30 banks and financial centers affiliated with ISIS, and destroyed tens of millions of dollars of the ISIS liquid assets. ISIS was able to control hundreds of millions of dollars in annual revenues from oil sales and agricultural crops, and to impose taxes on the local population in the areas under its control in Iraq and Syria.

Outside Iraq and Syria, ISIS relied on supporters and followers, and on low-cost network attacks aimed at preserving its international image. In order to obtain financial resources, supporters used a combination of available modern technologies and other traditional methods; the goal was either to provide financial support from afar or to travel to join ISIS in conflict zones and battlefields or to launch attacks on the US soil.

SEPTEMBER 2020

## Dollars for Daesh

Analyzing the Finances of American  
ISIS Supporters



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