

UNTANGLING THE TERROR WEB:

*The Need for a Strategic Understanding of the Crossover Between
International Terrorist Groups to Successfully
Prosecute the War on Terror*

Testimony of
Matthew A. Levitt
Senior Fellow in Terrorism Studies
The Washington Institute for Near East Policy
October 22, 2003

Committee on Banking, Housing, and Urban Affairs
United States Senate

I. Introduction: Networks and Relationships

Pundits and politicians alike tend to think of the war on terror against al-Qaeda as a completely disparate phenomenon from the battle against other terrorist groups. This is, in part, a logical supposition as groups like Hamas and Hezbollah do not belong to the more tight knit family of al-Qaeda-associated terrorist groups. Hezbollah and Palestinian terrorist groups do not conduct joint operational activity with al-Qaeda, and despite some ad hoc cooperation and personal relationships they have no official or institutional links. Nonetheless, these groups are no less benign for their independence from al-Qaeda. Indeed, failure to attack the phenomenon of international terrorism as one issue, as opposed to breaking it up into its component parts, group by group, undermines the overall strength and effectiveness of the war on terror.

Networks and relationships best describe the current state of international terrorism. This matrix of relationships between terrorists who belong to one or another group is what makes the threat of international terrorism so dangerous today. For example, while there are no known headquarters-to-headquarters links between al-Qaeda and Hezbollah, the two groups are known to have held senior level meetings over the past decade and to maintain ad hoc, person-to-person ties in the areas of training and logistical support activities.

Too often people insist on pigeonholing terrorists as members of one group or another, as if such operatives carry membership cards in their wallets. In reality, much of the “network of networks” that characterizes today’s terrorist threat is informal and unstructured. Not every al-Qaeda operative has pledged an oath of allegiance (a *bayat*) to Osama bin Laden, while many terrorists maintain affiliations with members of other terrorist groups and facilitate one another’s activities. This analysis applies to Palestinian terrorist groups as well. Groups like Hamas have even less concrete connections to the al-Qaeda “network of networks.” However, in the area of terrorist financing and logistical support there is significant overlap and cooperation between these and other terrorist groups.

II. Between “Operatives” and “Supporters”

September 11 taught several painful lessons, not the least of which is that those who conduct such support activity are terrorists of the same caliber as those who carry out the attack. Indeed, the one key ingredient that enabled September 11 to happen was the fact that so many individuals and organizations and fronts were able to provide the kind of financial and logistical support for an operation of that magnitude. What enabled all those entities to conduct those support activities was the fact that all too often security, intelligence and law enforcement services – and certainly politicians and diplomats – made a sophomoric distinction between terrorist “operatives” and terrorist “supporters.” Several of the September 11 plotters were defined until September 11 as merely terrorist “supporters,” not “operatives.” It is critical that intelligence agencies focus on the logistical and financial supporters of terrorism, not only because they facilitate acts of terror, but because distinguishing between “supporters” and “operatives” assures that the

plotters of the next terrorist attack – today’s “supporters” – will only be identified after they conduct whatever attack they are now planning – and are thus transformed into “operatives.” Those who fund or facilitate acts of terrorism are no less terrorists than those who carry out the operation by pulling the trigger, detonating the bomb, or crashing the airplane. September 11 should have taught us how central financial and logistical support networks are to the conduct of international terrorism. Any serious effort to crack down on terrorist financing, so critical to disrupt terrorist activity, demands paying special attention to these support networks.

III. Key Nodes in the Matrix of Terror Financing

A close examination of these networks reveals there are key nodes in this matrix that have become the preferred conduits used by terrorists from multiple terrorist groups to fund and facilitate attacks. Shutting down these organizations, front companies and charities will go a long way toward stemming the flow of funds to and among terrorist groups.

Many critics of the economic war on terrorism mistakenly suggest that because the amount of money that has been frozen internationally is in the low millions very little has actually been accomplished. The dollar amount frozen, however, is a poor litmus test. Terrorist groups will always find other sources of funding. The amount of money frozen and put into an escrow account is not the issue; the issue is shutting down the key nodes through which terrorists raise, launder and transfer funds.

Indeed, similarly unrealistic litmus tests are applied to the war on terrorism itself. Too often people talk about winning the war on terrorism, defeating al-Qaeda, or ending terrorism. Let me be the bearer of bad news: that will not happen. One cannot defeat terrorism. Terrorism, prostitution, drugs -- there are certain infamous business ventures that have always been around and will be around for quite some time. Counterterrorism, therefore, is not about defeating terrorism, it is about constricting the operating environment -- making it harder for terrorists to do what they want to do at every level, such as conducting operations, procuring and transferring false documents, ferrying fugitives from one place to another, and financing, raising, and laundering funds. We need to make it more difficult for terrorists to conduct their operational, logistical and financial activities. We need to deny them the freedom of movement to conduct these activities. In fact, one can so constrict a terrorist group’s operating environment that it will eventually suffocate. In its day the Abu Nidal organization was the al-Qaeda of its time, and it no longer exists. A time will come when the primary international terrorist threat will no longer be posed by al-Qaeda, but by then there will be other groups.

If, therefore, we are serious about constricting terrorists’ operating environment and cracking down on terrorist financing then we need to look at key nodes in the network of terrorists’ logistical support groups. Many of these organizations are not particular to one terrorist group. Unfortunately, two years into the War on Terror, a variety of Middle Eastern terrorist groups and state sponsors of terrorism still receive inconsistent attention despite a sharp rise in their activity. In fact, militant Islamist groups from al-Qaeda to

Hamas interact and support one another in an international matrix of logistical, financial, and sometimes operational terrorist activity. Inattention to any one part of the web of militant Islamist terror undermines the effectiveness of measures taken against other parts of that web.

IV. Links between Terror Groups: The Network of Relationships

September 11 produced a political will, markedly absent after previous attacks, to take concrete action to counter and disrupt the terrorist threat to America and its allies. Yet, while efforts targeting Osama bin Laden and his associates are concerted and continuous, similar efforts are lacking when it comes to other terrorist groups of global reach and state sponsors of terrorism. In the months after September 2001, groups such as Hamas and Hezbollah were placed on new U.S. government terrorism lists, and the primary Hamas front organization in America was shut down. Since then, however, these groups have received only fleeting attention -- usually in the wake of increasingly heinous terrorist attacks. But the links between terrorist groups reveal a matrix of illicit activity on an international scale. Indeed, if authorities are serious about cracking down on terrorist financing, they must not only prevent the purportedly political or social-welfare wings of terrorist groups from flourishing, but must also take concrete steps to disrupt their activities. After all, it is there that the fundraising, laundering, and transferring take place.

Consider the following examples of the terror web:

* The International Islamic Relief Organization (IIRO) finances the activities of a diverse cross-section of international terrorist groups. From 1986 to 1994, bin Laden's brother-in-law Muhammad Jamal Khalifa headed the IIRO's Philippines office, through which he channeled funds to al-Qaeda affiliates, including Abu Sayyaf and the Moro Islamic Liberation Front.¹ In 1999, an IIRO employee in Canada was linked to the Egyptian Islamic Jihad.² More recently, official Palestinian documents seized by Israeli forces in April 2002 establish that the IIRO donated at least \$280,000 to Palestinian charities and organizations that U.S. authorities have linked to Hamas.³

* The al-Taqwa banking system also financed the activities of multiple terrorist organizations, including Hamas. Al Taqwa was added to U.S. terrorism lists in November 2001 for "provid[ing] cash transfer mechanisms for Al Qaida."⁴ Subsequent investigation has determined al-Taqwa was established in 1988 with financing from the

¹ Jay Solomon, "Manila Suspends Talks with Rebels after Allegations of al-Qaeda Links," *Wall Street Journal*, March 12, 2002

² *Minister of Citizenship and Immigration v. Mahmoud Jaballah*, Federal Court of Canada, Docket: Des-6-99, November 2, 1999. See also Laurie P. Cohen et al., "Bush's Financial War on Terrorism Includes Strikes at Islamic Charities," *Wall Street Journal*, September 25, 2001

³ Israel Defense Forces, "Documents Captured by the IDF: Large Sums of Money Transferred by Saudi Arabia to the Palestinians Are Used for Financing Terror Organizations (Particularly the Hamas) and Terrorist Activities (Including Suicide Attacks inside Israel)," May 3, 2002, www.idf.il/saudi_arabia/site/english/main_index.stm

⁴ Statement of John B. Taylor, US Department of the Treasury, November 7, 2001, <http://www.treas.gov/press/releases/po771.htm>

Egyptian Muslim Brotherhood.⁵ According to the U.S. Treasury Department, "\$60 million collected annually for Hamas was moved to accounts with Bank al-Taqwa."⁶ Al-Taqwa shareholders include known Hamas members and individuals linked to al-Qaeda.⁷ A 1996 report by Italian intelligence further linked al-Taqwa to Hamas and other Palestinian groups, as well as to the Algerian Armed Islamic Group and the Egyptian al-Gama'a al-Islamiyya.⁸

* Several individual European countries recently joined the United States in freezing the assets of the al Aqsa International Foundation, a Hamas front organization funding "Palestinian fighters" while recording its disbursements as "contributions for charitable projects."⁹ Significantly, al Aqsa's representative in Yemen, Mohammed Ali Hasan al-Moayad, was arrested not only for funding Hamas, but also for providing money, arms, communication gear and recruits to al-Qaeda.¹⁰ According to an Israeli report on Hezbollah's global activity, the head of the al Aqsa International Foundation office in the Netherlands indicated the office raised funds for Hezbollah in coordination with the group's main office in Germany.¹¹

* U.S. officials contend that, shortly after Palestinian violence erupted in September 2000, Iran assigned Imad Mughniyeh, Hezbollah's international operations commander, to help Palestinian militant groups, specifically Hamas and Palestinian Islamic Jihad (PIJ).¹² According to a former Clinton administration official, "Mugniyeh got orders from Tehran to work with Hamas."¹³ In fact, in the March 27, 2002, "Passover massacre" suicide bombing, Hamas relied on the guidance of a Hezbollah expert to build an extra-potent bomb.¹⁴ In June 2002, Iran gave PIJ a 70 percent increase in funds, and Tehran continues to train terrorists at camps in Lebanon's Beka'a Valley and in Iran proper.¹⁵ Iran also provides safe haven to senior al-Qaeda fugitives who head the group's military

⁵ "The United States and Italy Designate Twenty-Five New Financiers of Terror," Department of the Treasury Office of Public Affairs, PO-3380, August 29, 2002, <http://www.ustreas.gov/press/releases/po3380.htm>

⁶ Testimony of Juan C. Zarate, Deputy Assistant Secretary, Terrorism and Violent Crime, U.S. Department of the Treasury, House Financial Subcommittee Oversight and Investigations, February 12, 2002

⁷ Lucy Komisar, "Shareholders in the Bank of Terror?" Salon.com, March 15, 2002; and Mark Hosenball, "Terror's Cash Flow," Newsweek, March 25, 2002

⁸ Ibid

⁹ "Treasury Designates Al-Aqsa International Foundation as Financier of Terror: Charity Linked to Funding of the Hamas Terrorist Organization," Department of the Treasury, Office of Public Affairs, <http://www.treas.gov/press/releases/js439.htm>

¹⁰ USA vs. MOHAMMED ALI HASAN AL-MOAYAD, Affidavit in Support of Arrest Warrant, Eastern District of New York, January 5, 2003

¹¹ "Hezbollah: Profile of the Lebanese Shiite Terrorist Organization of Global Reach Sponsored by Iran and Supported by Syria," Intelligence and Terrorism Information Center, The Center for Special Studies, Special Information Paper, June 2003, <http://www.intelligence.org.il/eng/bu/hizbullaha/hezbollah.htm>

¹² Douglas Frantz and James Risen, "A Secret Iran-Arafat Connection is Seen Fueling the Mideast Fire," *The New York Times*, March 24, 2002

¹³ Ibid.

¹⁴ Molly Moore and John Ward Anderson, "Suicide Bombers Change Mideast's Military Balance," *Washington Post*, August 17, 2002

¹⁵ Ali Nouri Zadeh, "Islamic Jihad, Hamas, and the Palestinian Authority Meet in Iran," *al-Sharq al-Awsat* (London), June 8, 2002

committee, as well as to dozens of other al-Qaeda personnel.¹⁶ According to an Arab intelligence officer, some al-Qaeda operatives were instructed to leave the country, but were told that "they may be called on at some point to assist Iran."¹⁷

IV-a. Networks of Relationships Case Study: Abu Musab al Zarqawi

Following Secretary of State Colin Powell's February 6 address to the United Nations Security Council, some questioned his description of the "sinister nexus between Iraq and the al-Qaeda terrorist network."¹⁸ In fact, the relationship between Baghdad and terrorism mirrors the way in which today's international terrorist groups function: not as tightly structured hierarchies, but rather as shadowy networks that, when necessary, strike ad hoc tactical alliances bridging religious and ideological schisms. Osama bin Laden's calls on Muslims to come to Iraq's defense, even as he derided the "infidel" regime in Baghdad, are a case in point.¹⁹

One of the more active terrorist networks in recent years has been that of Abu Musab al-Zarqawi. At least 116 terrorist operatives from Zarqawi's global network have been arrested, including members in France, Italy, Spain, Britain, Germany, Turkey, Jordan, and Saudi Arabia.²⁰ For example:

Turkey: Two Palestinians and a Jordanian who entered Turkey illegally from Iran on their way to conduct bombing attacks in Israel were intercepted and arrested by Turkish police on February 15, 2002. The three men were members of Beyyiat al-Imam (a group linked to al-Qaeda) who fought for the Taliban and received terrorist training in Afghanistan; Zarqawi dispatched them to Turkey while he was in Iran.²¹

Germany: Although the al-Tawhid terrorist cell apprehended in Germany in April 2002 has been tied to Abu Qatada in Britain, Zarqawi controlled its activities. Eight men were arrested, and raids yielded hundreds of forged passports from Iran, Iraq, Jordan, Denmark, and other countries. According to German prosecutors, the group facilitated the escape of terrorist fugitives from Afghanistan to Europe and planned to attack U.S. or Israeli interests in Germany.²²

¹⁶ Peter Finn, "Al-Qaeda Deputies Harbored by Iran: Pair Are Plotting Attacks, Sources Say," *Washington Post*, August 27, 2002. See also "According to Reliable Arabic Security Sources, Arrested Members of al-Qaeda Uncovered, Iran Harboring Bin Laden's Aides," *al-Sharq al-Awsat* (London), August 29, 2002

¹⁷ Ibid.

¹⁸ Secretary of State Colin Powell, Remarks to the United Nations Security Council, February 5, 2003. Available online: www.state.gov/secretary/rm/2003/17300.htm

¹⁹ Audio Message by Osama bin Laden, broadcast on al-Jazeera Television on February 11, 2003. See BBC transcript, http://news.bbc.co.uk/2/hi/middle_east/2751019.stm

²⁰ Secretary of State Colin Powell, Remarks to the United Nations Security Council, February 5, 2003. Available online: www.state.gov/secretary/rm/2003/17300.htm

²¹ Douglas Frantz and James Risen, "A Secret Iran-Arafat Connection is Seen Fueling the Mideast Fire," *The New York Times*, March 24, 2002, and David Kaplan, "Run and Gun: Al Qaeda Arrests and Intelligence Hauls Bring New Energy to the War on Terrorism," *U.S. News and World Report*, September 30, 2002

²² Philipp Jaklin and Hugh Williamson, "Terror Suspects Detained in Germany," *Financial Times*, April 24, 2002; Edmund L. Andrews, "German Officials Find More Terrorist Groups, and Some Disturbing

Jordan: While in Syria, Zarqawi planned and facilitated the October 2002 assassination of U.S. Agency for International Development official Lawrence Foley in Amman.²³

Jordanian prime minister Abu Ragheb Ali announced that the Libyan and Jordanian suspects arrested in December in connection with the attack received funding and instructions from Zarqawi and had intended to conduct further attacks against "foreign embassies, Jordanian officials, some diplomatic personnel, especially Americans and Israelis."²⁴ Moreover, during his UN address, Powell revealed that after the murder, an associate of the assassin "left Jordan to go to Iraq to obtain weapons and explosives for further operations."²⁵ In addition, a key Zarqawi deputy called Foley's assassins on a satellite phone to congratulate them while he was driving out of Iraq toward Turkey, a mistake that led to his capture and confirmation that an al-Qaeda cell was operating out of Iraq.²⁶

Poison plots: Powell also disclosed that Abuwatia, a detainee who graduated from Zarqawi's terrorist camp in Afghanistan, admitted to dispatching at least nine North African extremists to Europe to conduct poison and explosive attacks.²⁷ European officials maintain Zarqawi is the al-Qaeda coordinator for attacks there, where chemical attacks were thwarted in Britain, France and Italy.²⁸ Similarly, Director of Central Intelligence George Tenet has stated that the Zarqawi network was behind poison plots in Europe this year.²⁹

Although Zarqawi's active role in organizing terrorist operations suggests that he himself is a major terrorist leader, it is useful to clarify his links to other groups so as to better understand how international terrorism works. There is no precise organizational or command structure to the assemblage of groups that fall under al-Qaeda's umbrella or that cooperate with the organization. Hence, whether Zarqawi swore allegiance (*bayat*) to bin Laden makes little difference in whether the two would work together at promoting a common agenda.

The range of actors who have given Zarqawi safe haven and support clearly illustrate the current modus operandi of terrorist networks. Consider his movements since he first

Parallels," *The New York Times*, April 26, 2002

²³

²⁴ "Al-Qaeda man behind murder of US diplomat hiding in northern Iraq: Jordan," *Agence France Presse*, December 18, 2002

²⁵ Secretary of State Colin Powell, Remarks to the United Nations Security Council, February 5, 2003.

Available online: www.state.gov/secretary/rm/2003/17300.htm

²⁶ Ibid.

²⁷ Ibid.

²⁸ Elaine Sciolino and Desmond Butler, "Europeans Fear That the Threat From Radical Islamists Is Increasing," *The New York Times*, December 8, 2002.

²⁹ *Worldwide Threat—Converging Dangers in a Post-9/11 World: Testimony of Director of Central Intelligence George J. Tenet before the Senate Select Committee on Intelligence*, February 6, 2002.

Available online: http://www.cia.gov/cia/public_affairs/speeches/2002/dci_speech_02062002.html

surfaced as a terrorist suspect in 1999, when he led Jund al-Shams, an Islamic extremist group and al-Qaeda affiliate operating primarily in Syria and Jordan.³⁰

Jordan: Zarqawi has been a fugitive since 1999 when Jordanian authorities first tied him to radical Islamic activity leading Jund al-Shams. In 2000, a Jordanian court sentenced him in absentia to 15 years of hard labor for his role in the millennial terror plot targeting Western interests in Jordan.³¹

Taliban-ruled Afghanistan: In 2000, Zarqawi traveled to Afghanistan, where he oversaw an al-Qaeda training camp and worked on chemical and biological weapons.³² Such camps served as open universities, educating terrorists from a wide array of local and international groups. These students in turn established relationships and networks, like the anti-Soviet mujahedin before them. With every success in the war on terrorism, such networks become increasingly essential to al-Qaeda, providing a new cadre of terrorist operatives.

Iran and Iraq: In early 2002, Zarqawi was wounded in the leg while fighting against U.S.-led coalition forces in Afghanistan. He escaped to Iran, then traveled to Iraq in May 2002, where his wounded leg was amputated and replaced with a prosthetic device. According to Secretary Powell, Zarqawi then spent two months recovering in Baghdad, during which time "nearly two dozen extremists converged on Baghdad and established a base of operations there. These al-Qaeda affiliates, based in Baghdad, now coordinate the movement of people, money, and supplies into and throughout Iraq for his network, and they've now been operating freely in the capital for more than eight months."³³ Prior to the war in Iraq, Zarqawi had returned to the Ansar al-Islam camp in northern Iraq run by his Jund al-Shams lieutenants. There, he enjoyed safe haven and free passage into and out of Ansar-held areas.³⁴ Zarqawi is now said to be back in Iran, where he continues to operate with the full knowledge of the regime in Tehran.³⁵

Syria and Lebanon: From Baghdad, Zarqawi traveled to Syria and possibly Lebanon.³⁶ U.S. intelligence officials have definitively linked Zarqawi to Hezbollah, magnifying their concerns about the ad hoc tactical relationship brewing between Iran's Shi'i proxy and the loosely affiliated al-Qaeda network.

³⁰ "Treasury Designates Six Al-Qaeda Terrorists," US Department of the Treasury press release (JS-757), September 24, 2003. Available online: <http://www.treasury.gov/press/releases/js757.htm>

³¹ "Al-Qaeda man behind murder of US diplomat hiding in northern Iraq: Jordan," *Agence France Presse*, December 18, 2002.

³² Secretary of State Colin Powell, Remarks to the United Nations Security Council, February 5, 2003. Available online: www.state.gov/secretary/rm/2003/17300.htm

³³ Ibid.

³⁴ Ibid.

³⁵ *Al-Sharq al-Awsat*, June 1, 2003; A European intelligence official subsequently confirmed this report in an interview with the author, September 2003.

³⁶ David E. Kaplan, Angie Cannon, Mark Mazzetti, Douglas Pasternak, Kevin Whitelaw, Aamir Latif, "Run and Gun," *U.S. News and World Report*, September 30, 2002, p. 36.

Last month, when U.S. authorities designated Abu Musab al Zarqawi and several of his associates as "Specially Designated Global Terrorist" entities, they revealed that Zarqawi not only has "ties" to Hezbollah, but that plans were in place for his deputies to meet with Asbat al Ansar, Hezbollah "and any other group that would enable them to smuggle mujaheddin into Palestine" in an effort "to smuggle operatives into Israel to conduct operations."³⁷ Zarqawi received "more than \$35,000" in mid 2001 "for work in Palestine," which included "finding a mechanism that would enable more suicide martyrs to enter Israel" as well as "to provide training on explosives, poisons, and remote controlled devices."³⁸

At the same time, the Zarqawi network was planning attacks on Jewish or Israeli targets in Europe. According to the Treasury Department, Zarqawi met an associate named Mohamed Abu Dhes in Iran in early September 2001 "and instructed him to commit terrorist attacks against Jewish or Israeli facilities in Germany with 'his [Zarqawi's] people'."³⁹

V. Targeting the Logistical and Financial Support Network

A key lesson learned so painfully on September 11 is that counterterrorism efforts must target logistical cells with the same vigor as operational cells. The September 11 attacks could never have been executed without the logistical assistance of a sophisticated and well-entrenched support network. The nineteen hijackers were funded and facilitated by dozens of individuals, cells, front organizations, and affiliates that provided essential logistical support. Long-term logistical planning also went into the bombing of the USS Cole and the embassies in East Africa.

Accordingly, an individual, group, or state that provides funds, travel documents, training, or other support for terrorist activity is no less important to a terrorist network than the operative who detonates the bomb, pulls the trigger, or crashes the airplane. Among the terrorists subsequently linked to the September 11 plot are a disturbing number of individuals in an alarming number of countries who, while previously known to authorities as Islamic extremists (and in some cases the subjects of surveillance), were not assigned the priority they deserved because they were merely "terrorist supporters," not actual "terrorist operatives." Similarly, low priority was assigned to eliminating the permissive operating environment provided by states that allow terrorists to maintain facilities on their territory, largely on the grounds that these states did not themselves directly plan and execute terrorist attacks.

Despite an impressive collection of statements from senior administration officials and from President George W. Bush himself (e.g., "there are no good terrorists" and "if you

³⁷ "Treasury Designates Six Al-Qaeda Terrorists," US Department of the Treasury press release (JS-757), September 24, 2003. Available online: <http://www.treasury.gov/press/releases/js757.htm>

³⁸ Ibid.

³⁹ Ibid.

house a terrorist, you are a terrorist"),⁴⁰ such rhetoric has not been followed by a fully articulated policy or persistent action against the operational and logistical network of terror groups and sponsors outside of the al-Qaeda fold. Syria and Iran continue to sponsor terrorism at a frenetic pace; the Palestinian Authority, Saudi Arabia, Yemen, and Lebanon publicly support terrorist groups without sanction; groups like the Muslim Brotherhood in Egypt and the Islamic Action Front in Jordan vocally and actively support terrorist groups;⁴¹ and Hezbollah, Hamas, PIJ, and other terrorist groups continue to raise funds, smuggle weapons, recruit operatives, and carry out gruesome attacks.

VI. The Matrix of International Terror in Context: the War on Terror, Israeli-Palestinian Conflict, and War in Iraq

Three critical and interrelated national security priorities currently dominate the U.S. foreign policy agenda. Indeed, each is made that much more difficult to navigate by the complicating factor of the dizzying matrix of relationships between various terrorist groups, fronts, and members that define international terrorism today.

Again, consider a few examples:

** War on Terror: Working Through Organizational Crossover*

Hamas funding comes from sources closely tied to other groups, especially al-Qaeda. Take for example Muhammad Zouaydi, a senior al-Qaeda financier in Madrid whose home and offices were searched. Spanish investigators found a five-page fax dated October 24, 2001, revealing Zouaydi was not only financing the Hamburg cell responsible for the September 11 attacks, but also Hamas. In the fax, which Zouaydi kept for his records, the Hebron Muslim Youth Association solicited funds from the Islamic Association of Spain. According to Spanish prosecutors, "the Hebron Muslim Youth Association is an organization known to belong to the Palestinian terrorist organization Hamas which is financed by activists of said organization living abroad." Spanish police also say Zouaydi gave \$6,600 to Sheikh Helal Jamal, a Palestinian religious figure in Madrid tied to Hamas.⁴²

U.S. authorities detained Abdurahman Muhammad Alamoudi, head of the American Muslim Foundation, on charges he was engaging in financial transactions with Libya, a state sponsor of terror subject to U.S. sanctions. According to court documents, \$340,000 in cash was seized from Alamoudi on August 16, 2003, as he attempted to board a plane in London bound for Damascus. An unidentified Libyan delivered the cash to Alamoudi in his hotel room the previous night. According to the Bureau of Immigration and Customs Enforcement (ICE), the money may have been "intended for delivery in

⁴⁰ "President Shares Thanksgiving Meal with Troops," text of President George W. Bush's remarks to troops and families, Fort Campbell, Kentucky, November 21, 2001, www.whitehouse.gov/news/releases/2001/11/20011121-3.html

⁴¹ See, for example, Matthew Levitt, "Diplomacy Run Amuck," *The Jerusalem Post*, October 8, 2002

⁴² Central Trial Court No. 5, Spanish National High Court (*Audiencia Nacional*), CASE 35/2002 (ordinary procedure), Don Baltasar Garzon Real, Magistrado Juez del Juzgado Central de Instrucción July 19, 2002

Damascus to one or more of the terrorists or terrorist organizations in Syria.” Alamoudi has publicly lauded Hezbollah and Hamas, expressed his preference for attacks that “hit a Zionist target in America or Europe or elsewhere but not like what happened at the Embassy in Kenya,” and was an officer of charities in Northern Virginia tied to Hamas and al-Qaeda.⁴³ Alluding to Hamas, Assistant U.S. Attorney Steve Ward added that “in addition to dealing with Libya, [Alamoudi] has a more direct connection with terrorist organizations designated by the United States government.”⁴⁴

Such crossover between funding for Hamas and al-Qaeda was recently exposed in the case of Soliman Biheiri, the first person to be prosecuted in a massive investigation into terrorist financing in Northern Virginia. Biheiri, described by U.S. officials as “the U.S. banker for the Muslim Brotherhood,” headed a since defunct investment company called BMI Inc in New Jersey.⁴⁵ The original investors in the company, suspected of financing Hamas, al-Qaeda and perhaps other designated terrorist groups, include Yassin al Qadi and Hamas leader Mousa Abu Marzook (both listed as Specially Designated Global Terrorists by the U.S. government), as well as Abdullah Awad bin Laden (Osama Bin Laden’s nephew and the former head of WAMY in the U.S.).⁴⁶

** Iraq: Foreign Jihadists and Domestic Baathists Teaming Up to Attack Americans*

These seeds of a pluralistic society in Iraq are now being uprooted - even as coalition forces try to plant them - by swarms of radicals from across the Muslim world who enter Iraq primarily from Syria and Iran but also from Saudi Arabia, to take advantage of Iraq's newfound status as a failing state. Iraq has now become a magnet drawing Baathists, Sunni terrorists, Shia radicals and others opposed to the development of a peaceful, pluralistic society in Iraq, much like Afghanistan, Somalia, parts of Yemen, Georgia's Pankisi Gorge, Chechnya and other undergoverned territories.

These include individual radicals and terrorist groups, but also neighboring states, such as Syria and Iran, both of which allow terrorist elements to cross their borders into Iraq. U.S. administrator Paul Bremer, also a noted authority on international terrorism, recently told CNN, “We've certainly seen foreign fighters who sort of fit the al-Qaeda profile - people traveling on documents from Syria, Yemen, Sudan, in some cases Saudi Arabia, some of the terrorist groups we've attacked in the west of the country.”⁴⁷

According to press reports, coalition Intelligence agencies intercepted conversations between radical Islamists from Saudi Arabia and Iraqi Baathists. Officials were

⁴³ Declaration in Support of Detention, USA v. Abdurahman Muhammad Alamoudi, case No 03-1009M, Alexandria Division, Eastern District of Virginia, September 30, 2003.

⁴⁴ Douglas Farah, “US Says Activist Funded Terrorists; Leader of Muslim Groups Denied Bail,” *The Washington Post*, October 1, 2003.

⁴⁵ Glenn R. Simpson, “The U.S. Provides Details of Terror-Financing Web Defunct Investment Firm In New Jersey Is the Hub; Suspect to Stay in Custody,” *The Wall Street Journal*, September 15, 2003.

⁴⁶ Ibid.

⁴⁷ “Bremer says Hundreds of ‘international terrorists in Iraq;” *Agence France Presse*, August 24, 2003.

reportedly surprised by this, noting the conservative fundamentalist ideology of Saudi extremists, while Baathists are more often moderate if not secular Muslims.⁴⁸

But such cooperation borne of opportunism and a narrow mutual interest in targeting coalition forces should be no surprise. Almost as soon as coalition forces crossed into Iraq, reports leaked out of thousands of Arab irregular forces - some volunteers, some members of terrorist groups like Palestinian Islamic Jihad, Hezbollah and Fatah splinter groups - crossing the Syrian border into Iraq to battle coalition forces. Coalition commanders commonly referred to these irregulars as "Syrians" because most of them were Syrian, and most who weren't carried Syrian travel documents, in some cases specifically marked "reason for entry: Jihad. Length of stay: Indefinite."⁴⁹ In one case, US military forces captured a large group of Syrians and confiscated seventy suicide jackets - each filled with twenty-two pounds of military grade C4 explosives, and mercury detonators.⁵⁰ In another case, soldiers found several hundred thousands dollars on a bus that came from Syria, together with "leaflets suggesting that Iraqis would be rewarded if they killed Americans."⁵¹ Syrian Foreign Minister Farouq al-Shara explained his country's facilitating terrorists' travel to Iraq by asserting quite plainly, "Syria's interest is to see the invaders defeated in Iraq."⁵² In case some planners were still unclear on the developing trend, Osama Bin Laden issued a tape-recorded message to the "mujahideen brothers in Iraq" in February stressing "the importance of the martyrdom operations against the enemy."⁵³ Most recently, Sunni clerics meeting in Stockholm in mid-July at a conference of the European Council for Fatwa and Research approved the use of suicide attacks in Iraq (and Palestine and Kashmir).⁵⁴

* *Israeli-Palestinian Conflict: Likely Cross-group Cooperation in Gaza Bombing*

The recent bombing of a U.S. convoy in Gaza on October 15, 2003, which killed three American contract employees of the U.S. embassy in Tel Aviv and injured a fourth, was neither unprecedented nor unexpected. Indeed, U.S. embassy employees narrowly escaped injury in a similar attack last June, when unknown assailants detonated two bombs near their vehicle.⁵⁵ No group has claimed responsibility for the October 15 attack. But Palestinian security officials quickly arrested several members of the Popular Resistance Committee (PRC), a conglomeration of former and current members of Fatah, Islamic Jihad, Hamas and the various Palestinian security forces. Whether the PRC is responsible is unclear. But such a strike would certainly be in keeping with its methods:

⁴⁸ Raymond Bonner, "The Struggle for Iraq: Weapons; Iraqi Arms Caches Cited in Attacks," *The New York Times*, October 13, 2003

⁴⁹ Luke Hunt, "Evidence of Iraq's 'terrorist ties' mounts, but bin Laden link elusive," *Agence France Presse*, April 16, 2003.

⁵⁰ Ibid.

⁵¹ Bernard Weinraub, "Fighters from Syria Among Iraqi Prisoners in an American Camp," *The New York Times*, April 19, 2003.

⁵² Agence France Presse, 31 March 2003.

⁵³ Audio Message by Osama bin Laden, broadcast on al-Jazeera Television on February 11, 2003. See BBC transcript, http://news.bbc.co.uk/2/hi/middle_east/2751019.stm

⁵⁴ Arnaud de Borchgrave, "Clerics OK suicide-bombers," *United Press International*, August 15, 2003.

⁵⁵ Margot Dudkevitch, "IDF thwarts two suicide bombings," *Jerusalem Post*, June 29, 2003

The group's most daring and successful attack was a February 14, 2002 roadside bombing that demolished an Israeli armored tank. Indeed, that attack was executed with the assistance of a Hezbollah agent who infiltrated Palestinian territory to provide the PRC with technical and operational advice.⁵⁶

Although Hezbollah has not killed Americans recently, it does target them, as CIA Director George Tenet testified in February 2002.⁵⁷ Moreover, according to statements by captured operatives and other information made public by Israeli intelligence, Hezbollah and Lebanon-based operatives from Iran's Islamic Revolutionary Guard Corps have recruited a network of rogue Fatah cells to serve as Hezbollah's West Bank cadres.⁵⁸ Hezbollah is particularly well known for its skill at manufacturing and placing sophisticated roadside bombs, a skill the group has now transferred to the West Bank and Gaza. Aside from Hezbollah's role in the aforementioned 2002 tank bombing, Israeli authorities discovered a type of mine that had previously been used only by Hezbollah in Lebanon in Hebron in mid-2002. Israeli authorities conducting a search in Hebron during that same month arrested Fawzi Ayub, a Hezbollah operative who had entered the territories by sea using a Canadian passport.⁵⁹

Recently released information indicates that the Mombassa attacks were no aberration, and that al-Qaeda is also intent on entering the Israeli-Palestinian arena. In August, Israel submitted a report to the UN stating that it had thwarted several attempts by al-Qaeda operatives carrying foreign passports to enter Israel in order to gather intelligence and conduct attacks.⁶⁰ Israel also noted that it had captured Palestinians recruited by al-Qaeda abroad to conduct attacks in Israel. Moreover, pamphlets signed by the "Bin Laden Brigades of Palestine" have been found in Palestinian areas encouraging Palestinians to continue "in the footsteps of Osama bin Laden."⁶¹ Last month, such reports found support in the United States: The U.S. Treasury Department highlighted al-Qaeda plans and funding for attacks in Israel, including "training on explosives ... and remote-controlled devices" such as the one employed this week.⁶²

Regardless of who conducted the October 15 Gaza bombing, it highlights the increasingly international nature of the Israeli-Palestinian conflict. Yet while Western nations have taken a unified stance against al-Qaeda, European nations especially have

⁵⁶ James Bennet, "Israeli Killed As His Commandos Demolish West Bank House," *The New York Times*, February 16, 2002

⁵⁷ *Worldwide Threat—Converging Dangers in a Post-9/11 World: Testimony of Director of Central Intelligence George J. Tenet before the Senate Select Committee on Intelligence*, February 6, 2002. Available online: http://www.cia.gov/cia/public_affairs/speeches/2002/dci_speech_02062002.html

⁵⁸ Matthew Levitt, "Hezbollah's West Bank Foothold," *Peacewatch* #429, The Washington Institute for Near East Policy, August 20, 2003. Available online:

<http://www.washingtoninstitute.org/watch/Peacewatch/peacewatch2003/429.htm>

⁵⁹ "Hezbollah (part 1): Profile of the Lebanese Shiite Terrorist Organization of Global Reach Sponsored by Iran and Supported by Syria," Intelligence and Terrorism Information Center at the Center for Special Studies, Israel, June 2003; and author interview with intelligence sources, July 2003.

⁶⁰ Anna Driver, "Israel Says al Qaeda Active in Palestinian Areas," *Reuters*, August 5, 2003.

⁶¹ *Ibid.*

⁶² "Treasury Designates Six Al-Qaeda Terrorists," US Department of the Treasury press release (JS-757), September 24, 2003. Available online: <http://www.treasury.gov/press/releases/js757.htm>

been more muted in regard to Palestinian groups and their regional allies. In the wake of this attack, U.S. officials would do well to press European and Middle Eastern partners to join Washington in redoubling efforts to delegitimize terrorist groups who purport to fight in the name of Palestinian nationalism.

VI-a. *Matrix of International Terror Case Study: Hamas and al-Qaeda*

A recent column penned by the Washington Post Ombudsman Michael Getler [“The Language of Terrorism,” Sep 21, 2003] is a cogent and articulate example of how people still misunderstand the nature of international terrorism even two years into the war on terror.

Getler set out to explain the Post’s policy of describing the perpetrators of Palestinian suicide and other attacks as “militants” or “gunmen” while those who execute attacks in the name of al-Qaeda are identified as “terrorists.” But in his effort to justify the Post’s editorial guidelines Getler adopted the popular and alluring though erroneous theory that one can differentiate not only between good and bad terrorists groups but also between groups’ charitable and military “wings.”

Getler describes Hamas as a “nationalist movement” engaged in “some social work” while maintaining that “as far as we know, al-Qaeda exists only as a terrorist network.” Hamas politics or social work, however, cannot excuse the terror tactics it employs in blowing up innocent civilians on public buses. But Hamas is also much more than a local, nationalist group. In response to the war in Iraq, which he described as “a new crusade against the Muslim nation,” Hamas leader Sheikh Ahmed Yassin called on Muslims worldwide to “strike Western interests... everywhere.”⁶³ To be sure, Hamas is active internationally. According to a recently released 1996 CIA document, a Hamas operative in Croatia plotted terror attacks there in 1993 and used a local charity office and mosque to “promote ideas for terrorist acts.” The same report notes that the local International Islamic Relief Organization (IIRO) office employed “the majority of Hamas members in the Philippines” and that Hamas meetings were led by a “high ranking” IIRO official.⁶⁴ The IIRO has since been identified as an al-Qaeda front organization with links to Hamas and other groups.

Not only is Hamas more global and inclined to al-Qaeda-style jihadism than Getler claims, but al-Qaeda is more heavily involved in Hamas-style social service activities than he suggests. Like Hamas, al-Qaeda front organizations like the IIRO, al Haramain Islamic Foundation, Muslim World League and others provide funds and services for needy Muslims while laundering funds for terror attacks, financing the radicalization and recruitment of Muslim youth, and providing operatives with day jobs, safe houses and meeting places. German officials have linked al-Haramain to terrorist activity in Berlin, where a Saudi diplomat confessed to doling out embassy funds through al Haramain

⁶³ Eliane Shannon and Timothy J Burger, “New Targets for Hamas?” *Time*, March 16, 2003.

⁶⁴ Author’s personal files; the document is referenced in Glenn Simpson, “Officials Had Information Many Years Before 9/11 Attacks, Report Indicates,” *Wall Street Journal*, May 9, 2003.

according to the instructions of "close friends" of bin Laden.⁶⁵ Similarly, Omar al-Farouq, al-Qaeda's operational point man in Southeast Asia, confessed that al-Qaeda operations there were funded through al-Haramain. According to al-Farouq, "money was laundered through the foundation by donors from the Middle East."⁶⁶

Logistical and financial support networks such as these commonly display significant overlap and cooperation even among groups like Hamas and al-Qaeda, which traditionally do not engage in cooperative operational activity. Many al-Qaeda fronts (like Bank al Taqwa and the IIRO) and cells (like the one broken up in Madrid) raised, laundered and transferred funds for Hamas. Indeed, Sheikh Mohammad Ali Hassan al Moayad, head of the Yemen office of a Hamas front organization, was arrested in Germany for providing money, arms, communication gear, and recruits to al-Qaeda.

Getler also attempts to distinguish between the social and military "wings" of Hamas. But experts like David Aufhauser, the outgoing general counsel to the Treasury Department and chair of the National Security Council's policy coordinating committee on terrorist financing, disagree. Aufhauser describes the logic of making distinctions between terrorist groups' charitable and military wings as "sophistry," adding, "the idea that there's a firewall between the two defies common sense."⁶⁷ Indeed, like Hamas, al-Qaeda proactively muddies the waters between charitable giving and terrorism precisely because charities provide a veneer of legitimacy and serve as ideal fronts for covert activity.

For example, Hamas social organizations play a direct role in facilitating terrorist attacks, including suicide bombings. Hamas is known to use hospitals it maintains as meeting places; to bury caches of arms and explosives under its own kindergarten playgrounds; to use social activists' cars and homes to ferry and hide fugitives; and to transfer and launder funds for terrorist activity through local charity committees. The people running these organizations are often closely tied to the group's terror cells. To cite just one example cited by the FBI, Ahmed Salim Ahmed Saltana, head of the Jenin Charity Committee, was involved in transferring bomb making materials for the preparation of explosives in 1992, participated in a car bombing in 1993, and recruited young men working for the charity committee into Hamas.⁶⁸

The link between terror attacks and those who fund them is well documented. For example, FBI Assistant Director John Pistole recently testified to Congress that FBI

⁶⁵ Michael Isikoff with Stephan Theil, "Saudi Government: Bin Laden Loyalists: How High Do They Go?" *Newsweek*, May 5, 2003.

⁶⁶ Romesh Ratnesar, "Confessions of an Al-Qaeda Terrorist," *Time*, September 15, 2002. Available online: www.time.com/time/magazine/printout/0,8816,351194,00.html

⁶⁷ "US berates Europe for ambiguous stand on Hamas," *Reuters*, November 27, 2002.

⁶⁸ "Holy Land Foundation for Relief and Development, International Emergency Economic Powers Acts, Action Memorandum," FBI Memorandum from Mr. Dale L Watson, Assistant Director for Counterterrorism, FBI, to Mr. R. Richard Newcomb, Director of the Office of Foreign Assets Control, Department of Treasury (November 15, 2001)

investigations into the financial activities of terrorist supporters in the United States helped prevent four different terror attacks abroad.⁶⁹

Palestinians face dire social welfare needs unaddressed by the Palestinian Authority, creating an opportunity Hamas eagerly exploits. Tolerating this exploitation – and the concurrent radicalization of Palestinian society – hinders both Israeli-Palestinian peace and Palestinian humanitarian assistance. The charitable societies, schools, mosques and hospitals run by Hamas vocally glorify suicide attacks and preach hate in sermons, lessons, posters, songs and more. In a sign of Hamas’ successful radicalization of Palestinian society, Palestinian charitable groups refuse to sign a U.S. drafted pledge certifying they have "not provided and will not provide material support or resources to any individual or entity" they know is sponsoring, planning, or engaging in terrorist activity.⁷⁰

Getler’s attempt to draw fictional distinctions between terrorists amounts to shallow and semantic sophistry. As Aufhauser recently testified, it is this flawed attitude which leads countries to “stand on the sidelines refusing to act because the purpose of acts of terror are believed to be politically laudable, notwithstanding the moral obscenity of the means of reaching any such goal.”⁷¹

To be sure, we cannot tolerate contrived excuses for Hamas or any other terrorist groups – they are indeed all morally obscene.

VII. The Terror Matrix as an Impediment to Fighting the War on Terror

Failure to understand the crossover and cooperation between international terrorist groups has already undermined efforts to prosecute the war on terror, both on the global battlefield and in the courtroom.

Once more, consider some examples:

* *Frustrating the War on Terror Financing*

A senior delegation of U.S. Treasury officials traveled to Europe in November 2002 to solicit European cooperation in a trans-Atlantic effort to block the international assets of about a dozen of the most egregious terror financiers. The effort failed, because European officials were unsatisfied that the majority of evidence the Americans presented to support their request focused on these financiers’ support of groups like Hamas. Material pointing to their financing of al-Qaeda activities was limited out of fear of exposing sensitive sources and methods behind such intelligence, while evidence of

⁶⁹ Testimony of John Pistole before Senate Committee on Banking, Housing and Urban Affairs, September 25, 2003.

⁷⁰ Charles A. Radin, “USAID Palestinian Funds Frozen, Groups Won’t Sign Antiterrorism Pact,” *The Boston Globe*, September 6, 2003.

⁷¹ Testimony before the Senate Committee on Banking, Housing and Urban Affairs, September 25, 2003, available at <http://www.treas.gov/press/releases/js760.htm>

their funding Hamas was more readily available. The Americans were told they would have to produce evidence these financiers were funding more than just Hamas (i.e., al-Qaeda) if they expected European cooperation.⁷²

Similarly, while several individual European countries have, the EU has yet to designate the al Aqsa International Foundation as a terrorist entity, despite its known ties to Hamas, al-Qaeda and possibly Hezbollah.

** Undermining Criminal Prosecution of Terrorists*

As the myriad of companies, charities and other suspected terrorist front organizations now under investigation in Northern Virginia highlights, there is a critical need to break away from the tendency to adhere to a strict compartmentalization of terrorist groups in investigating terrorism cases. Investigating the family of organizations in Northern Virginia – including the Safa Group, SAAR Foundation, Success Foundation and many more – strictly as a Hamas, Palestinian Islamic Jihad (PIJ), or al-Qaeda case clearly did not work. Indeed, the tentacles of this entrenched network are suspected of providing tremendous logistical and financial support to a variety of international terrorist groups.

Tracing these financial trails, however, proved immensely difficult given the various groups' proactive efforts to layer their transactions and obfuscate the terrorist intentions of their myriad transactions. More than anything, the links between various personalities tied to these organizations on the one hand and to a laundry list of terrorist groups, fronts and operatives on the other keyed investigators into the network's terror financing and support activities.

Progress on this complex web of front organizations appears to have developed only with the passage of the USA Patriot Act, which facilitated the sharing of intelligence with prosecutors and cross-referencing of information across previously compartmentalized terrorism investigations.

VIII. Conclusion

To be sure, money is not an issue, not for al-Qaida, not for Palestinian terrorist groups, not for the Jihadists and Baathists fighting coalition forces in Iraq, and it will continue to be so until we do something about it. In the contexts of the war on terror, the roadmap to peace, and the liberation and liberalization of Iraq, failure to effectively combat the financing of terrorist groups will translate into nothing less than the failure of our best efforts to combat terror and secure peace and stability in the Middle East.

The principal terrorist threat today stems from the web of shadowy relationships between loosely affiliated groups. The sponsors of such groups further complicate the web, be

⁷² Testimony of Jimmy Gurulé, Under Secretary for Enforcement, U.S. Department of the Treasury, Before the U.S. Senate Judiciary Committee, November 20, 2002. Available online: <http://www.ustreas.gov/press/releases/po3635.htm>; and Douglas Farah, "U.S. Pinpoints Top Al Qaeda Financiers, Treasury Official Heads to Europe to Seek Help in Freezing Backers' Assets," *The Washington Post*, October 18, 2002.

they states or sub-state actors. Indeed, there is no precise organizational or command structure to the assemblage of groups that fall under al-Qaeda's umbrella or that cooperate with the organization.

Given the multifarious links between international terrorist groups (including al-Qaeda, Hamas, and Hezbollah) and their relationships to state sponsors of terrorism such as Iran and Syria, the war on terror must have a strategic focus on the full matrix of international terrorism, not a tactical focus on al-Qaeda. The next phase of the war on terror demands greater attention to the web of logistical and operational interaction among these various groups and state sponsors.