

**Testimony of  
Steven Emerson**

**Before the  
House Committee on Financial Services Subcommittee on Oversight and  
Investigations**

**"Progress Since 9/11: The Effectiveness of U.S. Anti-Terrorist Financing  
Efforts"**

**Terrorism Financing & U.S. Financial Institutions**

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Steven Emerson is an internationally recognized expert on terrorism and national security, a correspondent, and an author who also serves as the Executive Director of *The Investigative Project*, the nation's largest archival data and intelligence on Islamic and Middle Eastern terrorist groups. He is most recently the author of the national best seller, "American Jihad: The Terrorists Living Among Us" (Free Press). Mr. Emerson is widely recognized as one of the foremost experts in the world on militant Islamic terrorism. He now serves as NBC's terrorism analyst. Since September 11, 2001, Mr. Emerson has appeared frequently on network television and has been quoted or cited hundreds of times in the nation's top newspapers. Mr. Emerson and his institute have also given numerous briefings to Congress, the White House, the Justice Department and other federal agencies.

Mr. Emerson started *The Investigative Project* in late 1995, following the broadcast of his documentary film, "*Jihad in America*," on Public Television. The film exposed video of clandestine operations of militant Islamic terrorist groups on American soil. For the film, Mr. Emerson received numerous awards including the George Polk Award for best television documentary, one of the most prestigious awards in journalism. He also received the top prize from the Investigative Reporters and Editors Organization (IRE) for best investigative report in both print and television for the documentary. The award from the IRE was the fourth such award he had received from that group. The documentary, which was excerpted on *60 Minutes*, is now standard viewing for federal law enforcement and intelligence organizations.

Over the past three years, Mr. Emerson has testified more than 16 times before Congress, and he has briefed the National Security Council at the White House as well.

Mr. Emerson has authored or co-authored five books:

- *American Jihad: The Terrorists Living Among Us* (Free Press, 2002)
- *Terrorist: The Inside Story of the Highest-Ranking Iraqi Terrorist Ever to Defect to the West* (Villard/Random House, 1991)
- *The Fall of Pan Am 103: Inside the Lockerbie Investigation* (Putnam, 1990)
- *Secret Warriors: Inside the Covert Military Operations of the Reagan Era* (Putnam, 1988)
- *The American House of Saud: The Secret Petrodollar Connection* (Franklin Watts, 1985).

## **Introduction**

U.S. Government agencies have made great strides in dismantling the financial networks of terrorist organizations threatening U.S. national security. To date, the Departments of Justice and Treasury have been responsible for more than 70 terrorist financing or material support investigations into terrorism financing, 23 convictions; 36 entities designated as terrorist organizations, and \$113 million frozen in financial assets of 62 organizations that support terrorism. This is a very impressive record, given the lack of critical intelligence base on terrorist fundraising that existed prior to 9/11. The recent arrests in Pakistan of 9/11 mastermind Khalid Sheikh Mohammad and financier Mustafa Ahmed Al-Hawsawi are without question major setbacks to the Al-Qaeda infrastructure that will provide greater capabilities in unraveling the financial operations of the Al-Qaeda organization.

Government agencies and law enforcement have displayed tremendous courage and dedication in attacking the enablers of international terrorism. The American public owes a great deal of gratitude to the thousands of government agents who have worked passionately on tracking down terrorist assets around the globe.

Although we have made great strides in understanding and dismantling the fundraising methods of terrorist organizations operating from and targeting the United States, increased vigilance is required as Al-Qaeda, Hamas, Hizballah and Palestinian Islamic Jihad have proven adept and pragmatic in their ability to find new sources of income and new methods of financial transfers. A detailed look into terrorist financing and money laundering schemes reveals that Al-Qaeda and the like have employed, and continue to employ, U.S. financial institutions and resources to fund terrorist operations worldwide.

This testimony will examine the primary routes through which terrorists have raised or laundered monies through the United States. The manner in which terrorists have raised money for their operations has ranged from a variety of sources including, but not limited to, the use of charitable organizations, corporate “front” entities, tax fraud, coupon redemption programs, and cigarette smuggling, as well as deliberately concealing their activities behind the cover of academic, religious and civil rights veneers. A common thread among these methods is the utilization of U.S. financial institutions to support jihad: From raising money for non-existent Iraqi charities, to the funneling of monies to the families of suicide bombers; from the creation of Al-Qaeda charitable fronts in the United States, to the sponsorship of Al-Qaeda fighters and operatives in Bosnia and Western Europe during the war in the former Yugoslavia; from the raising of funds for Hizballah through cigarette smuggling, to the establishment of the international leadership of the Palestinian Islamic Jihad at the University of South Florida,

This testimony will probe into the means of fundraising by such organizations as Al-Qaeda, Hamas, Palestinian Islamic Jihad and Hizballah. The significance of this broad sampling of organizations is to shed light on the common element of terrorist financing and identify red flags that should raise suspicions of counterterrorist investigators.

## **I. Sami Al-Arian & the Palestinian Islamic Jihad**

On February 20, 2003, the U.S. Department of Justice indicted Sami Al-Arian and seven co-conspirators for their role in directing the activities of the Palestinian Islamic Jihad from the United States. The indictment provides a rare and detailed look into the inner working of an international terrorist organization operating from the safety and sanctuary of Tampa, Florida.

The Palestinian Islamic Jihad (“PIJ”) is a U.S. government-designated foreign terrorist organization, committed to suicide bombings and violent jihad activities. The Palestinian Islamic Jihad is responsible for the murder of over 100 innocent people in Israel, the West Bank and Gaza, including at least two young Americans, Alisa Flatow, age 20, and Shoshana Ben-Yishai, age 16.

Charges in the indictment include:

- Operating a racketeering enterprise that engaged in a number of violent activities including murder, extortion, money laundering, and providing material support to terrorism;
- Conspiring within the United States to kill and maim persons abroad;
- Conspiring to provide material support or resources to Palestinian Islamic Jihad;
- Conspiring to violate emergency economic sanctions and;
- Engaging in various acts of interstate extortion, perjury, obstruction, and immigration fraud.<sup>1</sup>

With the newly gained ability to use FISA wiretaps in criminal investigations, the Department of Justice was able to deliver a 50 count indictment charging the eight defendants with operating a racketeering enterprise from 1984 through 2003 that supported numerous violent terrorist activities associated with the Palestinian Islamic Jihad.

The indictment outlines what the defendants did here in the United States to organize and fund the Palestinian Islamic Jihad, charging the defendants as ‘material supporters’ of a foreign terrorist organization. Under the leadership of USF Engineering professor Sami Al-Arian, they financed, coordinated and assisted acts of terror.<sup>2</sup>

According to the indictment, the enterprise members would, “secretly establish cells or sections of the PIJ in different countries, and in the United States utilize the structure, facilities and academic environment of [the University of South Florida] to conceal the activities of the PIJ.”<sup>3</sup>

In many regards, the indictment of Sami Al-Arian and his cell represents a major step forward in the war on terrorism. After hiding behind the facade of academic, religious and civil rights freedoms for over a decade, Sami Al-Arian was exposed with astounding detail as the leader of an international terrorist organization and a threat to U.S. national security. In addition to using the many constitutional freedoms of this country to back terrorism, Al-Arian manipulated sophisticated U.S. financial resources and institutions in furtherance of his agenda.

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<sup>1</sup> Statement of Attorney General, Indictments, February 20, 2003.

<sup>2</sup> Statement of Attorney General, Indictments, February 20, 2003.

<sup>3</sup> United States of America v. Sami Amin Al-Arian, et al. United States District Court, Middle District of Florida, Tampa Division, February 20, 2003, page 28.

## **Terror Headquarters: Tampa, Florida**

Upon moving to Tampa, Florida, one of Al-Arian's first tasks was founding the Islamic Committee for Palestine, or ICP (also known as the Islamic Concern Project), a self-described "humanitarian" group that served ostensibly as a charity for Palestinians. Its real purpose was to serve as a front group for the Palestine Islamic Jihad. Al-Arian also served as the administrative director for the World and Islam Studies Enterprise (WISE), a "think tank on Islamic thought and politics" that also served as a cover for the Palestine Islamic Jihad. Al-Arian arranged for WISE to be affiliated with the University of South Florida, thus extending another layer of insularity. The affiliation was a full-fledged working relationship, with the USF co-hosting forums, training WISE-sponsored graduate students, and sharing university resources and libraries.

Mr. Al-Arian was also the editor of *Inquiry*, the official ICP magazine which served as an ideological propaganda arm. *Inquiry* routinely ran incendiary attacks on Jews and the United States. In an interview published by *Inquiry* with M. T. Mehdi, a New York-based Muslim leader, the following passage is included: "I said so, in a book of mine in 1960, that the head of the snake is in America and the tail of the snake is in Palestine. The Arabs and Muslims for the last forty years have been fighting the tail of the snake and forgetting the head of the snake, which is America. Of course, it is not impossible to kill the snake by fighting the tail. I pleaded with all the Arab leaders, intellectuals, Kings, Queens, President and Politicians, that the battleground for the liberation of Palestine is in America, even before being in Palestine."

Tape recordings of conferences organized by ICP show that funds were solicited in the United States for the explicit purpose of "sponsoring martyrs." At the ICP-organized Chicago conference held in 1990, one speaker enumerated the "operations"—i.e., terrorist attacks—carried out by Islamic Jihad "martyrs" in Palestine. After graphic descriptions of the attacks, the speaker solicited funds: "We are giving you a list of 16 martyrs. Some of these died in amphibious operations. Some died in assault operations. The families need your assistance. Each martyr needs \$1000 dollars. Is there someone here to sponsor ten martyrs?" From the safety of his University position, Al-Arian and colleague, Ramadan Abdullah Shallah, organized the multiple activities of the Islamic Jihad. This included publication and distribution of an Islamic Jihad newsletter called "Islam and Palestine," which sometimes carried Islamic Jihad communiqués in its pages, as well as interviews with Islamic Jihad leaders. Issues, dated from 1989 to 1991, included a mailing address on Cyprus, as well as a post office box in Tampa also used by the ICP and WISE.

ICP's primary goal was serving as the primary support apparatus for the Islamic Jihad in the United States. In rallies where militant leaders from around the world were brought to the United States to deliver fiery sermons and to coordinate terrorist strategy, the ICP organized annual conventions and conferences in various U.S. cities, notably Chicago, St. Louis, and Cleveland. An extensive review of more than 40 hours of recordings from five major conferences between 1988 and 1992 shows that these conferences: 1. Brought into the United States leaders of militant Islamic terrorist groups from all over the world including Egyptian militant Sheik Omar Abdul Rahman (later convicted in the 1993 World Trade Center bombing) and others representing Hizzbollah, Sudanese National Islamic Front, Tunisian En-Nahda, Hamas, and Lebanon's Tawheed; 2. Raised money for Islamic Jihad "charities" and other front organizations connected to Islamic Jihad apparatus and "tax exempt" foundations; and 3.

Presented platforms for overt and covert calls, and plans to commit terrorist acts against Israeli, Egyptian, Tunisian, Algerian, and American targets.

At one ICP fundraising session held in Cleveland in 1991, recorded on tape, Imam Fawaz Damra identified the ICP as the active arm of the Palestine Islamic Jihad in the United States and specifically introduced Al-Arian as head the Islamic Jihad in the United States. Immediately after introducing Al-Arian, Damra told those in attendance to turn the tape off as he warned that the subsequent discussion was too sensitive to be recorded. In that capacity, Al-Arian and his colleagues coordinated the visits of leading militant Islamic leaders as well as maintained active relationships with terrorist leaders and other organizations.

At the Fourth Annual ICP conference, for example, held in 1991, Sheikh Abdel Aziz-Odeh, spiritual head of the Islamic Jihad—and who was indicted last month-- delivered these chilling words, “A struggle of life and death, that we are leading today, with the forces of arrogance, is manifested in Israel, which has been implanted on Palestine...The Jews are not giving up anything...They understand only one language: The language of Jihad, and the language of confrontation, and the language of sacrifice.”<sup>62</sup>

As part of their counter-terrorist investigation, federal officials learned that Al-Arian had placed “numerous” phone calls in the early 1990’s from his ICP office to the Iranian Interest Section in the United States and to the Sudanese Embassy—both of which countries are on the official State Department list of nations supporting international terrorism.<sup>63</sup> Al-Arian also made a series of calls to Siraj El-din Yousif, a Sudanese diplomatic operative in New York later implicated in and expelled for participating in the second series of attempted bombings in New York following the bombing of the World Trade Center in lower Manhattan.<sup>64</sup>

Sheikh Abdel Aziz-Odeh, like Sheikh Rashid al-Ghannoushi, the Tunisian fundamentalist leader convicted in absentia of attempting to overthrow the government, and Sudanese fundamentalist leader Hassan Turabi, were all brought to the United States by the ICP and WISE to speak at such conferences, raise the fervor of the existing militant community, and raise large sums of cash from U.S based supporters. The ICP, under the guise of being a religious and benevolent office, was actually a fundamentalist underground railroad. Sheikh Odeh, for example, had visited Sami Al-Arian in Tampa several times, shuttling back and forth from his offices in Damascus, Syria, and the United Arab Emirates.

Another speaker at the 1991 Chicago ICP conference, and one of the most remarkable figures in this intricate web, was Ramadan Abdullah Shallah, a co-founder, along with Fathi Shikaki, of the Palestinian Islamic Jihad. Ramadan Abdullah Shallah’s rise to power in the ranks of the Palestinian fundamentalist Islamic movement began in Egypt in 1981, where as a student, he joined forces with another Palestinian, Fathi Shikaki, to found the precursor Islamic fundamentalist movement of the Islamic Jihad organization. Returning to Gaza, Shallah lectured at the Islamic University, where he developed the reputation as a fire-branding preacher who captivated his audiences. Shallah obtained his master’s and doctorate degrees from the University of Durham, in Great Britain, and in 1991, began his “stay” in Tampa where he would ultimately become a part-time professor of Middle East studies at the University of South Florida in Tampa. He also served as an officer, state corporate records prove, with the ICP, and the administrative director for WISE.

The public links between the ICP and WISE and the true fabric of the Islamic Jihad’s command echelon remained covert until finally exposed following the assassination, on October

26, 1995, of Islamic Jihad leader Dr. Fathi Shikaki in Malta. Shikaki, the organization's operations chief in Damascus, had run terrorist cells in the West Bank and Gaza Strip and had issued tactical directives, apparently forwarded from Tampa, to his forces in the field. On Monday, October 30, 1995, an Arabic-language newspaper published in Jerusalem confirmed that while in the United States, Ramadan Abdullah Shallah had, indeed, acted as the deputy leader of Islamic Jihad, serving as the No. 2 man in the organization. Most troubling was the fact that Shallah has been the terrorist group's second-in-command for an incredible five years before succeeding Fathi Shikaki in October 1995. It was during that time period, as Islamic Jihad deputy commander, that Shallah taught at the University of South Florida and served as director for WISE.

Ramadan Abdullah Shallah's masquerade as an academic was shattered when news clips showed him meeting the Syrian air jetliner bringing Fathi Shikaki's body back to Damascus, along with a full military honor guard, and announcing him as the organization's newly elected leader. He delivered a fiery attack on Israel and the United States, threatening to unleash waves of terrorism. It was a particularly daunting sight to military officers at MacDill Air Force Base, near Tampa, as well, where Shallah had been invited previously to give briefings on the Middle East.

Khalil Shikaki, the brother of the gunned-down Islamic Jihad commander, was also an adjunct professor for the University of South Florida in 1992. In letters—released by the FBI—between Khalil Shikaki and Ramadan Abdullah Shallah, there are references to “Abu Omar,” the Hamas nom de guerre of political chief Mousa Abu Marzook.

Professor Khalil Shikaki seemed to possess such an impassioned voice for moderate political solutions to the Middle Eastern problems that USF was prompted to finalize its cooperative relationship with WISE. Yet documents seized by federal officials uncovered a wealth of information, including incriminating letters, proving Khalil Shikaki used Shallah as a courier to ferry information, messages, and even operational materials to his brother Fathi in Damascus, head of Islamic Jihad. When publicly asked, however, Khalil always maintained he had no contact with his brother. Video and audio tapes of the ICP terrorist conferences show that Khalil participated alongside some of the most notorious terrorists in the world.

### **PIJ & U.S. Financial Institutions**

In unprecedented detail, the indictment spells out how Sami Al-Arian, a tenured professor at the University of South Florida, ran a murderous terrorist organization from his home and office in Tampa, Florida. FBI wiretaps collected under the Foreign Intelligence Surveillance Act reveal that Al-Arian was the “Secretary” of the PIJ and a founding member of its Shura Council, or Board of Directors. Most importantly, Al-Arian “directed the audit of all monies and property of the PIJ throughout the world and was the leader of the PIJ in the United States.”<sup>4</sup>

According to the indictment, PIJ leaders in the United States, including Sami Al-Arian, transferred “monies and funds by wire between the states in the United States, from locations

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<sup>4</sup> United States of America v. Sami Amin Al-Arian, et al. United States District Court, Middle District of Florida, Tampa Division, February 20, 2003, Paragraph 7.

within the United States to places outside of the United States, all for the purpose of promoting PIJ activities and paying compensation to the families of PIJ ‘martyrs’ and detainees.”<sup>5</sup>

Indeed, access to and use of U.S. financial institutions was critical to the successful operation of the Palestinian Islamic Jihad terrorist organization. The indictment specifically names at least 6 U.S. banks, including Barnett Bank, First Union National Bank, NCNB Bank, USF Federal Credit Union, Nations Bank and Chase Manhattan Bank, which the PIJ utilized to fund PIJ operations worldwide. There is no evidence whatsoever that these financial institutions were aware of the nefarious purpose of the financial transactions.

With great detail we now see how PIJ leaders and operatives used U.S. banks to launder money for terrorist activities. The following are several examples from the indictment of PIJ transactions involving U.S. financial institutions:

- “ICP maintained bank accounts at Barnett Bank, Jacksonville, Florida and First Union Bank, Tampa, Florida. Authorized signatories on the ICP bank accounts were Sami Amin Al-Arian, Unindicted Co-Conspirator Twelve [Mazen Al Najjar] and Mohamed Najjar.”<sup>6</sup>
  - ICP was a PIJ front group in the United States directed by Sami Al-Arian.
- “WISE maintained a bank account at NCNB Bank, Tampa, Florida. Authorized signatures on the WISE bank account were Sami Amin Al-Arian, Ramadan Abdullah Shallah and Unindicted Co-Conspirator Twelve [Mazen Al Najjar].”<sup>7</sup>
  - WISE was a PIJ front group in the United States directed by Sami Al-Arian.
  - Ramadan Abdullah Shallah is the worldwide leader of the Palestinian Islamic Jihad. Both PIJ and Shallah are Specially Designated Global Terrorists.
- “On September 15, 1992, a co-conspirator wire transferred \$99,990.00 from Arab Bank in Abu Dhabi, United Arab Emirates to the Federal Credit Union account of Unindicted Co-Conspirator Twelve [Mazen Al Najjar] at USF.”<sup>8</sup>
- “On or about September 18, 1992, Unindicted Co-Conspirator Twelve [Mazen Al Najjar] wrote a check in the amount of \$99,500.00 from his USF Federal Credit Union account to his account at Barnett Bank.”<sup>9</sup>
- “On September 29, 1992, Unindicted Co-Conspirator Twelve [Mazen Al Najjar] transferred \$98,500.00 from his bank account at Barnett Bank to his Barnett Securities account.”<sup>10</sup>

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<sup>5</sup> United States of America v. Sami Amin Al-Arian, et al. United States District Court, Middle District of Florida, Tampa Division, February 20, 2003, paragraph 34

<sup>6</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 7.

<sup>7</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 8.

<sup>8</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 23.

<sup>9</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 23.



- NationsBank acquired Barnett Bank in January 1998.
- “On or about June 1, 1993, Sami Amin Al-Arian wrote a \$5,000.00 check from an account he had at USF Federal Credit Union to his NNCB account. He then caused four separate wire transfers of \$2,000.00 each to his account at Bank Leumi in Tel Aviv, Israel.”<sup>11</sup>
- “On June 3, 1993, Sami Amin Al-Arian caused four wire transfers of \$1,944.00 each from his account at Bank Leumi to accounts at Mercantile Discount Bank in Umm El Fahem (West Bank), Israel in the names of: Zahera Agbarya, Rokayah Agbarya, Mostafa Agbarya and Bushra Suleiman, all of whom were spouses or other relatives of recently convicted PIJ terrorists serving sentences in Israeli jails for their participation in a terrorist attack in or around mid-February, 1992, in which they murdered three Israelis.”<sup>12</sup>
- “On or about March 20, 1994, Sami Amin Al-Arian received a facsimile from an unknown individual addressed to Muhammed Tasir Hassan Al-Khatib, which addressed the difficulties of paying money to the families of the martyrs and detainees and noted the account number and agent at the Cairo Bank in Jordan.”<sup>13</sup>
- “On or about April 22, 1994, [SDGT] Fathi Shiqaqi wire transferred \$19,984.50 to a bank account of Sameeh Hammoudeh at First Union National Bank in Florida via a bank in Beirut which used the Bank of New York as its United States correspondent.”<sup>14</sup>
  - Fathi Shiqaqi was the original founder and leader of the Palestinian Islamic Jihad until his assassination in 1995. He was listed by the Treasury Department as Specially Designated Terrorist.
  - Sameeh Hammoudeh is an indicted conspirator.
- “On or about May 4, 1994, Sameeh Hammoudeh sent \$16,000.00 via check from his bank account at First Union National Bank in Florida to a banking account for WISE at Nations Bank in Tampa, Florida.”<sup>15</sup>
- “On or about August 10, 1994, a conspirator caused a \$14,936.60 wire transfer from a WISE bank account at Nations Bank in Tampa, Florida, to a bank account in the Republic of Sudan.”<sup>16</sup>

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<sup>10</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 23-24.

<sup>11</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 24.

<sup>12</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 24.

<sup>13</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 45.

<sup>14</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 53.

<sup>15</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 55-56.

<sup>16</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 59.

- “On or about February 24, 1995, Ramadan Abdullah Shallah received a facsimile from Fathi Shiqaqi which contained information about a Bank of Boston account number.”<sup>17</sup>
- “On or about February 28, 1995, Sameeh Hammoudeh wire transferred \$3,190.00 from his account at First Union National Bank to the Arab Bank account in Nablus, Israel, for Tarik Tahseen Mekawi.”<sup>18</sup>
- “On or about April 17, 1998, Sami Amin Al-Arian engaged in a telephone conversation with his brother Khaled in which they discussed: (a) ‘that thing;’ (b) the fact that there was no account number to send it to; (c) that it should be transferred through Chase Manhattan Bank to a bank in Egypt; (d) Sami Amin Al-Arian's unhappiness with this transfer method; and (e) the need for Sami Amin Al-Arian to call ‘the guy and ‘the other guy.’”<sup>19</sup>
- “On or about July 20, 1999, Sami Amin Al-Arian had a telephone conversation with the USF Credit Union and directed it to place \$1,600.00 into his checking account from a \$8,984.00 wire transfer which had been deposited in his account on July 6, 1999.”<sup>20</sup>

Indeed, by their own admission, the senior leaders of the PIJ considered the open and secure financial system of the United States as critical to the success of the organization. On April 29, 1995, FBI wiretaps recorded a telephone conversation between current PIJ Secretary General Ramadan Abdullah Shallah and former Secretary General Fathi Shiqaqi, who was in Syria. In the conversation, Ramadan Abdullah Shallah was critical of the pending terrorism legislation and indicated that if it passed, it would become difficult to accomplish things in the United States, remarking that, “Tel Aviv will be easier than here.”<sup>21</sup>

### **U.S. Based Fundraising**

In 1994, the PIJ was on the verge of collapse as a result of severe difficulties in securing funds for terrorist operations. In addition to securing funds from sources in Iran, Kuwait and the Sudan, PIJ engaged in a number of scams to raise money from sources in the United States.

#### *Raising Money for Orphans and Widows*

Under the command of Sami Al-Arian, the PIJ established two non-profit organizations in the United States to raise money for the Jihad, under the pretext collecting money for ‘needy families’ and ‘orphans.’

**The Islamic Fund for Palestine and Muslim Women’s Society** were PIJ fronts that solicited donations through advertisements in Islamic publications and conferences.

Promotional materials distributed by the Islamic Fund for Palestine advised donors that:

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<sup>17</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 68.

<sup>18</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 68-69.

<sup>19</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 93.

<sup>20</sup> United States of America v. Sami Amin Al-Arian. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Pg. 95.

<sup>21</sup> United States of America v. Sami Amin Al-Arian, et al. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003.

“The Islamic Fund for Palestine (IFP) is a charitable, non-profit institution. It works to collect donations, contributions, and all possible humanitarian aid in favor of the Palestinian people in the occupied home. It aims to support the steadfastness of that people in the face of different hardships, reduce its suffering, and provide emergency relief and basic living needs for the most harmed sector of that people.”

The advertisements listed bank accounts in the United States and Switzerland through which to donate funds, including:

I.F.P.

Account No. 1469-501-8642  
First Union National Bank  
Jacksonville, Florida, U.S.A.

I.F.P.

Account No. C4-929 330 N.E.  
SWISS BANK CORPORATION  
Succursale de Cornavin  
Place du Cornavin  
SWITZERLAND

The Muslim Women’s Society encouraged donors to “Sponsor an orphaned or needy child – either inside Palestine (West Bank or Gaza Strip) or in the refugee camps outside Palestine.” The Muslim Women’s Society described itself as “a group of volunteer women who are making someone’s life a little easier – with the blessing of Allah (SWT).”

Although Hamas does actually support a social welfare infrastructure in the West Bank and Gaza, the Palestinian Islamic Jihad does not. In fact, on January 14, 1994, Sami Al-Arian sent a facsimile to PIJ members which suggested that the PIJ create a parallel organization that would provide social welfare services in the Occupied Territories. In a subsequent conversation, Sami Al-Arian said he had discussed the fax with other PIJ leaders and decided the PIJ did not need to create a non-violent organization to duplicate the efforts of Hamas.<sup>22</sup>

Further, in the deportation proceedings of PIJ operative Mazen al-Najjar, INS Special Agent William West testified that “WISE and ICP exist as fronts for the purpose of providing financial support for primarily to Middle East terrorist organizations ... primarily the Islamic Jihad...I believe the fund-raising support activities are the primary purpose of their [WISE and/or ICP] existence.”

### Tax Fraud

A familiar pattern among fundraising for terrorism is the sophisticated use of tax laws to maximize funds for terrorist operations. In addition to using 501(c)(3) corporations to solicit tax free contributions, PIJ laundered money through wealthy U.S. citizens to create fraudulent tax deductions.

As captured by FBI wiretaps, on March 6, 1994, Sami Al-Arian engaged in a telephone conversation with Unindicted Co-Conspirator One (who has been identified as Fawaz Damra) in which Sami Al-Arian described returning from Chicago after raising \$53,000, \$25,000 of which

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<sup>22</sup> United States of America v. Sami Amin Al-Arian, et al. United States District Court, Middle District of Florida, Tampa Division. February 20, 2003. Page 27.

was collected in cash. Sami Al-Arian and Damra discussed a scheme in which Sami Al-Arian would send a portion of the donations collected in Chicago to Damra, who would arrange for the donations to be re-donated by a private individual, who would then take the donation as a tax deduction of 40%. Later the private individual would contribute a portion of the fraudulent tax deduction to Sami Al-Arian, thereby increasing the overall amount of the donations. Damra and Sami Al-Arian discussed how the private individuals who would participate in the scheme all made over \$200,000.00 a year and were in the 40% tax bracket.

The 50 count indictment of Al-Arian provides a plethora of evidence showing how US financial institutions, as well as the patina of religion, academia and humanitarian cover, enabled one of the world's most violent and murderous terrorist organizations to operate with virtual impunity from the safety of the United States.

## II. The Holy Land Foundation for Relief and Development

On December 4, 2001, the U.S. Department of the Treasury Office of Foreign Assets Control (OFAC) named the Holy Land Foundation for Relief and Development (HLF or HLFRD), a Specially Designated Terrorist (SDT).<sup>23</sup>

According to the US Department of Treasury:

- “The Holy Land Foundation for Relief and Development...raises millions of dollars annually that is used by HAMAS.”<sup>24</sup>
- “Holy Land supports HAMAS activities through direct fund transfers to its offices in the West Bank and Gaza that are affiliated with HAMAS and transfers funds to Islamic charity committees (‘zakat committees’) and other charitable organizations that are part of HAMAS or controlled by HAMAS members.”<sup>25</sup>
- “Mousa Abu Marzook, a political leader of HAMAS, provided substantial funds to the Holy Land Foundation in the early 1990s. In 1994, Marzook (who was named a Specially Designated Terrorist by the Treasury Department in 1995) designated the Holy Land Foundation as the primary fund-raising entity for HAMAS in the United States.”<sup>26</sup>

HAMAS is a designated foreign terrorist organization pursuant to powers bestowed upon the United States Department of State under the Antiterrorism and Effective Death Penalty Act of 1996.

### BACKGROUND

While there are numerous examples of terrorist entities exploiting preexisting legitimate charities to shelter their activity, HLF is an example of a charity that is established for the sole purpose of funding terrorist activity, namely Hamas operations in Middle East and North America.

Founded in California in 1989, the Occupied Land Fund (OLF) changed its name to the Holy Land Foundation for Relief and Development in 1991. HLF moved its headquarters to Richardson Texas in September of 1992. From its inception in 1989, until December 2001, when its assets were frozen in the U.S., HLF collected donations in the US under the guise of a humanitarian and charitable organization. These funds would be wired to HAMAS charitable conduits within the West Bank and Gaza Strip which would then transfer these funds to varying HAMAS efforts. For example,

HLF grant lists reveal that between 1992 and 2001 HLF contributed approximately 1.4 million dollars to eight HAMAS-controlled “zakat” (charity) committees. HLF grant lists also

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<sup>23</sup> Exhibit 1: U.S. Department of the Treasury, Office of Foreign Assets Control. Executive Order 13224 blocking Terrorist Property and a summary of the Terrorism Sanctions Regulations, Terrorism List Governments Sanctions Regulations, and Foreign Terrorist Organizations Sanctions Regulations. February 26, 2003.

<sup>24</sup> Treasury Department Office of Public Affairs, *Shutting Down the Terrorist Financial Network*, December 4, 2001.

<sup>25</sup> Treasury Department Office of Public Affairs, *Shutting Down the Terrorist Financial Network*, December 4, 2001.

<sup>26</sup> Treasury Department Office of Public Affairs, *Shutting Down the Terrorist Financial Network*, December 4, 2001.

establish that between 1992 and 2001, HLF gave approximately 5 million dollars to seven other HAMAS-controlled charitable organizations, including a hospital in Gaza<sup>27</sup>

HLF also paid for HAMAS leaders to travel to the US on fund-raising trips.

HLF solicited donations in several ways. Among them, advertising in Islamic publications, distributing a newsletter entitled *HLF News*, conducting fundraising sessions at Islamic conferences and mosques,<sup>28</sup> posting a website, partnering with American corporations and directly soliciting high net worth individuals.

According to HLF's Forms 990s filed with the IRS, HLF collected over \$28,800,000 in charitable contributions between 1989 and 1999.<sup>29</sup>

## EARLY PLANNING MEETINGS

A November 2001 FBI memorandum to the US Department of Treasury describes early planning meetings in the US:

“In 1993 and 1994, the FBI monitored meetings of identified HAMAS leaders and senior representatives from [HLF]. During these meetings, discussions were held regarding the need for HAMAS fund-raising in the United States, as well as the primary role of [HLF] to serve this function.”<sup>30</sup>

Meetings under surveillance by federal law enforcement included a 1993 meeting in Philadelphia where five senior HAMAS officials and three senior HLF leaders were in attendance.<sup>31</sup> According to the FBI, “It was decided that most or almost all of the funds collected in the future should be directed to enhance the Islamic Resistance Movement [HAMAS] and to weaken the self-rule government [in Israel].”

When discussing who should be the beneficiary of the monies collected it was stressed by one of the participants that “the most important thing we can offer at this stage is to support the Jihad.” He said they should not concentrate on those [Palestinians] who will likely get money from “the United Nations, the United States and others, but “[p]eople directly connected to the Jihad should get more assistance.”<sup>32</sup> According to the government's response to a Civil Action case filed by HLF, evidence recovered from HLF's offices included:

- 1992 sponsorship forms (for recording charitable contributions to HLFRD) with a space on the form for social worker comments indicating that in nearly every case the applicant's parent or guardian was either jailed by the Israeli government or martyred.
- Two letters from HLF employees requesting the nomination of children and families or martyrs. In one of the letters, HLF employee, Ibrahim Khalil states:

“We asked you for 40 application forms for needy families from several regions to be sent ASAP, families of the martyrs, if possible would be good.”

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<sup>27</sup> HLFRD vs. John Ashcroft, Memorandum Opinion, August 2002, page 23

<sup>28</sup> Periodic Newsletter Published by The Holy Land Foundation for Relief & Development, *The Holy Land Foundation Newsletter*, Volume 1, Issue 2, December 1993.

<sup>29</sup> Holy Land Foundation for Relief and Development IRS Forms 990, 1989 – 1999.

<sup>30</sup> Dale L. Watson, Assistant Director Counterterrorism Division. Holy Land Foundation for Relief and Development International Emergency Economic Powers Act Action Memorandum. November 5, 2001.

<sup>31</sup> HLFRD vs. John Ashcroft, Memorandum Opinion, August 2002, page 22

<sup>32</sup> HLFRD vs. Ashcroft, Page 1443.

- A 1995 report based on the Israeli government's analysis of documents it recovered from HLF's Jerusalem office, showed funds transferred from HLF to the Islamic Relief Agency for distribution and included the list of people supported by those funds. The report indicates that people who were not demonstrably connected to HAMAS activists received lower payments when compared to those with known HAMAS connections.<sup>33</sup>

It was decided which groups should be targeted in raising funds, including Palestinians, Arabs, Muslims, the American media, and American corporations for contributions. They discussed sponsoring 15 festivals at various locations in the US in an effort to raise money and spread propaganda.<sup>34</sup>

The discussion among the HLF and HAMAS leaders at these meetings illustrated their knowledge of how to best utilize the US as a safe and lucrative place for fundraising and propaganda. This meeting stressed that the capabilities for fund-raising within the United States were amplified by the "democratic environment in the United States." As the FBI states in its report regarding this meeting, "The participants decided that for fund-raising purposes, the United States theater was very valuable to them. They stated they could not afford to lose it." In other words, as with other terrorist organizations raising funds within the United States, the ability to exploit the freedoms here was of paramount importance and relevance. Thus, Hamas terrorist operations could flourish through the assistance of monies received from the United States vis-à-vis HLF.

In addition, while emphasizing that it was crucial to appear neutral to the public, they discussed how to simultaneously garner Palestinian loyalty for the HAMAS movement versus Arafat and the Palestinian Authority. HLF and Hamas considered the PA a competitor at best but more accurately, an enemy. One of the points that the meeting participants agreed on was the need to make the peace accord fail.<sup>35</sup> It was discussed that one of the ways to achieve this was to announce to the Palestinians that "reconciliation is unacceptable under Islamic law" and that "[p]eople in the home land may be happy for getting financial compensation, or better standard of level [sic], and may accept the accord based on these considerations. But once you tell them the accord is a violation of the Islamic law they will not be able to accept it."<sup>36</sup>

Shukri Abu Baker, (the head of HLF throughout its existence), warned his colleagues that they had to "behave as an American organization...and take care of the Palestinian people and not a particular population. Our Relation has to be good with everyone...but we can give the Islamists 100,000 and 5,000 to the others."<sup>37</sup> In discussing his strategy to garner loyalty with the Palestinians, Abu Bakr says they should help the "...Palestinian population to form joint ventures with large American companies. We can also help them get franchises authorizations with large American companies...those brothers whom you help doing these things will ultimately be loyal to you politically."<sup>38</sup>

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<sup>33</sup> HLFRD vs. John Ashcroft, Memorandum Opinion, August 2002, Page 25

<sup>34</sup> HLFRD vs. John Ashcroft, Exhibit 14.

<sup>35</sup> HLFRD vs. John Ashcroft, page 1458

<sup>36</sup> HLFRD vs. John Ashcroft, page 1459

<sup>37</sup> HLFRD vs. John Ashcroft, page 1434.

<sup>38</sup> HLFRD vs. John Ashcroft, page 1442.

## HLF & the U.S. Financial System

HLF cunningly leveraged U.S. financial institutions to raise and transfer fund for Hamas activities. The November 2001 FBI memorandum lists selected HLF transactions involving U.S. Financial Institutions:

- “SDT Mousa Abu Marzook deposited a \$100,000 check from the Central Fidelity Bank Account #7920439173 and \$100,000 check from a First Virginia Bank Account #68168179 to the HLF account at Bank of America, California Account #0941402284.”<sup>39</sup>
- “On August 31, 1992, Nasser Alkhatib, who was described as Marzook’s personal secretary<sup>40</sup> deposited a check for \$22,000 into the HLF Bank One Account #1070001258. This check was dated August 24, 1992, and written to ‘Holy Land Foundation’ from First Virginia Bank Account #50650599, listing Nasser and Narman Alkhatib, 6166 Leesburg Pike, Falls Church, on the check.”<sup>41</sup>
- “financial records reveal that Ismail Elbarrase and Marzook opened a bank account in the name of the Islamic Association for Palestine (IAP) on January 12, 1990 at the Central Fidelity Bank, Arlington, VA. Elbarrase was the signatory on that account. Bank records show deposits of seven checks totaling \$125,000 on this IAP account in 1990 and 1991.”<sup>42</sup>
- “HLFRD funded Hamas controlled zakat committees, offices and organizations by means of wire transfers from its Bank One accounts in Texas. Shukri Abu Baker and Ghassan Elashi are the primary signatories of record on these accounts.”<sup>43</sup>
- “HLFRD funded Hamas controlled zakat committees, offices and organizations by means of wire transfers from its Bank One accounts in Texas. Shukri Abu Baker and **Ghassan Elashi** are the primary signatories of record on these accounts.”<sup>44</sup>
  - **Ghassan Elashi**, a co-founder and officer of HLF, was indicted in December 2002, along with four of his brothers on charges of shipping computer parts to Libya and Syria, and for doing business with Mousa Abu Marzook, a senior political leader of HAMAS. The brothers ran a company called Infocom Corporation. Infocom was raided on September 5, 2001 and the brothers were indicted along with Nadia Elashi and her husband Mousa Abu Marzook in December 2002.

Infocom, located in Richardson Texas, was incorporated in Texas in 1992. Infocom sold computer systems, networking, telecommunications and internet services.

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<sup>39</sup> Dale L. Watson, Assistant Director Counterterrorism Division. Holy Land Foundation for Relief and Development International Emergency Economic Powers Act Action Memorandum. November 5, 2001. Pg. 15.

<sup>40</sup> Nasser Al-Khatib was described as Marzook’s personal secretary in an Affidavit filed by FBI Special Agent Robert Wright pursuant to a HAMAS related civil forfeiture case in Chicago, Illinois.

<sup>41</sup> Dale L. Watson, Assistant Director Counterterrorism Division. Holy Land Foundation for Relief and Development International Emergency Economic Powers Act Action Memorandum. November 5, 2001. Pg. 15.

<sup>42</sup> Dale L. Watson, Assistant Director Counterterrorism Division. Holy Land Foundation for Relief and Development International Emergency Economic Powers Act Action Memorandum. November 5, 2001. Pg. 16.

<sup>43</sup> Dale L. Watson, Assistant Director Counterterrorism Division. Holy Land Foundation for Relief and Development International Emergency Economic Powers Act Action Memorandum. November 5, 2001. Pg. 49.

<sup>44</sup> Exhibit 28: Dale L. Watson, Assistant Director Counterterrorism Division. Holy Land Foundation for Relief and Development International Emergency Economic Powers Act Action Memorandum. November 5, 2001. Pg. 49.



Infocom also exported computers and computer components to customers primarily located in the Middle East.<sup>45</sup>

According to a Dallas Grand Jury. Mousa Abu Marzook made a \$150,000 investment in Infocom in July of 1992 (the same year he gave \$210,000 to HLF RD). In less than a year Marzook's account was closed and a \$250,000 investment was made in Nadia Elashi's name. Between August 1995 and July 2001, Bayan, Ghassan and Basman Elashi and Mousa Abu Marzook, Nadia Elashi and Infocom annually renewed the agreement and made regular payments to Nadia Elashi "at the behest and under the direction of Mousa Abu Marzook."<sup>46</sup>

On August 9, 1995, Mousa Abu Marzook was designated as a Specially Designated Terrorist based upon his support of terrorist activities through his position as the leader of HAMAS' Political Bureau. After the date of designation, any interest, in any property, direct or indirect, held by Mousa Abu Marzook and subject to the jurisdiction of the US was blocked as a matter of law. Any US person or entity who possessed any funds in which any interest was held by Marzook, should have reported such interest to the proper authorities. Any dealings in those funds after Marzook's designation date, or any attempt to avoid acknowledgement of the funds is unlawful.<sup>47]</sup>

HLF methods of raising and receiving funds included:

- HLF accepted tax deductible donations by credit card, direct bank account withdrawals and personal checks to the following bank accounts:<sup>48</sup>
  - Holy Land Foundation, Citibank, Chicago, Account Number: 0980061884.<sup>49</sup>
  - Holy Land Foundation, Bank One, Texas, Account Number: 1070001258, Routing Number: 111000614.
- On the HLF website, visitors could send contributions to a variety of programs or funds by entering their credit card or bank information in a Donation Submissions Form.<sup>50</sup>
- In the January 1998 issue of *HLF News*, readers are encouraged to donate and transfer stock and include HLF in their wills.<sup>51</sup>

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<sup>45</sup> USA v. Bayan Elashi, Ghassan Elashi, Basman Elashi, Hazim Elashi, Ihsan Elashi, Mousa Abu Marzook, Nadia Elashi (Marzook) and Infocom Corporation, United States District Court for the Northern District of Dallas, Dallas Division, Page 1.

<sup>46</sup> USA v. Bayan Elashi, Ghassan Elashi, Basman Elashi, Hazim Elashi, Ihsan Elashi, Mousa Abu Marzook, Nadia Elashi (Marzook) and Infocom Corporation, United States District Court for the Northern District of Dallas, Dallas Division, Page 20.

<sup>47</sup> USA v. Bayan Elashi, Ghassan Elashi, Basman Elashi, Hazim Elashi, Ihsan Elashi, Mousa Abu Marzook, Nadia Elashi (Marzook) and Infocom Corporation, United States District Court for the Northern District of Dallas, Dallas Division, Page 6.

<sup>48</sup> Periodic Newsletter Published by The Holy Land Foundation for Relief & Development, *HLF News*, Volume 5, Issue 1, March/April 1998.

<sup>49</sup> [www.101days.org/english/www.interpal.org/web/usa.htm](http://www.101days.org/english/www.interpal.org/web/usa.htm). August 14, 2002.

<sup>50</sup> [www.hlf.org/donate.html](http://www.hlf.org/donate.html) and [www.hlf.org/cgi-bin/sc/orderb2f1.html](http://www.hlf.org/cgi-bin/sc/orderb2f1.html). December 4, 2001.

- HLF publicized a partnership with the supermarket chain Albertson's, where for every dollar a donor spends, Albertson's contributes a certain percentage to the organization.<sup>52</sup>
- HLF accepted a gift in the memory of a loved one, along with gift in-kind, like real estate, supplies, jewelry, etc.<sup>53</sup>
- HLF partnered with major organizations and companies, including the United Way, Microsoft, Ericsson, American Express, Clorox and Home Depot, to create employee gift matching programs.<sup>54</sup>

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<sup>51</sup> The Holy Land Foundation for Relief & Development, *HLF News*, Volume 4, Issue 10, January 1998 and The Holy Land Foundation for Relief & Development, *HLF News*, Volume 5, Issue 3, December 1998.

<sup>52</sup> The Holy Land Foundation for Relief & Development, *HLF News*, Volume 4, Issue 10, January 1998.

<sup>53</sup> The Holy Land Foundation for Relief & Development, *HLF News*, Volume 5, Issue 3, December 1998.

<sup>54</sup> The Holy Land Foundation for Relief & Development, *HLF News*, Volume 5, Issue 3, December 1998.

### III. Global Relief Foundation

On December 14, 2001, the Department of Treasury froze the assets of Global Relief Foundation (“GRF”) as a result of their financial support of al-Qaeda.<sup>55</sup> On October 18, 2002, OFAC listed GRF as a Specially Designated Global Terrorist.<sup>56</sup> According to the Treasury Department, “Global Relief Foundation, has connections to, has provided support for, and has provided assistance to Usama Bin Ladin, the al Qaida Network, and other known terrorist groups.”<sup>57</sup>

The Treasury Department further disclosed that, “Rabih Haddad, a senior GRF official who co-founded GRF and served as its president throughout the 1990s and in the year 2000, worked for Makhtab al-Khidamat (MAK) in Pakistan in the early 1990s.”<sup>58</sup> Makhtab al-Khidamat is the predecessor organization to al Qaeda. According to the Treasury Department, high-ranking al Qaeda financier Mohammed Zouaydi, who was arrested in April 2002 in Spain, had given more than \$200,000 to GRF.<sup>59</sup>

A pamphlet produced by GRF in 1995 reads “God equated martyrdom through JIHAD with supplying funds for the JIHAD effort. All contributions should be mailed to: GRF.”<sup>60</sup> Another GRF newsletter requested donations “for God’s cause – they [the Zakat funds] are disbursed for equipping the raiders, for the purchase of ammunition and food, and for their [the Mujahideen’s] transportation so that they can raise God the Almighty’s word . . . it is likely that the most important of disbursement of Zakat in our times is on the jihad for God’s cause...”<sup>61</sup>

According to GRF’s Forms 990 filed with the IRS, GRF collected over \$15,400,000 in charitable contributions between 1993 and 2000.<sup>62</sup>

GRF solicited donations by advertising in Islamic publications, distributing a quarterly newsletter entitled *Global News*, conducting fundraising sessions at Islamic conferences and mosques,<sup>63</sup> posting a website, and directly soliciting high net worth individuals.

- During Ramadan, GRF distributed Zakat worksheets, assisting Muslims in donating 2.5% of their total assets to charity in accordance with Muslim law.<sup>64</sup>

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<sup>55</sup> U.S. Department of the Treasury, Office of Foreign Assets Control. Executive Order 13224 blocking Terrorist Property and a summary of the Terrorism Sanctions Regulations, Terrorism List Governments Sanctions Regulations, and Foreign Terrorist Organizations Sanctions Regulations. February 26, 2003.

<sup>56</sup> U.S. Department of the Treasury, Office of Foreign Assets Control. Executive Order 13224 blocking Terrorist Property and a summary of the Terrorism Sanctions Regulations, Terrorism List Governments Sanctions Regulations, and Foreign Terrorist Organizations Sanctions Regulations. February 26, 2003.

<sup>57</sup> Treasury Department Office Of Public Affairs, *Treasury Department Statement Regarding the Designation of the Global Relief Foundation*, October 18, 2002.

<sup>58</sup> Treasury Department Office Of Public Affairs, *Treasury Department Statement Regarding the Designation of the Global Relief Foundation*, October 18, 2002.

<sup>59</sup> Treasury Department Office Of Public Affairs, *Treasury Department Statement Regarding the Designation of the Global Relief Foundation*, October 18, 2002.

<sup>60</sup> Treasury Department Office Of Public Affairs, *Treasury Department Statement Regarding the Designation of the Global Relief Foundation*, October 18, 2002.

<sup>61</sup> Treasury Department Office Of Public Affairs, *Treasury Department Statement Regarding the Designation of the Global Relief Foundation*, October 18, 2002.

<sup>62</sup> Global Relief Foundation IRS Forms 990, 1993 – 2000.

<sup>63</sup> Quarterly Publication of Global Relief Foundation, *Global News*, Volume V, Number 2, Autumn 1998.

<sup>64</sup> Biweekly publication of Islamic Association for Palestine, *Al-Zaitonah*, Volume 6, Number 157, December 19, 1997 and Quarterly Publication of Global Relief Foundation, *Global News*, Volume IV, Winter 1997.

- GRF encouraged donors to participate in corporate gift-matching programs where companies match or sometimes double their employees' tax exempt donations. GRF's website indicates matching gifts from Fortune 500 companies including American Express, Microsoft, Pfizer and Polaroid.<sup>65</sup>

GRF accepted funds in the form of:

- Checks payable to GRF. Deposited to City Bank, FSB Chicago, IL 60603 USA, Account Number: 0980061884.<sup>66</sup>
- Credit card donation accepted online on the GRF website or by phone.<sup>67</sup>
- Wire transfer to the GRF bank account: Global Relief Foundation, City Bank, FSB Chicago, IL 60603 USA, Account Number: 0980061884, Routing Number 271070801.<sup>68</sup>
- Stocks donated through Wedgewood Partners, a securities brokerage firm located at 9909 Clayton Road, St. Louis, MO 63124, (800) 537-1252, (Account Number 580-22148-16 and DTC number 0158), member National Associate of Securities Dealers and Securities Investor Protection Corporation.<sup>69</sup>
- Automatic electronic contributions of specified dollar amounts deducted from donors' credit cards or checking accounts on a daily or monthly basis.<sup>70</sup>

Selected donations made to GRF:

1. Care International, Inc. (510 Commonwealth Ave. #275, Boston, MA 02215 and 738 Commonwealth Ave. #275, Boston, MA 02215)
  - \$24,438 – Fiscal Year 1996
  - \$7,563 – Fiscal Year 1997
  - \$37,360 – Fiscal Year 1998
  - \$22,344 – Fiscal Year 1999
  - \$10,679 – Fiscal Year 1999
  - \$78,200 – Fiscal Year 2000
  - Total: \$180,384

Care International was founded in April 1993 in Boston, Massachusetts. The stated purpose of the charity organization was to “provide assistance to war victims and to war refugees around the Muslim world,” in countries such as Chechnya, Bosnia, Palestine, Afghanistan, Kashmir, Sudan, Bangladesh, and Turkey.

However, Care International has done much more than merely provide charity aid to refugees and war victims. In fact, long prior to its official founding in 1993, the organization

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<sup>65</sup> [www.grf.org/helpnow-corporate.html](http://www.grf.org/helpnow-corporate.html). November 29, 2001.

<sup>66</sup> [www.grf.org/old/arabic/donationdet.htm](http://www.grf.org/old/arabic/donationdet.htm). November 29, 2001.

<sup>67</sup> [www.grf.org/helpnow-online-2.html](http://www.grf.org/helpnow-online-2.html) and [www.grf.org/helpnow-phone.html](http://www.grf.org/helpnow-phone.html). November 29, 2001.

<sup>68</sup> [www.grf.org/helpnow-wire.html](http://www.grf.org/helpnow-wire.html). November 29, 2001.

<sup>69</sup> [www.grf.org/helpnow-stocks.html](http://www.grf.org/helpnow-stocks.html). November 29, 2001.

<sup>70</sup> [www.grf.org/helpnow-dollaraday.html](http://www.grf.org/helpnow-dollaraday.html). November 29, 2001.

acted as the branch office of the Al-Kifah Refugee Center in Boston. The Al-Kifah Refugee Center was one of the primary U.S. conduits for the raising of funds and recruitment of volunteers to support an Islamic jihad in Afghanistan. It was established in the mid 1980s by the militant jihadi Shaykh Abdallah Azzam. Al-Kifah was established as the American-based affiliate of Mekhtab-e-Khademat (MeK), which after the end of the Soviet-Afghan war became Usama bin Laden's Al-Qaida organization.

Care's fundraising literature openly glorifies jihad and martyrdom. Its ultra-militant newsletter, known as "Al-Hussam," described itself as an exclusive, authentic source of information about "Jihad action."<sup>71</sup> Al-Hussam contained such violent exhortations as "Fight them, and Allah will punish them by your hands, and disgrace them, and help you (to victory) over them" and "it is now that fighting has come and there will always be a group of [Muslims] who fight in the path of Allah... they fight until the day of Judgment."<sup>72</sup>

2. American World-Wide Relief (7516 La Jolla Blvd., La Jolla, CA 92037)
  - o \$10,000 – Fiscal Year 1996

In 1993, two Muslims from southern California, Mohammad Zaki and Kifah Jayyousi, established a haven of radical Muslim fundamentalist thought in Southern California. Their extremist ideals were channeled into the creation of three joint entities: the American Islamic Group (AIG), American World-Wide Relief (AWWR), and the Islamic Information Center of the Americas. Essentially, the three groups played separate but integral roles in a critical terrorist recruitment and support center for disciples of Usama bin Laden. AIG served as the political front, issuing regular communiqués and news reports. AWWR (formerly known as "Save Bosnia Now") was the charitable arm, providing substantial financial support to Al-Qaida-affiliated terrorist groups in Algeria, Bosnia, Chechnya, and elsewhere. The Islamic Information Center of the Americas was the mosque, the religious epicenter where these radicals attempted to personally spread their propaganda.

**AWWR had an account at Bank of America, 7680 Girard Ave, La Jolla, CA 92037, account # 01703-16104. AIG had an account at Bank of America, account # 09008-14863.**

3. Islamic Society of Arlington (P.O. Box 1141, Arlington, TX 76004)
  - o \$5,000 – Fiscal Year 1996
  - o \$25,500 – Fiscal Year 1997
  - o \$23,335 – Fiscal Year 1998
  - o \$26,521 – Fiscal Year 1999
  - o Total: \$80,356

For over a decade until the year 2000, the Islamic Society of Arlington was headed by Imam Moataz al-Hallak, a Syrian-born Muslim cleric who adheres to a radical brand of Islam known as Salafism. Al Hallak moved to Laurel, Md., in 2000 after the governing board of the

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<sup>71</sup> Tabib, Tawfig. "Interview with Comm. Abu Abdel Aziz Barbaros." Al-Sirat Al-Mustaqeem. August 1994. Please note the following prefaced section: "For updates on 'Jihad action' consult the homepage of CARE INTERNATIONAL, INC. or al-Hussam on-line (The Sword on-line)."

<sup>72</sup> Al-Hussam Newsletter. April 16, 1993; February 5, 1993.

Arlington mosque declined to renew his employment contract because of differences over his conservative Islamic philosophy.

Al Hallack is listed in the address book of Wadi el Hage. El Hage was a senior al-Qaeda member described by U.S. intelligence officials as Osama bin Laden's personal secretary. El Hage is serving a life sentence in the U.S. for his role in coordinating the 1998 bombings of the U.S. Embassies in Kenya and Tanzania. Al-Hallak has not been charged with a crime, but court filings by federal prosecutors accuse the cleric of providing cover for El Hage,<sup>73</sup> including participating in business deals with him and finding him a job at a Fort Worth tire store.

4. Adham Hassoun (12675 N.E. 13<sup>th</sup> St., Sunrise, FL 33323)

- \$5,100 – Fiscal Year 1997
- \$6,000+ – Fiscal Year 2000
- Total: Approximately \$11,100

The INS has detained Adham Hassoun for violating the terms of his visa. Hassoun is in the US on a student visa, and has not been attending school. Hassoun will not be eligible for relief from deportation (asylum for example) should the INS establish that he has supported terrorism. Hassoun has ties to Jose Padilla, the "Dirty Bomber," arrested at Chicago's O'Hare airport on May 8, 2002. Hassoun's attorney and other sources confirmed that he had contact with Padilla on several occasions and even gave Padilla several hundred dollars once as 'an act of charity.'<sup>74</sup>

Hassoun was listed as the North American and United States distributor of the Islamic Magazine, Nida 'ul Islam (Call to Islam), a militant publication that has published articles on jihad, the Taliban, and Islamic Warriors, as well as interviews with the Osama bin Laden, Shiek Omar Abdul Rahman and officials from Jama'a Islamia and Sudan's National Islamic Front.<sup>75</sup>

According to video tape obtained by the Investigative Project, Adham Hassoun was introduced as the "Director of East Chapter of the American Islamic Group" at the Barry University event.<sup>76</sup>

Hassoun is listed as the Registered Agent on the Articles of Incorporation of Benevolence International Foundation, filed in Florida in 1993.<sup>77</sup> On December 14, 2001, the Department of Treasury froze the assets of Benevolence International Foundation ("BIF") in response to their financial support of al-Qaeda.<sup>78</sup> According to an April 29, 2002 FBI affidavit filed in support of the Justice Department's indictment of BIF president Enaam Arnaout, "BIF is an organization al-Qaeda has used for logistical support, including the movement of money to

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<sup>73</sup> Ben Tinsley. "Muslim officials want imam banned from mosque; Supporters say leader should retain role." The Dallas Morning News. March 21, 2000.

<sup>74</sup> Kidwell, David, "Bomb suspect, Broward man spoke, FBI says," *The Miami Herald*, June 29, 2002.

<sup>75</sup> Call to Islam, January-February 1996, December-January 1996-1997, and February-March 1997, April-May 1997 and Call to Islam Website, November 15, 1996.

<sup>76</sup> Videotape, *The Holy Land: Peace or Jihad?*, Barry University, February 13, 1996.

<sup>77</sup> Articles of Incorporation, Benevolence International Foundation, *Florida Secretary of State*, Filed February 12, 1993.

<sup>78</sup> U.S. Department of the Treasury, Office of Foreign Assets Control. Executive Order 13224 blocking Terrorist Property and a summary of the Terrorism Sanctions Regulations, Terrorism List Governments Sanctions Regulations, and Foreign Terrorist Organizations Sanctions Regulations. February 26, 2003.

fund its operations.”<sup>79</sup> On November 19, 2002, OFAC listed BIF as a Specially Designated Global Terrorist (SDGT).<sup>80</sup>

5. Masjed As-Saber/ The Islamic Center of Portland (P.O. Box 19562, Portland, OR 97280)

- o \$36,935 – Fiscal Year 2000

Imad “Ed” Tarabishy (4275 Riverbirch Drive, Spring Hill, FL 34607 and 24013 Frederick Dr., Brooksville, FL 34601)

- o \$121,500 – Fiscal Year 1996
- o \$121,390 – Fiscal Year 1998
- o \$10,000 – Fiscal Year 1997 (c/o Susan Tarabishy, wife of Imad)
- o \$25,000 – Fiscal Year 1999
- o \$56,000 – Fiscal Year 2000
- o Total: \$333,890

Masjid As-Saber was first incorporated in May 1983 by a number of prominent Muslims backed by the wealth and prestige of the North American Islamic Trust (NAIT).<sup>81</sup> According to a 1998 Chicago Tribune article, NAIT had “strong ties” to the Quranic Literacy Institute (QLI).<sup>82</sup> FBI Agent Robert Wright, in a sworn affidavit, confirmed that QLI was used in the early 1990s by a group of Arab-Americans as a corporate entity to launder funds for the Hamas terrorist organization.<sup>83</sup> Imad Tarabishy, a Florida surgeon who is on both the board of trustees and board of advisors of NAIT, gave at least \$796,600 between 1996 and 2000 to the Benevolence International Foundation (BIF) and the Global Relief Foundation (GRF).<sup>84</sup>

In September 1998, articles of incorporation were re-filed for the Islamic Center of Portland/Masjed As-Saber by Shaykh Mohamed Abdirahman Kariye, Saleh Musleh, Mustafa El-Ogbi, and Mohammad Da`as Fadda in order to “enable Muslims to live with Islamic doctrine.”<sup>85</sup> Since then, the Center has attracted significant radical fundamentalist activity in the United States.

On October 24, 2001, Ali Khaled Steitiye, a regular worshipper at the Islamic Center of Portland, was arrested on federal gun and fraud charges. Several months later, he was convicted

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<sup>79</sup> Patrick J. Fitzgerald, United States Attorney, Northern District of Illinois, “Suburban Chicago-Based International Charity And Its Director Charged With Perjury Relating To Alleged Terrorist Activity.” April 29, 2002. Pg. 2.

<sup>80</sup> U.S. Department of the Treasury, Office of Foreign Assets Control. Executive Order 13224 blocking Terrorist Property and a summary of the Terrorism Sanctions Regulations, Terrorism List Governments Sanctions Regulations, and Foreign Terrorist Organizations Sanctions Regulations. February 26, 2003.

<sup>81</sup> Oregon Nonprofit Articles of Incorporation for “Masjid Assabr.” Filed May 24, 1983. *See also*: State of Oregon Warranty Deed on behalf of “Ali Rashid al-Nuaimi and Ibrahim Hussein Alzobidi” conveying lots to “North American Islamic Trust.” Filed November 28, 1980.

<sup>82</sup> Gaines, William and Andrew Marti. “Terror-Funding Probe Touches Suburban Group.” *The Chicago Tribune*. September 8, 1998.

<sup>83</sup> Sworn affidavit by FBI Agent Robert Wright. Sworn and subscribed on June 8, 1998.

<sup>84</sup> IRS 990 Form fiscal years 1996, 1997, 1998, 1999, and 2000 for the “Global Relief Foundation.” *See also*: Gutierrez, Pedro Ruz and Jim Leusner. “Donors fret at Potential Terror Links.” *The Orlando Sentinel*. December 28, 2001. Page A1. *See also*: Original document titled “North American Islamic Trust: Board of Trustees, Board of Advisors.” Dated approximately Winter 1993.

<sup>85</sup> <http://www.guidestar.org>. Section: “Mission.” July 31, 2002.

on the basis of the evidence collected by federal agents at his home and in his car, including a loaded 9 mm handgun, an assault rifle, more than 1,000 rounds of ammunition, a machete, \$20,000 in cash, a calendar with September 11 circled in red ink, and evidence suggesting a link to Hamas. Officials close to the investigation indicated that Steitiye had received military training from Palestinian Muslim militants in Lebanon associated with Hamas.<sup>86</sup>

Hassen A. Hassen (a.k.a. Hassen A. Laidi, Hassen A. Hassen Laidi), who is on the board and is a major trustee of the Islamic Center of Portland,<sup>87</sup> was the president of the now-defunct American branch of the Horn of Africa Relief Agency (HARA) and remains the editor of the prominent radical publication *Al-Jumuah* Magazine.<sup>88</sup> In the early 1990s, Hassen used HARA as a front to provide support to various Al-Qaida affiliates, including the Eritrean Islamic Jihad Movement (EIJM).<sup>89</sup> In July 1991, Hassen first founded the U.S. affiliate of HARA in Los Angeles.<sup>90</sup>

Hassen was also a significant donor to the Al-Kifah Refugee Center in Brooklyn. In April 1992, Hassen sent a check for \$980 to the center.<sup>91</sup> Phone records from Al-Kifah indicate that someone at Hassen's address in Denver called the Al-Kifah Center at least once in 1992 shortly prior to the World Trade Center bombing.<sup>92</sup> Until its closure in 1994, Al-Kifah was the U.S. branch of Makhtab-e-Khademat (the "Mujahideen Services Office"), the direct predecessor of Al-Qaida.<sup>93</sup>

6. Rampart Technologies/ Khalil Zaidan (10175 SW Barbur Blvd. Suite 206, Portland, OR 97218)
  - o \$8,500 – Fiscal Year 2000

Khalil Zaidan currently lives in Portland, and owns and operates SofTech International and Rampart Technologies.<sup>94</sup>

Wadi El-Hage's personal papers and address book, submitted as evidence in the trials of the 1998 Embassy bombings, contain names and addresses of El-Hage's international contacts, including many Al-Qaida activists. The address book contains the following name and address:

"Khalil Zaidan, 4611 Luradel Street, Suite 13, Portland, OR 97219"

As a result of this evidence, Zaidan was subpoenaed at Wadih El-Hage's trial, despite El-Hage's motion to "quash any outstanding grand jury subpoenas."<sup>95</sup>

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<sup>86</sup> Larabee, Mark. "Man Guilty in Gun, Fraud Case." *The Oregonian*. June 18, 2002. Page B01.

<sup>87</sup> IRS 990 Form fiscal year 1998 for the "Islamic Center of Portland-Masjed As-Saber."

<sup>88</sup> *Al-Jumuah* mastheads from November 1997 through August 2002.

<sup>89</sup>[<sup>65</sup>] *U.S. v. Usama bin Laden, et al.* United States District Court for the Southern District of New York. 116 F. Supp. 2d 489; 2000 U.S. Dist. LEXIS 14507. October 5, 2000, Decided. October 5, 2000, Filed. Testimony from Government Witness CS-1 (Jamal Mohamad Ahmed Al-Fadl), February 6, 2001; Pages 327-328.

<sup>90</sup>[<sup>66</sup>] Lexis-Nexis incorp files for "Horn of Africa Relief Aid." The record lists the group's mailing address as P.O. Box 741940. Los Angeles, CA 90004-8940.

<sup>91</sup> Check #1588 from "Hassen A. Hassen" for \$982.00 made payable to "Mohammad Abbass." Found amongst material taken from the Al-Kifah Refugee Center in Brooklyn, NY.

<sup>92</sup> Phone records indicating an incoming call from (303)691-2201. Found amongst material taken from the Al-Kifah Refugee Center in Brooklyn, NY.

<sup>93</sup> *U.S. v. Usama bin Laden, et al.* United States District Court for the Southern District of New York. Indictment S(5) 98 Cr. 1023 (LBS); issued by U.S. Attorney Mary Jo White.

<sup>94</sup> AutotrackXP record on "Khalil Zaidan." <http://www.autotrackxp.com>.



According to phone records obtained during the 1993 World Trade Center bombing trial, Zaidan's Portland-based company Rampart Technologies was called at least once by the Al-Kifah Refugee Center.<sup>96</sup> Until its closure in 1994, Al-Kifah was the U.S. branch of Makhtab-e-Khademat (the "Mujahideen Services Office"), the direct predecessor of Al-Qaida.<sup>97</sup>

7. The Holy Land Foundation for Relief and Development (P.O. Box 832390, Richardson, TX 75083)
  - o \$18,521 – Fiscal Year 2000

On December 4, 2001, the U.S. Department of the Treasury Office of Foreign Assets Control (OFAC) named the Holy Land Foundation for Relief and Development (HLFRD), a Specially Designated Terrorist (SDT).<sup>98</sup>

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<sup>95</sup> U.S. v. Usama bin Laden, et al. United States District Court for the Southern District of New York. 116 F. Supp. 2d 489; 2000 U.S. Dist. LEXIS 14507. October 5, 2000, Decided. October 5, 2000, Filed.

<sup>96</sup> Phone records found amongst material taken from the Al-Kifah Refugee Center in Brooklyn, NY.

<sup>97</sup> U.S. v. Usama bin Laden, et al. United States District Court for the Southern District of New York. Indictment S(5) 98 Cr. 1023 (LBS); issued by U.S. Attorney Mary Jo White.

<sup>98</sup> U.S. Department of the Treasury, Office of Foreign Assets Control. Executive Order 13224 blocking Terrorist Property and a summary of the Terrorism Sanctions Regulations, Terrorism List Governments Sanctions Regulations, and Foreign Terrorist Organizations Sanctions Regulations. February 26, 2003.

#### IV. U.S. Charities & Front Groups Supporting Iraq

On February 19, 2003, four individuals and two organizations were indicted in the US District Court for the Northern District of New York on various charges stemming from a conspiracy to illegally pass funds to individuals in Iraq in violation of Executive orders 12722 and 12724.<sup>99</sup> The organizations were Help the Needy and Help the Needy Endowment, two names for a single organization. Help the Needy never applied or received non-profit status, and never obtained a license to send assets to Iraq.<sup>100</sup> According to the indictment, Help the Needy, Rafil Dhafir, Maher Zagher, Ayman Jarwan, and Osama al Wahaidy conspired to “violate and evade...the ‘Iraqi Sanctions Regulations,’...by among other things, transferring, directly and indirectly, funds and other financial and economic resources to one or more persons in the Country of Iraq.”<sup>101</sup>

The investigation into Help the Needy began three years ago when two banks, Oneida Savings and Key Bank, filed “suspicious activity reports” regarding Help the Needy transactions.<sup>102</sup> Help the Needy evaded US regulations by passing funds through an account at the Jordan Islamic Bank held by Maher Zagher and the Zagher Trading Establishment in Jordan’s “Free Zone.” The indictment against Help the Needy lists four deposits of over \$100,000 by Zagher trading drawn from Help the Needy accounts. The indictment details wire transfers and checks passed through Zagher Trading to “an individual known to the Grand Jury who was located in Baghdad.” Zagher Trading specializes in imports from China and the Far East destined for use in Jordan and Iraq. On its websites and in its literature, Help the Needy explicitly asks readers to donate money destined for Iraq in the form of medical, housing, and religious assistance to Iraqis.<sup>103</sup>

Also on February 19, Sami Omar Al-Hussayen was indicted in the US District Court for Idaho on charges of visa fraud and false statements to the United States government.<sup>104</sup> Al-Hussayen was a PhD candidate in Computer Science at the University of Idaho, in Moscow, Idaho. The indictment alleges Al-Hussayen fraudulently testified in his visa application that his residence in the United States was solely for the purpose of study.<sup>105</sup>

In reality, Al-Hussayen, “maintained at least six United States bank accounts,” and “used said bank accounts to receive large sums of monies from within and without the United States, and to transfer and cause to be transferred large sums of monies to the [Islamic Assembly of North America, (IANA)] and other organizations and individuals.”<sup>106</sup> Corporate records indicate al-Hussayen was operating numerous websites including, among others, [www.Helptheneedy.org](http://www.Helptheneedy.org),

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<sup>99</sup> United States of America v. Rafil Dhafir, Maher Zagher, Ayman Jarwan, Osama al Wahaidy, Help the Needy, and Help the Needy Endowment, Inc, US District Court for the Northern District of New York, 5: 03-CR-64(nam).

<sup>100</sup> United States of America v. Rafil Dhafir, Maher Zagher, Ayman Jarwan, Osama al Wahaidy, Help the Needy, and Help the Needy Endowment, Inc, US District Court for the Northern District of New York, 5: 03-CR-64(nam).

<sup>101</sup> United States of America v. Rafil Dhafir, Maher Zagher, Ayman Jarwan, Osama al Wahaidy, Help the Needy, and Help the Needy Endowment, Inc, US District Court for the Northern District of New York, 5: 03-CR-64(nam).

<sup>102</sup> Syracuse Post-Standard, “US Says CNY Charity Broke Iraq Sanctions,” February 27, 2003.

<sup>103</sup> [www.helptheneedy.net](http://www.helptheneedy.net), December, 2001.

<sup>104</sup> United States of America v. Sami Omar al-Hussayen, US District Court for the District of Idaho, CR-03 048-NEJL.

<sup>105</sup> United States of America v. Sami Omar al-Hussayen, US District Court for the District of Idaho, CR-03 048-NEJL.

<sup>106</sup> United States of America v. Sami Omar al-Hussayen, US District Court for the District of Idaho, CR-03 048-NEJL.

[www.alasr.ws](http://www.alasr.ws), and [www.iananet.org](http://www.iananet.org).<sup>107</sup> Thus, in addition to his fraud, al-Hussayen operated two Help the Needy websites; [www.helptheneedy.org](http://www.helptheneedy.org), and another site subsidiary to the IANA site, [www.iananet.org](http://www.iananet.org).

Al-Hussayen has been IANA's Registered Agent since May, 2001,<sup>108</sup> and Alasr.ws is the website for IANA's Arabic-language newspaper, Al-asr. In May 2001, Al-Asr reprinted three *fatwas* from radical Saudi clerics close to Usama Bin Laden that openly endorsed "martyrdom operations."<sup>109</sup> The Al-Hussayen indictment quotes one *fatwa* at length

"The second part is that the *Mujahid* (warrior) must kill himself if he knows that this will lead to killing a great number of the enemies, and that he will not be able to kill them without killing himself first, or demolishing a center vital to the enemy or its military force, and so on. This is not possible except by involving the human element in the operation. In this new era, this can be accomplished with the modern means of bombing or **bringing down an airplane** on an important location that will cause the enemy great losses" [emphasis included]<sup>110</sup>

IANA was the only American Muslim organization to be individually promoted on the website of Azzam Publications, widely considered to be the premier English-language mouthpiece of Al-Qaida.<sup>111</sup>

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<sup>107</sup> [www.register.com](http://www.register.com). March 5, 2003.

<sup>108</sup> Idaho Secretary of State Corporate records, Number C0139005, May 11, 2001.

<sup>109</sup> [http://www.alasr.ws/alasr/Files/Fedai/article\\_105.shtml](http://www.alasr.ws/alasr/Files/Fedai/article_105.shtml) and [http://www.alasr.ws/alasr/Files/Fedai/article\\_115.shtml](http://www.alasr.ws/alasr/Files/Fedai/article_115.shtml). Dated May 2, 2001. ALSO, Pittsburgh Tribune-Review, "Magazine writers moved on to Islamist groups," August 4, 2002.

<sup>110</sup> United States of America v. Sami Omar al-Hussayen, US District Court for the District of Idaho, CR-03 048-NEJL.

<sup>111</sup> <http://www.azzam.com>. June 5, 2002.

## V. Al-Qaeda Fundraising through U.S. Mosques

On January 10, 2003, Mohammed Ali Hasan Al-Moayad and Mohammed Mohsen Yahya Zayed were arrested in Frankfurt, Germany by Germany's Bundeskriminalamt at the request of the Department of Justice and the Federal Bureau of Investigation after a year-long investigation and undercover operation by the FBI's Joint Terrorism Task Force.<sup>112</sup> The arrests were based on complaints made by authorities in the Justice Department and FBI, which were unsealed and released to the public on March 4, 2003.<sup>113</sup>

Defendants Al-Moayad and Zayed, both Yemeni nationals, are charged with knowingly and intentionally conspiring to provide material support and resources for Al-Qaeda and Hamas, both foreign terrorist organizations.<sup>114</sup>

Al-Moayad was born and lived in Sanaa, Yemen, as did Zayed. Al-Moayad was an official within the *Islah* political party, and Imam of the al-Ihsan mosque in Sanaa.<sup>115</sup> In December 2001, an FBI informant who was a Yemeni national, informed the FBI that Al-Moayad was involved in supplying money, arms and recruits to various extremists Muslim groups and causes in Afghanistan, Chechnya and Kashmir.<sup>116</sup> This informant had known Al-Moayad for six years and regularly prayed at his mosque.<sup>117</sup>

Documents found in Afghanistan entitled “Mujahideen Information Forms” contain background information on individuals entering a terrorist training camp. One form dated September 15, 2000 for Saled Ahmed Almardarmi has “Sheikh Mohammed al-Moayad” listed as the person who referred Almardarmi to the camp.<sup>118</sup>

In May 2002, at the FBI’s direction, the informant advised Al-Moayad that he knew an individual, who was actually a second undercover informant, in the United States who was interested in donating \$2 million to terrorist activities, but wanted to ensure that his money would go to the right people. Al-Moayad told this second undercover agent in January 2003 that he had met with Osama bin Laden and that bin Laden considered Al-Moayad was his “sheikh” (spiritual leader).<sup>119</sup>

At a meeting in the May-June 2002 period, Al-Moayad told the FBI informant that he had met with Osama bin Laden twice and had personally brought bin Laden money, arms and

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<sup>112</sup>Department of Justice, Press Release: “Yemeni Citizens Arrested For Conspiring to Provide Support to Al Qaeda, Hamas, and Other Terrorist Groups.” March 4, 2003.

<sup>113</sup>Department of Justice, Press Release: “Yemeni Citizens Arrested For Conspiring to Provide Support to Al Qaeda, Hamas, and Other Terrorist Groups.” March 4, 2003.

<sup>114</sup>United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p.1-2, and United States District Court, Eastern District of New York. *United States of America v. Mohammed Mohsen Yahya Zayed*. Affidavit in Support of Arrest Warrant, p.1-2.

<sup>115</sup>United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p.6

<sup>116</sup>United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p.16

<sup>117</sup>United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p.6

<sup>118</sup>United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p. 35

<sup>119</sup>United States District Court, Eastern District of New York. *United States of America v. Mohammed Mohsen Yahya Zayed*. Affidavit in Support of Arrest Warrant, p.5

recruits.<sup>120</sup> Moayad later revealed that he had provided bin Laden with \$20 million.<sup>121</sup> Moayad also told the informant that he had already provided \$3.5 million to the al-Aqsa Society in Palestine, which provides support for Hamas.

Al-Moayad further identified five associates of his in New York who were sending him money from the United States. Al-Moayad provided the informant with phone numbers for these men.<sup>122</sup>

Al-Moayad told the informant that the money was collected at the Al-Farouq mosque in Brooklyn. Al-Farouq was the headquarters for the Al-Khifa Refugee Center in Brooklyn, NY, the predecessor to Al-Qaeda. Al-Farouq mosque was a frequent host to lectures by Al-Qaeda founder Abdullah Azzam, and spiritual leader Sheikh Omar Abdel Rahman.

According to the indictment, in December 1999, Sheikh AS visited Brooklyn, where he was hosted by one of Al-Moayad's associates. On December 29, in preparation for a fundraising session at the Al-Farouq mosque, the associate advised Sheikh AS to say that he was raising money for 20 families that needed sponsorship, which would generate approximately \$27,000. On December 30, a telephone conversation between two of Al-Moayad's associates revealed that Sheikh AS was at the Al-Farouq mosque the night of December 29. On December 31, the Sheikh informed Al-Moayad's associate that the amount of money he had collected was around "10."<sup>123</sup>

In July 2002, the informant met with one of the five individuals in Brooklyn involved in fundraising for Al-Moayad. This individual told the informant that he had transferred money to Moayad before September 11, 2001, but said he was currently unwilling to send larger amounts (i.e. greater than \$1,000) because he feared Yemenis were being monitored by government authorities.<sup>124</sup>

In November 2002, the informant met with the same individual in Brooklyn from July 2002, who described for the informant methods of transferring money without detection by the government. One method was converting the money into checks in amounts less than \$10,000 and then sending them with in person with a Yemeni traveler.<sup>125</sup>

The informant also met with a second associate of Al-Moayad in Brooklyn in November. That man identified a Yemeni Sheikh ("Sheikh AS"), a member of Al-Moayad's *Islah* political party. This Sheikh was a supporter of *jihad* and Osama bin Laden who had previously traveled to the US on fundraising missions.<sup>126</sup>

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<sup>120</sup> United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p. 18.

<sup>121</sup> United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p. 27

<sup>122</sup> United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p. 18.

<sup>123</sup> United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p. 34

<sup>124</sup> United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p. 21

<sup>125</sup> United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p. 30

<sup>126</sup> United States District Court, Eastern District of New York. *United States of America v. Mohammed Ali Hasan Al-Moayad*. Affidavit in Support of Arrest Warrant. p. 31

## VI. Coupon Schemes & Terrorism

On February 26, 2003, Federal Agents arrested sixteen individuals in five states<sup>127</sup> accused of being part of one of the largest mail fraud scams to date, generating over \$4.5 million between 2000 and last year.<sup>128</sup> Some of that money was sent to Jordan and the West Bank, according to David Mitchell, special agent in charge of the Milwaukee FBI.<sup>129</sup> The investigation began 19 months ago when authorities were tipped off by a Milwaukee store-owner who said he was approached to take part in the scheme.<sup>130</sup> The scheme itself involved three main components: first, recruiting businesses to pose as legitimate coupon acceptors; second, obtaining coupons for bulk mailings to clearinghouses; and third, redeeming checks, cashing them, and wiring them to the West Bank and Jordan.

In order to recruit businesses to participate in the scheme, leaders would approach store owners with an opportunity to earn substantial sums of money for doing nothing more than giving their reimbursement checks to a third party in exchange for a kickback.<sup>131</sup> Participants in the scheme would pose as legitimate coupon accepting businesses that would receive checks for products that they never sold.<sup>132</sup> Upon receiving the checks, a portion would be sent to a third party while they would keep a cut for themselves.<sup>133</sup>

In New York and Florida, hundreds of thousands of coupon inserts were obtained from newspapers and sent to cutters who clipped the specific coupons and sent them to a clearinghouse run by International Data and located in El Paso, Texas, in the name of the recruited businesses.<sup>134</sup> The clearinghouse would redeem the value of the coupons from the manufacturers and checks would be issued to the businesses, some of which were fronts that existed only to further the scheme.<sup>135</sup> In order to perpetuate the scheme, Robert W. MacDonald, an executive at International Data, in Memphis<sup>136</sup>, received kickbacks for accepting falsified questionnaires filled out by the scheme's leader Abdel Rahim Jebara, of Miami. MacDonald would take these questionnaires and accept them as valid even though no purchases were made of the products.<sup>137</sup>

Once the checks were cut to the companies, they were collected by individuals including Jebara's son, Medre A. Medre, who would give the store-owners their cut and then cash the checks in Yonkers, NY.<sup>138</sup> After the checks were cashed, the money was sent to Medre's

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<sup>127</sup> "FBI Dismantles Fraud and Money Laundering Ring Exceeding \$4 Million in Five States," FBI National Press Office, February 26, 2003.

<sup>128</sup> "Homes, Stores Raided in National Coupon Scheme," Associated Press Newswires, February 27, 2003.

<sup>129</sup> "Fifteen Indicted in Coupon Redemption Fraud," Associated Press State & Local Wire, March 4, 2003.

<sup>130</sup> "16 Arrested in \$4.5 Million Coupon Fraud," Milwaukee Journal Sentinel, February 26, 2003.

<sup>131</sup> "16 Arrested in \$4.5 Million Coupon Fraud," Milwaukee Journal Sentinel, February 26, 2003.

<sup>132</sup> "16 Arrested in \$4.5 Million Coupon Fraud," Milwaukee Journal Sentinel, February 26, 2003.

<sup>133</sup> "FBI: 4 Yonkers (NY) Men Part of Ring; Money Sent to Middle East," New York Journal News, February 27, 2003.

<sup>134</sup> "16 Arrested in \$4.5 Million Coupon Fraud," Milwaukee Journal Sentinel, February 26, 2003.

<sup>135</sup> "16 Arrested in \$4.5 Million Coupon Fraud," Milwaukee Journal Sentinel, February 26, 2003.

<sup>136</sup> "FBI Nabs Local Man in Coupon Fraud Case," The Commercial Appeal (Memphis, TN), February 28, 2003.

<sup>137</sup> "Coupon Fraud Cast Could Grow," The Commercial Appeal (Memphis, TN), March 1 2003.

<sup>138</sup> "FBI: 4 Yonkers (NY) Men Part of Ring; Money Sent to Middle East," New York Journal News, February 27, 2003.

parents, Shahira Hamideh Jebara and Abdel Rahim Jebara, in Miami.<sup>139</sup> Jebara in turn wired the money to Ramallah where he claimed to have a million dollar house.<sup>140</sup>

In all, the scheme involved over 350 stores in 15 states including Alabama, Connecticut, Florida, Illinois, Louisiana, Massachusetts, Mississippi, New Jersey, New York, Ohio, Pennsylvania, Tennessee, Texas, Rhode Island, and Wisconsin.<sup>141</sup> On March 4, 2003, 15 people were indicted by a federal grand jury<sup>142</sup> with offenses including: Mail Fraud, Wire Fraud, Money Laundering, Interstate Transportation of Stolen Property; and Receiving Stolen Property that Crossed State Lines.<sup>143</sup> Currently, the FBI is still investigating the overseas financial transactions and other aspects of the scheme.<sup>144</sup>

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<sup>139</sup> "FBI: 4 Yonkers (NY) Men Part of Ring; Money Sent to Middle East," New York Journal News, February 27, 2003.

<sup>140</sup> "16 Arrested in \$4.5 Million Coupon Fraud," Milwaukee Journal Sentinel, February 26, 2003.

<sup>141</sup> "FBI Dismantles Fraud and Money Laundering Ring Exceeding \$4 Million in Five States," FBI National Press Office, February 26, 2003.

<sup>142</sup> "Fifteen Indicted in Coupon Redemption Fraud," Associated Press State & Local Wire, March 4, 2003.

<sup>143</sup> "FBI Dismantles Fraud and Money Laundering Ring Exceeding \$4 Million in Five States," FBI National Press Office, February 26, 2003.

<sup>144</sup> "FBI Dismantles Fraud and Money Laundering Ring Exceeding \$4 Million in Five States," FBI National Press Office, February 26, 2003.

## VII. Cigarette Smuggling & Hizballah

Lebanese Hizballah finds strong support within the United States and Canada from individuals who are willing to supply them with technologically-advanced equipment that they could not otherwise procure. A cigarette smuggling investigation in Charlotte, North Carolina led investigators to a Hizballah cell that was involved in a scheme to finance terrorists with the money earned through illegal cigarette sales.<sup>145</sup> The investigation also led law enforcement to Canada, where funds were being sent from Charlotte in order to purchase supplies for Hizballah operations in Lebanon.<sup>146</sup>

On July 22, 2000, law enforcement officials arrested 18 individuals in connection with cigarette smuggling, money laundering and immigration violations;<sup>147</sup> all together, 25 individuals have been charged in this case.<sup>148</sup> In a superseding indictment filed in the United States District Court for the Eastern District of North Carolina on March 28, 2001, four individuals were charged with providing “material support or resources to a foreign terrorist organization” in violation of 18 U.S.C. § 2339B. Specifically the individuals were charged with providing “currency, financial services, training, false documentation and identification, communications equipment, explosives, and other physical assets to Hizballah, in order to facilitate its violent attacks.”<sup>149</sup> According to the indictment, the members of the cell planned to acquire such items as night vision devices, global positioning systems, mine and metal detection equipment, stun guns, nitrogen cutters, laser range finders, camera equipment, advanced aircraft analysis and design software, mining, drilling, and blasting equipment, and military style lensatic compasses.<sup>150</sup>

The money-laundering scheme outlined by the Government was simple: the defendants would buy large amounts of cigarettes in the State of North Carolina where the price of cigarettes was extremely low. Then they would transport these cigarettes to Michigan where the price of cigarettes was significantly higher. The money designated for Hizballah was then sent to the cell members in Canada, who used the funds to purchase above-mentioned items or send money to Hizballah in Lebanon.<sup>151</sup> By the time of their arrests, the smugglers had earned close to \$8 million. Although the exact sum is not known, it is estimated that more than \$100,000 was funneled to Hizballah.<sup>152</sup>

In addition to raising funds from the cigarette sales, these individuals also engaged in credit card fraud to facilitate their purchases. Five individuals were charged with obtaining false

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<sup>145</sup> October 9, 2002. Senate Finance Committee Hearing. Testimony of Michael Chertoff, US Justice Department.

<sup>146</sup> United States District Court Western District of North Carolina. “Affidavit in Support of Warrants for Arrest, Searches, and Seizure.” Page 35-36.

<sup>147</sup> July 22, 2000. The New York Times. 18 Are Accused of Plotting To Help Islamic Militants .

<sup>148</sup> US Department of Justice United States Attorney Western District of North Carolina. News Release. “Mohamad Hammoud Sentenced to 155 Years on Conviction of Providing Material Support of Foreign Terrorist Organization Hizballah.” February 28, 2003.

<sup>149</sup> United States v. Mohamad Youssef Hammoud et al., No. 00 CR 147 (W.D. N.C. filed July 20, 2000, amended March 28, 2001) Superseding Bill of Indictment, Page 41.

<sup>150</sup> United States v. Hammoud, W.D. N.C., No. 00CR147, supra. at n. 4, Superseding Bill of Indictment (filed March 28, 2001), Page 42-43.

<sup>151</sup> United States v. Mohamad Youssef Hammoud et al., No. 00 CR 147 (W.D. N.C. filed July 20, 2000, amended March 28, 2001) Superseding Bill of Indictment, Page 41.

<sup>152</sup> March 10, 2003. US News and World Report. “Homegrown terrorists How a Hezbollah cell made millions in sleepy Charlotte, N.C.”



drivers licenses, which were used to submit fraudulent credit card applications.<sup>153</sup> One individual used various aliases to obtain additional fraudulent credit cards. Several individuals attempted to defraud US banks and to obtain “monies or funds owned by or under the custody and control” of the banks.<sup>154</sup>

On February 28, 2002, Mohamad Hammoud received a sentence for 155 years in prison. According to the US Attorney press release, ten individual defendants “have been convicted of conspiring under the RICO statutes to engage in a series of criminal offenses and sending some of the illegal proceeds to Hizballah. Six people were indicted for providing material support and resources to a designated foreign terrorist organization, and of the six, one entered a guilty plea and the other, Mohamad Hammoud, was the first conviction in the country at trial under the statute”. Four defendants charged with material support remain fugitives.<sup>155</sup>

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<sup>153</sup> United States v. Hammoud, W.D. N.C., No. 00CR147, supra. at n. 4, Superseding Bill of Indictment (filed March 28, 2001), Page 42-43.

<sup>154</sup> United States v. Hammoud, W.D. N.C., No. 00CR147, supra. at n. 4, Superseding Bill of Indictment (filed March 28, 2001), Page 31 and 32.

<sup>155</sup> US Department of Justice United States Attorney Western District of North Carolina. News Release. “Mohamad Hammoud Sentenced to 155 Years on Conviction of Providing Material Support of Foreign Terrorist Organization Hizballah.” February 28, 2003.

## Conclusion

The reporting requirements of Title III of the USA Patriot Act -- The International Money Laundering Abatement and Antiterrorist Financing Act of 2001 -- are a major first step toward closing down terrorists' financing opportunities. Congress has worked hard to shut down terrorists' ability to finance their operations using legitimate and illegal means, without creating an impossible burden for financial institutions to conduct their business. Similarly, the new Treasury Department Executive Office for Terrorist Financing and Financial Crimes to be headed by Mr. Juan Zarate, Deputy Assistant Secretary for Terrorist Financing and Financial Crimes, has been created to assist institutions by its development and implementation of strategies to combat terrorist financing domestically and internationally.<sup>156</sup>

However, while Title III has begun to close one major conduit -- the use of financial institutions to launder or hide money, many argue that there is room for improvement, primarily in the area of enforcement of the new laws and regulations.

First, penalties meted out for institutions' violations of the Patriot Act's rules must be applied equally to US institutions as they are to foreign ones.<sup>157</sup> Banks and other financial institutions must understand that punishment in the form of fines will be exacted at a similar rate, depending on the violation, regardless of whether the institution is a U.S. company or a foreign one.<sup>158</sup> The penalty for the failure to report suspicious activities must be greater than the profit the institution stands to derive from the transaction.

Second, "back door" opportunities to raise and launder money must be closed and bolted.<sup>159</sup> The Treasury Department is grappling with the enormous task of writing rules to govern other lucrative possibilities for terrorists to raise cash. These rules would apply to pawnshops; dealers of jewels and other precious metals; dealers of large tickets cars, boats, and airplanes; and individuals dealing in real estate, including agents, title companies and lawyers.<sup>160</sup> Similarly, the Treasury Department is looking at ways to regulate the insurance industry where the buying, selling and transfer of life insurance policies has become another means of laundering funds.<sup>161</sup>

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<sup>156</sup> US Treasury Press Release JS-77, March 3, 2003, "U.S. Treasury Department Announces New Executive Office for Terrorist Financing and Financial Crimes," <http://www.ustreas.gov/press/releases/js77.htm>

<sup>157</sup> Jamie Dettmer, "Money Laundering: "Must U.S. Banks Be Kept in Check?," Insight Magazine, March 17, 2003, <http://www.insightmag.com/main.cfm?include=detail&storyid=370712>

<sup>158</sup> Jamie Dettmer, "Money Laundering: "Must U.S. Banks Be Kept in Check?," Insight Magazine, March 17, 2003, <http://www.insightmag.com/main.cfm?include=detail&storyid=370712>.

<sup>159</sup> "The Patriot Act is doing a good job in financial institutions," said John Zdanowicz, a money-laundering expert at Florida International University in Miami. "It is closing down the front door of money laundering and it is leaving the back door totally wide open.... It's going to stay wide open." Cory Reiss, "Feds Write Rules on Laundering," Sarasota Herald-Tribune, March 2, 2003.

<sup>160</sup> See, e.g., US Treasury Press Release JS-43, February 19, 2003, "Treasury Department Issues Additional USA Patriot Act Regulations," <http://www.ustreas.gov/press/releases/js43.htm>. See also Department of the Treasury 31 CFR Part 103 RINs 1506-AA28 - and 1506-AA41, February 25, 2003, "Financial Crimes Enforcement Network - Anti-Money Laundering Programs for Businesses Engaged in Vehicle Sales."

<sup>161</sup> US Treasury Press Release PO-3635, November 20, 2003, Testimony of Jimmy Gurule Under Secretary for Enforcement U.S. Department of the Treasury Before the U.S. Senate Judiciary Committee. November 20, 2002, <http://www.ustreas.gov/press/releases/po3635.htm>

However, an insufficient number of trained staff or the lack of up-to-date technology necessary for the monitoring of compliance will render the rules or regulations meaningless, doomed to failure from the start.<sup>162</sup>

Third, the sprouting of creative new methods of laundering cash for funneling to terrorist enterprises must be closely monitored so that industries can react quickly when necessary.

A review of the cases that have been successfully concluded can assist specialists in determining what information they should have been able to get more quickly.

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<sup>162</sup> For example, businesses are already required to file a form with the Internal Revenue Service if individuals pay with more than \$10,000 in cash. Yet experts have stated that the IRS often does not review these documents. Saddling an agency with more forms to review without providing funds for sufficient manpower and training will prevent adequate enforcement. Cory Reiss, "Feds Write Rules on Laundering," Sarasota Herald-Tribune, March 2, 2003.