

“Defending our Nation against its enemies is the first and fundamental commitment of the Federal Government. Today, that task has changed dramatically. Enemies in the past needed great armies and great industrial capabilities to endanger America. Now, shadowy networks of individuals can bring great chaos and suffering to our shores for less than it costs to purchase a single tank. Terrorists are organized to penetrate open societies and to turn the power of modern technologies against us.”

President George W. Bush, 2002 *National Security Strategy*

CONTENTS

Terrorism	1
Terrorism Financing	2
Organized Crime	3
Combating Crime	4
Money Laundering	4
Trafficking	5

Terrorism

Western Europe Faces High Risk of Terrorism

Aon Inc., one of the world’s leading insurance and risk-management firms, reports in its annual terrorism risk assessment that Western Europe is challenged by a higher terrorism risk this year due to intensified extremist activity by its domestic Islamic communities, especially in Germany, Denmark, Belgium, and the Netherlands. Almost half of 31 countries facing a terrorist threat are in Western Europe. The most recent instance was the murder of filmmaker Theo van Gogh in November 2004 by a Dutch Moroccan Islamist extremist. Iraq, Israel/Palestine, India, Nepal and Russia make the top five countries at high risk to terrorism.

British police warn that Al Qaeda’s terrorist underground in that country may launch an attack, especially in light of the upcoming general elections on May 5, 2005. According to the Aon report, London faces a high terrorist risk, while Birmingham, Manchester, and Belfast are also deemed likely targets. Sir Ian Blair, commissioner of the Metropolitan Police, said that foreign terrorists, namely, Kamel Bourgass, a member of the Al Qaeda-affiliated Algerian

organization, Salafist Group for Preaching and Combat (GSPC), planned to spread ricin poison at the Heathrow Express rail link. The Metropolitan Police believe that dozens of supporters of GSPC are residing in Britain despite the arrest of about 100 suspects. It is difficult to determine the number of foreigners in Britain who advocate Al Qaeda’s goals. A survey of South Asians in the UK showed 13 percent in favor of another September 11-type attack against the United States.

According to Paul Bassett, executive director of Aon’s crisis-management division, involvement in the Iraq coalition elevated the risk of terrorism in some countries. For this reason, countries such as Australia, Poland, and Estonia may be subjects to attacks. Bassett also noted that the number of radical Islamist recruits has increased in Europe. Return of Al Qaeda operatives to their respective countries from short tours of duty in Iraq will multiply the terrorist threat as they recruit new members on arrival.

Countries without a significant Al Qaeda presence are also deemed dangerous because of the large number of domestic terrorist assaults, for example, in India. In this regard, Bassett says, “We are not saying do not invest in these countries. But be aware of the localized threat.” (*Combined dispatches*)

Al Qaeda in Kosovo

There have been a few reports on the presence of Al Qaeda in Kosovo over the past few years. While there were many reports on the presence of Bosnian Jihadists in Kosovo during the 1995–1999 period, Bulgarian intelligence chief Kircho Kirov warned this March about the presence of Al Qaeda in the Balkans, claiming that

the extremists have reportedly been infiltrating other European states. Kosovo was cited as a direct source of regional instability in a joint NATO-Bulgarian report in March 2005. Prizren, a major town in southwestern Kosovo, is allegedly a stronghold of a main Al Qaeda-affiliated organization. Terrorist supporters have taken advantage of the fact that the Kosovo Force (KFOR) has focused on crisis-ridden areas such as Mitrovica, in northern Kosovo.

Britain and the United States also acknowledge Al Qaeda's presence in Kosovo. Britain warns that a major threat emanates from 200 extremists based in the UK "who have been trained by Al Qaeda in Afghan camps for conflict in places such as Chechnya, Bosnia and Kosovo." According to a Serbian news portal, Serbianna, the United States, along with British SAS and German BND, prepared and used the Kosovo Liberation Army units, whose ranks at the time were filled with Al Qaeda jihadists, to subvert Serbia. According to a February 2005 report of German TV network ZDF, "KLA [Kosovo Liberation Army] has stronger ties with the CIA than the [German] BND."

At a two-day conference on terrorism in Belgrade this April, a group of prominent U.S. analysts and Serbian academics announced that "the greatest terrorist threat to Europe comes from the Balkans, particularly Bosnia and Kosovo, which still maintain links to Al Qaeda and other terrorist organizations." Yosef Bodansky, the director of the Congressional Task Force on Terrorism and Conventional Warfare, in Washington, noted that the Balkans is a "springboard for Islamic extremism" in Europe and that Iran was the major force behind it. Zoran Dragisic from the Faculty for Civil Defence at the University of Belgrade stressed that Al Qaeda, Kosovo Albanians, and organized criminal groups were the major cause of terrorism in the Balkans. *(Combined dispatches)*

Guantanamo Detainees Reportedly Give Best Intelligence on Al Qaeda

U.S. authorities claim that the Guantanamo Bay detention camp, where 540 terrorist suspects captured during the U.S.-led war in Afghanistan are still held, has grown into the single best intelligence source on Al Qaeda's recruiting, bomb making, and interest in weapons of mass destruction. According to a

Department of Defense (DOD) report, information provided by detainees generated 4,000 intelligence reports. A U.S. official was quoted as saying that some of the information gained in Guantanamo helped the government understand the kind of network in Europe that attracted Muslim youth who were then recruited by pro-Al Qaeda imams and Islamic cultural centers and in the end sent to Afghanistan.

According to the report, many Guantanamo detainees would have risen to top positions in Al Qaeda's hierarchy. Those were the well educated and skilled, including doctors, aviation specialists, lawyers, translators, and engineers. Some detained engineers are capable of making advanced bombs with explosives produced from household materials. Many detainees were either actively involved in planning terrorist acts or took part in attacks in Europe, the United States, or Central Asia. Among them there was one who is believed to be the 20th hijacker in the September 11 attacks.

A representative of the Amnesty International, Jumana Musa, noted the report does not mention whether the United States applied coercive interrogation methods to obtain information. Musa questions the validity of the DOD report, arguing a detainee may say "whatever he thinks the interrogator wants to hear" under duress. The released detainees said soldiers from the Immediate Reaction Force treated some prisoners harshly. Such actions take place three times a week and are videotaped all the time. The International Committee of the Red Cross, which is the only outside group allowed to visit the detainees, has not criticized the jailers of detainee abuse. The DOD report noted that "the [obtained] information includes their leadership structures, recruiting practices, funding mechanisms, relationships, and the cooperation among terrorist groups, as well as training programs, and plans for attacking the US and other countries." Many detainees reportedly had close ties and access to senior Al Qaeda leaders." *(Combined dispatches)*

Terrorism Financing

Arab Bank Linked to Terrorism Funding

Israeli military and U.S. bank regulators found evidence linking Arab Bank to terrorist funding. Over \$20 million

“to or from more than 45 suspected terrorists or terrorist groups” have reportedly passed through Arab Bank’s New York branch, a fact acknowledged by the bank. Transaction records show that for more than a decade funds passed through the New York office to over 20 Islamic charities suspected of having ties to Al Qaeda, Hamas, Palestinian Islamic Jihad, and other terrorist groups. The New York branch also managed funds for an offshore bank, which was alleged to have transmitted funds to Osama bin Laden, a number of top Hamas leaders, and a Brooklyn, N.Y., store called Carnival French Ice Cream, reportedly tied to Al Qaeda’s arm in Yemen.

The bank reported to the U.S. government only a handful of suspicious transactions in spite of a federal law demanding the submission of all such reports. Robert Garsson, a spokesman for the Office of the Comptroller of the Currency, said, “There were issues about the completeness and accuracy of the information that was given to us by the bank.” Arab Bank expressed confusion over reporting the type of “suspicious” transactions the United States required. Shukri Bishara, chief banking officer of the bank’s New York branch, noted the bank always got “high marks from U.S. regulators on money laundering and other compliance issues,” which the United States does not yet dispute. Bishara noted the bank was not aware of any organized plan on terror funding.

Most suspicious funds first came from other banks, and Arab Bank served as a middleman. Previous undisclosed transaction records indicated that a significant amount of suspicious money passed through other financial institutions, including Citigroup Inc. and Israel Discount Bank Ltd., for the same suspected terrorists that relied on Arab Bank. No regulatory inquiry on transfers was made with respect to these institutions. Transaction records also showed a considerable amount of funds that go to the Palestinian territories through Arab bank were initially transmitted via Citibank.

Arab Bank’s New York office is likely to face devastating lawsuits in U.S. courts by American and Israeli victims of terrorist attacks, who want over \$1 billion in damages. Bank regulators will impose a fine of at least \$20 million “for its alleged failure to report suspicious transactions.”

Since its founding in 1930 in New York by Abdul Hameed Shoman, a Palestinian émigré and entrepreneur, Arab Bank has been one of the most stable and reliable banks in the Middle East, surviving economic turmoil and bank nationalizations after World War II. The bank lost its branches in Syria, Libya, Iraq, Sudan, Egypt, and Saudi Arabia. Its biggest shareholders, among many, consist of the governments of Jordan and Saudi Arabia, affluent Arab investors, including the heirs of the late Lebanese prime minister Rafik Hariri, who held a 9 percent interest. Arab Bank, which has been supporting both Jordanian and Palestinian economies, retains more than one-third of the shares of the Amman Stock Exchange’s capital. (*Wall Street Journal*)

Organized Crime

Australia’s Trouble with Russian Organized Crime

Australian police launched investigations into Russian organized crime in the country, including the operations of offshore banks in Pacific countries such as Nauru, Kingdom of Tonga, and Vanuatu. Australian authorities believe that Russians have laundered AU\$60 million (U.S.\$35.9 million) through offshore banks in these countries. Police identified up to 50 Russian organized criminal elements, which are suspected of forming bases for white-collar crime, money laundering, child pornography, and drug trafficking. Their criminal endeavors stretch from Melbourne and Sydney to the Gold Coast.

The growing presence and influence of Russian organized crime in Australia are manifested by a recent raid by Australian Federal Police (AFP) in Queensland, which uncovered documents with contact names. A 50-year-old Russian, who used an American passport, is suspected of building ties with a known criminal figure in the country.

Australian *Daily Telegraph* reports that a group of Russian criminals, with links to former KGB officers, extorted money from gambling and other Internet-based sites by threatening to use viruses. Russian criminals have even tried to swindle the federal government’s trade commission, Austrade, to build fake front companies and receive export benefits and help. According to a secret AFP intelligence report, Russian organized crime is involved in heroin smuggling, murder, passport

falsification, prostitution, Internet child pornography, complex fraud, and foreign acquisitions and takeovers of genuine companies to launder money.

Moreover, Australian authorities claim that the country has become a target of cyber criminals on a daily basis because it is technologically advanced. According to Australian High-Tech Crime Center director, Kevin Zuccato, “organized crime groups try out campaigns [in Australia] before they go elsewhere to test the effectiveness of their crime.” The rising Internet crime mostly originates from East European countries, especially Russia, Latvia, Estonia, and Lithuania. Although it is difficult to determine the identity of online criminals, patterns of behavior indicate that Russian organized criminals use the United States, China, and South Korea as springboards to send out e-mails. (*Combined dispatches*)

Combating Crime

EU Ministers Boost Anticrime Efforts

Justice and interior ministers of the European Union agreed to enhance coordination and information sharing on criminal records between member countries. But EU members are still resisting a centralized register of convicts. The plan is to help crack down on organized crime, terrorists, and sex offenders across the EU. Luc Frieden, justice minister of Luxemburg, noted that the new plan would not be a single European criminal-record database and that EU governments would increase a “pilot information-sharing project between Germany, Belgium, France and Spain,” which was initiated following a cross-border child killing case in Europe.

At the initial stage, the European Commission envisions setting up rules on sharing criminal records only on EU citizens (to include name, nationality, age, place of residence, and crimes committed) between governments within the EU. Frieden noted that a separate rule on establishing a single database on non-EU residents is expected to be drafted. Privacy advocates voice concern about potential abuse of rights of citizens in sharing sensitive private information. Many EU member states took a number of initiatives last year to secure borders and share information in an effort to fight terrorism, organized and other crime.

Such measures include: On April 16, 2004, an agreement was made among Austria, France, Germany, Italy, Spain, Great Britain, Czech Republic, Hungary, Poland, Slovakia, and Slovenia to improve cooperation on security issues and increase information sharing both at the EU level and bilaterally. On May 28, 2004, interior ministers of Austria, Belgium, Germany, Luxembourg, and the Netherlands agreed to strengthen police cooperation, specifically through information sharing. (*Combined dispatches*)

Money Laundering

Arab Anti-Money Laundering Efforts Stepped Up

The head of the Arab banking association, Joseph Torbey, announced that the Paris-based Financial Action Task Force (FATF) has established a regional organization to fight money laundering in the Middle East and North Africa. The group includes 14 Arab countries, which is headed by Mohammed Baasiri from Lebanon. Speaking at a forum in Beirut, Torbey noted that Arab countries must “demonstrate transparency,” in light of the accusations since the September 11 attacks that Arab financial and charitable organizations had been manipulated to finance terrorism. “The most important measures are aimed at creating an Arab coordination mechanism to fight money laundering and an Arab financial compensation center to avoid the entry of dirty money into Arab states,” said Torbey.

Shaikh Ebrahim bin Khalifa al Khalifa, Bahrain’s undersecretary of finance, noted that the six Gulf Cooperation Council countries have applied harsh monitoring measures to prevent many illegal transactions. Baasiri noted that the task force works with other international organizations to increase “compliance worldwide and to work together to identify money laundering and terrorist financing issues of a regional nature.” The task force meetings enable sharing of experiences and developing regional solutions for participating countries. (*Combined dispatches*)

Swiss Report Decrease in Money Laundering but Rise in Terror Funding

Switzerland’s Money Laundering Reporting Office (MROS) has announced a decrease in the number of suspicious laundering operations for the first time in its

seven-year history. The total number of cases dropped by 5 percent in 2004, which proved the effectiveness of tougher regulations. According to the MROS, 821 cases of suspected money laundering were reported in 2004, which decreased by 42 compared to the previous year. “These statistics indicate that preventive measures contained in the Money Laundering Act are beginning to have an effect.”

Application of stricter reporting measures by financial institutions yielded convictions that were mainly related to small-scale drug smuggling deals, whereas cases involving organized crime were infrequent. The MROS stressed that financial institutions have been more cautious in choosing their clients and ended many previous business connections.

The increase of money laundering investigations in the nonbanking sector went up by 74 percent last year, partially because financial intermediaries have shown more willingness to cooperate. According to the report, even with the decrease of the “total number of reports of alleged money laundering down—most significantly regarding international payments—those involving banks increased yet again.” The number of cases of suspected terrorist funding allegedly increased from 6 to 11 reports in 2004.

Switzerland has been previously criticized for passivity in combating financial fraud and money laundering. In January 2005, the Swiss government proclaimed it wanted to strengthen legislation that would meet international standards and ensure its compliance with the recommendations established by the international Financial Action Task Force. Such measures would expand the list of crimes related to money laundering. (*Combined dispatches*)

Russia’s Money-Laundering Problem Astronomic

The head of Russia’s Federal Financial Monitoring Service, Victor Zubkov, announced “the amount of money laundered in Russia ranges from dozens of millions to several billion rubles, going to as much as 50-60 billion rubles.” Zubkov noted that judicial measures against money laundering have been weak until recently. His agency reportedly helped address cases involving illegal bank transactions and large-scale thefts of budgetary funds by construction

companies. “Our contacts with law enforcement bodies have been developing intensively. Law enforcement bodies made several thousand inquiries on clues given. We solve such crimes in a financial aspect and then turn over the case to law enforcement bodies for a criminal investigation,” Zubkov said. Last year he noted that Russia’s legislation on money laundering and terrorism funding were in line with international standards, in particular, with all recommendations of the Financial Action Task Force, and no major amendments to laws were necessary. Main economic sectors reportedly began to be monitored by competent agencies.

Migrant worker remittances from Russia to other CIS countries amount to \$12 billion, which the IMF considers as key sources of investment for these former Soviet republics. But Russian authorities are concerned that the remitted money may be used for money laundering or terrorist financing. In response, the IMF urged to approach the control of these money flows carefully, “otherwise, they may decrease or go deep underground.” Under current Russian rules, anyone who wires more than 8,000 euros within one year will be inevitably put under surveillance. (*Combined dispatches*)

Trafficking

Major European Drug-Trafficking Gang Dismantled

A one-year police operation, in which more than 100 police officers took part in more than a dozen European nations, resulted in a crackdown on a major international heroin-trafficking gang. 605 kilograms (1,330 pounds) of heroin was seized in Turkey, Bulgaria, the Netherlands, and Germany during the joint operation. Michael Nagel, a senior antidrug official from the Federal Criminal Office of Germany noted that law enforcement found evidence that the drug ring smuggled more than 2,000 kilograms (4,400 pounds) of heroin. Yasar Yaman, Turkey’s deputy chief of the antidrug police unit, stated that “the heroin was produced in Afghanistan and smuggled to Western Europe through the so-called Balkan route—via Turkey and Bulgaria.”

Siegfried Kloebe, a senior customs official in Munich, said, “German and Dutch courts already have sentenced 11 people to a total of 65 years in prison on charges of complicity in the trafficking ring.” Many of the convicted were Bulgarian and Turkish nationals who

moved drugs to a secret location near Amsterdam. The German police announced that among the arrested was Mahmoud al-Z. from Berlin, who is known in the country as the president of the Arab scene of organized crime. The other countries involved in the investigation were not identified.

Commenting on the joint effort in the operation, Wolfgang Schmitz, spokesman of the Customs Criminal Police Department (ZKA), said, “This is a perfect illustration of how customs investigators are able to work successfully after the abolition of border controls.” Preparation for the operation was thorough and required more intensive collaboration between European law enforcement agencies. In view of lesser border controls, European authorities and investigators not only are cooperating on crime fighting more often than before, but also their role as undercover investigators has become increasingly important. Schmitz noted, “[This] success is a firm argument in favor of pushing ahead with cooperation between EU authorities.” (*Combined dispatches*)

Growing Rate of Human Trafficking Worldwide

Human trafficking has become the second-largest organized crime in the world after drug smuggling, annual profits of which are estimated at \$7 billion to \$12 billion. About 17,500 cases of human smuggling were registered in the United States, a majority of whom ended up in prostitution and domestic servitude, according to Austin Choi-Fitzpatrick, an outreach coordinator for Free The Slaves. Florida is the third most frequent destination after New York and California. “The numbers are the tip of the iceberg. This is really a below-the-surface, hidden crime,” says Leslye Boban, director of the Florida Freedom Partnership, which provides housing and counseling for human smuggling victims. The actual figures for this type of trafficking are much higher because most cases go unreported. Often victims are afraid to report to police for fear of being deported, jailed, or killed by their smugglers.

Low living standards and joblessness force people to become slaves. Most are lured with a promise of jobs, education, and a chance to improve their lives in the West. Their papers and passports are taken away and they or their families are threatened to keep quiet.

Many trafficking crimes are committed by small family-run groups or global organized criminal rings.

French law enforcement believes that 90 percent of the 15,000 to 18,000 prostitutes in France are victims of human smuggling. The U.S. Department of State categorizes Cuba as a country of “internal” trafficking, for sexual exploitation and forced labor. In the United States, teenagers, women, and children from Eastern Europe and Latin America are kept in private homes that serve as brothels where they are coerced to service 20 to 30 clients a day.

According to the estimates of U.S. authorities, every year, 600,000 to 800,000 people are smuggled across international borders. In 2004, trafficking victims were from Africa, East Asia and the Pacific, Europe and Eurasia, South Asia, Middle East, and the Western Hemisphere. 80 percent of victims are female, 70 percent of which are for the commercial sex trade. The majority of those smuggled (between 5,000 and 7,000) into the United States were from East Asia and the Pacific, followed by Europe, Eurasia, and Latin America.

Raquel S-Saboor, coordinator for the Orange County (California) Human Trafficking Prevention Subcommittee, says, “If you see a house with unusual activity—people coming and going—call. Be aware of what is going on around you, because human trafficking is happening right out in the open, and unless more people start to notice and speak up, the slavery will continue.” (*Combined dispatches*)

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