

TraCCC UPDATES

TERRORISM, TRANSNATIONAL CRIME AND CORRUPTION CENTER

January, 2016

TRACCC DIRECTOR TESTIFIES BEFORE CONGRESS

On September 9, TraCCC director, Dr. Louise Shelley testified before the Task Force to Investigate Terrorism Funding, within the House Financial Services Committee. The Task Force is chaired by Representative Mike Fitzpatrick (R-PA).

Dr. Shelley's testimony focused on the need to discuss "the business of terrorism" and move away from the concept of terrorist financing. She discussed the diversified business models of terror groups, and how nearly all terrorist activity is now funded through crime. She stressed the need to integrate analysis of corruption into crime and terror analysis, and a "whole of society" approach to the issue. The Task Force members sat up and took notice when Dr. Shelley spoke about loopholes in the Patriot Act that leave the U.S. real estate market vulnerable to criminal enterprise that launders illegal money into real estate.

The Financial Services Committee press release on the event quoted Dr. Shelley: "Terrorists make substantial money by controlling supply chains for delivery of their products, such as drugs, as well as by taxing the smuggling of others that pass through borders or territory that they control. The ability to tax the transit of commodities is one key to their financing. Organized crime groups' extortion of trade has been known for a significant period, which is why they are so deeply involved in ports and the trucking industry. Yet terrorist groups on many different continents also profit from exploiting supply chains and taxing trade. This insight has not merited sufficient attention from the counter-terrorism community."

Meet the Team

TraCCC is happy to have welcomed new members to its team in 2015.

TraCCC welcomes visiting scholar Dr. Mahmut Cengiz from Turkey who will conduct research at TraCCC for the next year. Dr. Cengiz is a rare "scholar-practitioner" with law enforcement experience, and extensive writing on terror financing, and organized crime. Read "Is Fighting Against ISIS Sufficient? Where do Turkey and the United States Stand?," at [this link](#).

Camillo Pardo joined the TraCCC team as a research assistant and PhD. Student focused on corruption. Mr. Pardo has joined us from Columbia where he has broad experience in research on corruption and energy crime.

Yulia Krylova, a Fulbright scholar from Russia and SPGIA PhD. student joins TraCCC, to write her PhD. dissertation. Her current doctoral research entitled, "Grease" Payments in the Relations between Individual Entrepreneurs and Regulatory Agencies in Russia, focuses on the development of anti-corruption policies in Russia's entrepreneurial sector.

UPCOMING EVENTS

Jan 21: Dr. Campbell Fraser discusses organ trafficking and the role of social media and the dark web in the illicit trade

Jan 31: Dr. Shelley will speak on Human Trafficking at event hosted in Fairfax, VA by Northern Virginia Women's Commissions

Late Feb. TBD: Louise Shelley & Orde Kittrie present findings from their Macarthur grant.

Late Feb. TBD: Human Trafficking and the dark web, including speaker from DARPA

<http://traccc.gmu.edu/events/upcoming-events/>

Louise Shelley Writes for the New York Times

ISIS' MEMBERS DEPEND ON PETTY CRIME TO FUNCTION IN EUROPE

[HTTP://WWW.NYTIMES.COM/ROOMFORDEBATE/2015/11/20/DRAINING-ISIS-COFFERS/ISIS-MEMBERS-DEPEND-ON-PETTY-CRIME-TO-FUNCTION-IN-EUROPE](http://www.nytimes.com/roomfordebate/2015/11/20/dRAINING-ISIS-COFFERS/ISIS-MEMBERS-DEPEND-ON-PETTY-CRIME-TO-FUNCTION-IN-EUROPE)

ISIS' funding in the Middle East must be differentiated from the funding for ISIS-directed attacks in Europe. Terrorists in both regions generate money from illicit trade and criminal activity. But ISIS in the Middle East governs extensive territory, requiring large sums to survive. In contrast, the terrorist attacks in Western Europe in 2015 have been low budget operations, requiring more planning than actual cash.

ISIS in the Middle East is a diversified business that, like other terrorist groups, exploits targets of opportunity, recruits personnel globally and seeks profits from many different types of criminal activity. This is why the United Nations Security Council resolution against ISIS passed in January ([Resolution 2199](#)) provides a veritable shopping list of crimes in which ISIS participates: trafficking of arms, people, drugs and artifacts; illicit trade in oil and cigarettes; as well as kidnapping for ransom.

Large revenues generated from these diverse criminal sources maintain ISIS on the territory it controls, pay for training camps, the ISIS propaganda machine and the salaries of fighters.

The financial profile of the ISIS inspired terrorists in Europe is very different. Many of them were small-

scale criminals before they were radicalized and some continue to commit crimes subsequently. Financing from petty criminal activity allows them to support themselves, buy weapons in Europe's illegal markets and rent cars and safe houses. The cost of these attacks is not large but the financial, political and social consequences are enormous — an asymmetric threat.

A common criminal profile characterizes the terrorists of 2015. One of the Kouachi brothers who killed the cartoonists of Charlie Hebdo had [traded in counterfeit Nikes](#). The attacker of the Thalys train, Ayoub El-Khazzani, had a record as a [petty drug trafficker](#). The first terrorist identified in Friday's attacks, Omar Ismael Mostefai, had [eight convictions for petty crime](#) between 2004 and 2010. [Abdelhamid Abaaoud](#), a key figure in the Paris attacks, was arrested for petty crime in 2010 and spent time in the same prison in Brussels where Ibrahim Abdeslam was held.

Following small-scale illicit trade in Europe is key to understanding and dismantling the terrorist networks. Law enforcement and intelligence agencies must combine their knowledge of criminal and terrorist activity, which is not presently done in France. Greater efforts must be made to use information provided by the business community. Nike had alerted the French authorities to the activities of Kouachi. Only by using insights from all sources will it be possible to more effectively counter these pernicious networks.

Read this and other media on our [website here](#).

Dr. Louise Shelley among Inaugural Andrew Carnegie Fellows

"The Andrew Carnegie Fellows program is a direct response to unprecedented threats to our democracy and the international order that need to be addressed by the best of our national talent. The program seeks to identify extraordinary senior, junior, and emerging scholars; journalists; and public intellectuals pursuing research on the challenges of the next 25 years, both at home and abroad, that compel attention and analysis from fresh perspectives. The Corporation asked leaders from across the country to nominate high-caliber individuals for consideration. A jury chaired by Dr. Susan Hockfield, President Emerita of the Massachusetts Institute of Technology, chose the 32 fellows for 2015."

<https://www.carnegie.org/interactives/acfellows/#!/>

TraCCC Hits the Road

TraCCC team members journeyed to South Africa this summer to conduct training for multiple stakeholders in the battle to end rhino poaching. TraCCC was welcomed by NGO's and localities working on this issue, including investigators, wildlife rangers, and trainers who will take their new skills and share them beyond what could be done in a short visit. Trainees were briefed on the current work of the international community, and ways they may be able to tap into that work to advance their own investigations. Topics that are relatively new to the required toolkit of a wildlife advocate were also covered, including tips for open source web-based research, trade-based money-laundering, and an introduction to the international banking system and money movement. The trip was capped off with a visit to see the "Bomas," as they are called locally. These are rhinos orphaned by poaching that are being raised with care to ensure they can be released to their natural habitat when old enough. TraCCC's research in South Africa was recently mentioned in the New York Times' look at U.S. government funding of the fight against rhino poaching in that country. Read that story [here](#).

Elephants in Tarangire National Park, Tanzania



Gretchen Peters conducts training at an historic park in South Africa

In November TraCCC team members visited Tanzania on an introductory trip to determine levels of potential contribution by TraCCC in the fight against ivory poaching in that country, particularly as it pertains to the role of transnational organized crime. Team members met with members of the NGO, conservation, and law enforcement communities in an effort to better understand the unique training needs in Tanzania, and how TraCCC may be of service.

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