



ISIS AT THE GATES

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Executive Summary

In the midst of the never-ending crises in the Middle East, a new radical power emerged from within the Syrian—Iraqi conflicts threatening the peace and well-being of Middle Eastern countries eventually affecting local and global welfare.

This threat that is mainly led by the Islamic State of Iraq and al-Sham (ISIS inflicts burdens on the political, social and economic sectors. Countermeasures have been called upon by leaders of the countries in retaliation to diffuse the threats imposed by ISIS.

So far frontiers have been made and daily attacks are waged on ISIS; yet, ISIS still manages to find access to sufficient financial resources necessary to fuel its activities.

The geographic battlefield against ISIS mainly revolves around the Syrian/Iraqi border; whereas the financing of ISIS extends far beyond that border.

Counter-ISIS financing is a new challenge that has emerged to both local and international banking sectors equally.

The purpose of this white paper is to provide the international audience and mainly financial crimes investigators a brief hands-on about ISIS from the eye of a financial investigator operating in Lebanon—a Middle Eastern country that witnesses day-to-day threats by ISIS on all levels and mainly the financial sector.

Furthermore, the paper emphasizes that despite the demographic location of Lebanon as being close to the "reign" of ISIS; yet and due to globalization and the world being connected easily (especially the financial sector), any efforts to counter the financing of ISIS is supposed to happen on a global scale.

"ISIS at the gates" does not imply that ISIS is on the Lebanese-Syrian gate only!

ISIS is at the gate of every bank in the world, every branch whether in the Middle East or in the Americas, Europe. The latter events of Paris prove that the ISIS conflict surpasses borders.

"ISIS at the gates" provides a preview on ISIS from roots to evolution, methods of financing, counter measures taken and to be taken (local and international efforts), best practices and few case studies in this regard.

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ISIS

What is ISIS?

The Islamic State in Iraq and al-Sham (Levant area: Eastern part of the Mediterranean with its islands and neighboring countries.).

Evolution:

- In 2000, Abu Musab al-Zarqawi founded the al-Tawhid wal-Jihad
- In 2004, Abu Musab al-Zarqawi pledged allegiance to al-Qaeda and his organization became known as "al-Qaeda in Iraq" (AQI)
- In 2006 the name was changed to "Majlis Shura al-Mujahideen" (Abu Omar al-Qurashi al-Baghdadi was appointed to head the said organization) and then to "Islamic State in Iraq" until 2013
- In 2010, Abu Bakr al-Baghdadi was appointed following the assassination of "Abu Omar al-Qurashi Al-Baghdadi
- In 2011, Abu Bakr al-Baghdadi sent fighters to Syria, calling upon immigration of fighters to Syria; thus the establishment of the al-Nusra Front in Syria headed by "Abu Mohammad al-Julani
- In 2014, "ISIS" takes control over Iraqi/Syrian borders and several districts in both countries. "Abu Bakr al-Baghdadi" names himself a "Caliph" and the foundation of the Islamic State

Threats Emerged by ISIS

In one of her statements, former secretary of State Hillary Clinton declares ISIS to be non-Islam-related and not even a state. This opinion is not fully true. In other words, it lacks much significance. The truth is that ISIS has been able to summon up to 30,000 fighters from all over the globe for the sake of "Islamic Jihad." Moreover, it is the first time in the past century that any "organization" has been able to seize control over a land equivalent to the U.K. in size, and draw new world borders.

ISIS is not a new version of "al-Qaeda," and it poses a different ideological threat.

Al-Qaeda's task was strictly fighting the West (mainly the U.S.) and vowed to eliminate any "non-Muslim" troops off the Arab peninsula. Also, it was considered a military guerilla that roamed from one country to the other (Afghanistan, Yemen and Iraq), yet it did not believe that it needs to form a country in order to survive.

ISIS on the other hand was first to declare authority over land and habitats. Upon the U.S. invasion to Iraq and with the oppression caused by the Iraqi Shiite governments on the Sunni minority who were mainly loyal to the former Saddam regime, ISIS nested on such circumstances and accepted the allegiance of several ex-Iraqi regime officials and the residing Sunni habitats into its forces.

With a funding estimated at \$2 million a day (further details regarding funding shall be discussed in the following section); in addition to robbing \$500 million from the Central Bank of Iraq and weapon artillery of the Iraqi Army in the district it conquered, and also using the radical teachings of Islam as a core to its legislation, ISIS became an independent state that can rule, finance and protect its territory.

Accordingly, ISIS is considered a threat to the region and the world on several levels. These are the two main reasons:

1. Regional and global security threat:

Within minutes of news breaking about the deadly terror attack on a Paris newspaper early January 2015, supporters of extremist Islamic groups extolled the suspects in the massacre as "lions of the caliphate" and praised the killings on social media.

It is believed that the brothers Cherif and Said Kouachi who executed the shooting are related to ISIS and al-Qaeda and considered by ISIS a "success" in global jihad, or holy war, as they struggle to maintain momentum in the face of U.S.-led airstrikes targeting their positions in Syria and Iraq.

Such welcoming is considered a serious threat to Western countries, especially to those who have fighters (Germany, France, U.K., and U.S.) that "immigrated" to participate in the struggle taking place in Iraq and Syria.

2. Threats on the financial sector:

When assessing the damage inflicted by ISIS, it is important to note that while ISIS seeks to maintain its "authority and power," ISIS must rely on an international/ remote/cross-border tool to easily mobilize funds and move them from one region to another; thus, ISIS must target the financial sector via penetrating the financial institutions (banks, MSBs, etc.).

The facilities provided by the banking sector to its clients nowadays give ISIS the necessary tools when it comes to easy and fast access to funds, mobility in the transmission and reception of funds. Moreover, banks themselves are also perceived as a financing tool to ISIS! In other words ISIS gained hundreds of millions of dollars by sacking banks in Mosul, Iraq in June 2014.

Sources of financing

What is terrorist financing?

As per the "Glossary of the FATF recommendations," terrorist financing is the financing of terrorist acts, and of terrorists and terrorist organizations.

How is ISIS financed?

In order for a terrorist organization to conquer land similar in size to the U.K. with a population roughly the size of Australia's; it does not come for free!

Millions of dollars cash inflows in addition to illegal business and trades are building blocks to ISIS's daily usage of money mainly derived from illicit proceeds generated by a range of illegal activities as a result of exploiting occupied territories. Yet, this is not sufficient enough to strive and expand on the long run.

How can ISIS manage to "survive" financially while being considered the number one threat to its surrounding and the rest of the world?

"Survival" goes beyond the act of terrorism, it is about financing a big population now living in territories under ISIS control and being able to provide food and rewards to thousands of Jihadists and recruits who have been at war for years.

On October 23, 2014, David Cohen, the U.S. Department of the Treasury's Undersecretary for Terrorism and Financial Intelligence, stated in a speech at the Carnegie Endowment for International Peace in Washington "Attacking ISIL's Financial Foundation" that "ISIS has amassed wealth at an unprecedented pace and its revenue sources have a different composition from those of many other terrorist organizations." ISIS does not "depend principally on moving money across international borders," he continues, but "obtains the vast majority of its revenues from local criminal and terrorist activities."

"ISIL— the best-funded terrorist organization we have confronted" – David Cohen

According to Masrour Barzani, head of Kurdish Intelligence and the Kurdistan Regional Security Council, "The reach of ISIS's financial portfolio is broad and lucrative. Highly localized and multiple revenue streams feed the terrorist organization's coffers, generating up to \$6 million a day."

The following displays ISIL's main sources of funding:

1- Smuggling of Cash Suitcases

During the reign of Saddam, and with the siege imposed on Iraq (being the state with the fifth largest oil reserves in the world), many smugglers who traded Saddam's oil across Iraq's

borders to neighboring countries are now facilitating the same routes between ISIS and the rest of the world.

2- **Royal Gulf Donations, a "Duty" to Donate**

According to a *Newsweek* article published on November 14, 2014, in the past two years, ISIS has been granted more than \$40 million from public or private sources in the several Arab Gulf oil producing nations; in addition to a large network of private donors, including Persian Gulf royalty, businessmen and wealthy families. On September 24, 2014, an ISIS official who received a \$2 million donation originating from the Gulf was listed and sanctioned by the U.S. Department of the Treasury.

Funds tend to reach ISIS militants by a circuitous route, frequently flowing from Qatar to Kuwait, which operates as a clearing house for funds headed to Syria and Iraq, according to the Washington think tank the Brookings Institution.

As ISIS claims it is the "rightful—long awaited" Islamic state, several radical Muslims who share the extreme ideologies of ISIS around the world (and mainly in the Arab world) feel obliged to donate and raise funding campaigns.

Several ringleaders of the "humanitarian" and other fundraising movements have been identified and singled out. Millions of dollars in cash are smuggled monthly to Syria via border crossings between Turkey and Syria—for instance, in the town of Gaziantep in Southeast Turkey—were noted as key places where funds heading for ISIS could be transferred.

3- **Plundering Archeological Sites**

Iraq holds a depth in human history back to pre-9000 B.C. making it the cradle of many of the oldest civilizations that controlled what was once called "Mesopotamia" the "land-between-the-two-rivers," leaving it nowadays with more than 12,000 sites.

More than a third of Iraq's archaeological sites are currently being excavated by ISIS selling artifacts worth hundreds of millions of dollars dating from 9,000 B.C. to A.D. 1,000 through intermediaries to collectors and dealers. Estimates reveal that these sales rank as second largest source of funding.

4- **Steal and Take All What You Can**

In June 2014, ISIS took over Mosul, controlling all private and public institutions. An estimate of 1.5 billion dollars bank vault deposits have been seized by ISIS (as per a statement said by the mayor of Mosul: the group had made off with as much as \$400 million in currency and billion in gold). Many civilians were not allowed to withdraw their money from their accounts held at banks under ISIS control and others were obliged to pay a cut of 10 percent. ISIS levied "taxation" on every business, all goods coming into and out of Mosul, and even on the humanitarian aids.

“When ISIS overran Mosul last June, they literally took necklaces off women—earrings off their ears. They also went after livestock, furniture, cars,” - Sajad Jiyad, an Iraqi analyst at Integrity, a London-based think tank.

ISIS also controls nine grain silos, thus owning hundreds of thousands of tons of wheat representing 40 percent of Iraq’s annual wheat production, according to UN estimates.

5- **Kidnapping for Ransom, Extortion, Human Trafficking, and Blood Money**

ISIS kidnapped hundreds of individuals of several citizenships (Iraqi, Syrian, ethnic minorities, and Westerners) in favor of ransom or sending a message by brutally killing the hostages.

The U.S. Treasury estimates ISIS has received \$20 million in ransoms so far this year (some reports indicate up to \$45 million). Once the ransom is paid, the person is set free; otherwise killed. Sometimes ISIS forces allow victims to contact their families to report that they are being tortured, in the hope of raising a large ransom to secure their freedom.

U.S. officials say European governments—along with some wealthy Arabs—have paid seven-figure ransoms to the group in exchange for hostages.

Japanese journalists "Kenji Goto" and "Haruna Yukawa" were held hostages by ISIS recently, a ransom of \$200 million was requested. American photographer James Wright Foley was also held hostage for a ransom of 100 million euros (more than \$130 million). All three hostages were decapitated after both U.S. and Japanese governments refused to pay the requested ransoms.

A *Daily Mail* online article published on December 19 2014, stated that ISIS has been recruiting foreign doctors for months to harvest the internal organs not only from the bodies of their own dead fighters but also from living hostages—including children—snatched from minority communities in Iraq and Syria, in addition to have set up a specialist organ-smuggling division whose sole responsibility is to sell human hearts, livers and kidneys on the lucrative international black market.

6- **Extraction and Sales of Oil**

ISIS currently controls oil fields in the city of Mosul and Tikrit in Iraq and possesses about 60 percent of Syria’s total production capacity, which, before the struggle kicked into high gear, producing around 385,000 barrels a day.

ISIS does not appear to have access to working oil pipelines, and it lacks expertise to sustain its oil fields for any length of time. In Syria, oil fields under its control are more mature, requiring greater extraction skills, compared with the higher-yielding fields in Iraq.

Iraq is bordered by six countries: Syria, Saudi Arabia, Iran, Jordan, Kuwait and Turkey. ISIS moves oil and fuel across some of these borders with tanker trucks for sale beyond the borders of the territory it controls. Turkey’s southern corridor, Iraq’s northwestern corridor and Syria’s northeastern corridor all contain crossing points. Iraqi Kurdistan is another favorite conduit for oil and fuel, to be sold to Turkey. The regional Kurdish government in Iraq recently arrested

some of its own citizens along with a number of Kurdish politicians and security officials for acting as intermediaries in smuggling out oil and fuel on behalf of ISIS.

It is difficult to get precise revenue estimates on the value of these transactions in light of the murky nature of the market, but estimates that beginning in mid-June, ISIS has earned approximately \$1 million a day from oil sales, making it the primary source of funding it depends on.

What makes financing ISIS different than that of other terrorist organizations?

On October 23, 2014, Cohen stated in a speech at the Carnegie Endowment for International Peace in Washington “Attacking ISIL’s Financial Foundation” that “ISIL poses a different terrorist financing challenge. It has amassed wealth at an unprecedented pace, and its revenue sources have a different composition from those of many other terrorist organizations. Unlike, for instance, core al-Qa’ida, ISIL derives a relatively small share of its funds from deep-pocket donors, and thus does not, today, depend principally on moving money across international borders.” Instead, ISIL generates a vast majority of its revenues through local criminal and terrorist activities within Iraq and Syria.

Moreover, it is important to point out that ISIS is an "alleged" state, in contrast to any other terrorist organization that has not reclaimed any territory as being its state. Such "responsibility" implies that ISIS can undertake (currently it is attempting) all possible and more "sophisticated" measures in terms of financing than those undertaken by other organizations.

Counter Measures Undertaken

International Effort

As previously displayed about ISIS being an international threat, the following efforts were noted as part of international efforts taken to combat financing of ISIS.

The following documents are published on the FATF website.

FATF action on the terrorist group ISIS

Paris, 24 October 2014 - The FATF is deeply concerned with the financing generated by and provided to the terrorist group the Islamic State of Iraq and Syria (ISIS), and highlights the importance of robust implementation of the FATF standards to disrupt and prevent ISIS financing.

In order to combat the threat posed by ISIS, the FATF reiterates the need for all countries to fully implement the FATF standards to combat terrorist financing and calls on all countries to take steps to prevent ISIS from accessing their financial systems.

While an effective AML/CFT regime, in general, is important for countering terrorist financing, the FATF emphasizes that the implementation of certain FATF recommendations is particularly relevant for countering the financing of ISIS:

- Countries should actively investigate and prosecute the financing of terrorist organizations and individual terrorists, even in the absence of a link to a specific terrorist act (FATF Recommendation 5).
- Countries should robustly implement targeted financial sanctions against individuals and entities without delay and should consider proposing new listings of individuals and entities meeting the designation criteria (Recommendation 6).
- Countries should ensure that non-profit organizations are not being abused by terrorist organizations to raise, move, or use funds (FATF Recommendation 8).
- Countries should implement appropriate preventive measures to prevent ISIS from accessing the international financial system, including related to customer due diligence, correspondent banking, and wire transfers (FATF Recommendations 10, 13, 16).
- Countries should ensure that individuals providing money or value transfer services are licensed, monitored, and sanctioned for lack of compliance (FATF Recommendation 14).
- Countries should implement cash declaration/disclosure systems for both incoming and outgoing transportation of currency and bearer negotiable instruments (BNIs). Designated competent authorities should have the authority to request and obtain further information from the carrier with regard to the origin of the currency or BNIs and their intended use. In cases where the currency or BNIs is suspected to be related to terrorist financing, authorities should confiscate the currency or BNIs. (FATF Recommendation 32)
- Each country should ensure that it has adequate means to and does in fact provide prompt and useful international cooperation, including inter-agency cooperation, mutual legal assistance and extradition, to other countries seeking to detect terrorist financing activity and to investigate or prosecute individuals or entities connected to such activity. (FATF Recommendations 37, 39, 40)

The fight against ISIS urgently needs more insight into sources and methods of funding of ISIS. FATF experts will therefore work together to assess and identify the terrorist financing and money laundering risks posed by ISIS, including how funds and other assets are raised, moved, and used by ISIS, and publish the results.

United Nations Security Council Resolutions relevant to ISIS

The FATF notes that ISIS is subject to sanctions under United Nations Security Council Resolution 1267 (1999) and 2161 (2014). United Nations Security Council Resolution 2170 (2014) identified ISIS-related funding streams, including revenues generated from control of oil fields and related infrastructure, kidnapping for ransom, trade with UN-designated entities, donations from individuals and entities, and possible sanctions evasion through aircraft or other transport to transfer gold or other valuable items and economic resources for sale on international markets. In addition, United Nations Security Council Resolution 2178 (2014), requires all member states to prevent and suppress the financing of foreign terrorist fighters, including their travel and subsequent activities. The FATF looks forward to the report prepared by the monitoring team under Resolution 2170, in particular on the threat posed by ISIS and its funding.

In its 7379th meeting, the security council unanimously adopted resolution 2199 (2015) under the binding Chapter VII of the United Nations Charter, condemning any trade with the Islamic State in Iraq Syria, the Al-Nusrah Front and other entities designated to be associated with Al-Qaida under resolutions 1267 (1999) and 1989 (2011), threatening possible further listings for targeted sanctions under those resolutions; therefore underlined the obligations of Member States to take steps to prevent terrorist groups in Iraq and Syria from benefiting from trade in oil, antiquities and hostages, and from receiving donations. It affirmed that the direct and indirect trade in oil and refined oil products, modular refineries and related materials was subject to the requirement of resolution 2161 (2014) that countries ensure that their nationals and those in their territories not make assets or economic resources available to ISIL and related terrorist groups.

Manama Meeting on Combating the Financing of Terrorism:

The Kingdom of Bahrain hosted the 20th MENAFATF plenary on November 9th 2014. The meeting discussed and adopted a declaration on how to combat the financing of terrorism and urged member countries to work and cooperate towards its full implementation.

Best practices:

A. Banks

▪ Banks are required to classify ISIS financing into three categories displayed below:

- a) Funds entering into accounts that may be transmitted to affiliates related to the organization (ISIS):

In other words, several accounts at the bank may be used in the collection and transmission of the funds. The bank may hold accounts for entities and individuals related to the organization (ISIS). The account holders accept deposits on behalf of the organization (collection) and may act on their behalf to move / use / withdraw the funds (usage).

It is the duty of the bank to identify the beneficial right owner (BRO) of the accounts receiving the funds before they identify the underlying reason of the transactions which calls for solid customer due diligence measures.

- b) Funds entering into accounts as proceeds of illegal activity (i.e.; money resulting from sales of antiquities, ransom money....) in order to support daily organizational activities:

In addition to the cash based funds, a major part of the financing ISIS received is wire based resulting from oil sales.

Banks are entitled to know the major sources of ISIS financing.

In a radio interview dated October 21, 2014, hosted by John J. Byrne, ACAMS executive vice president, Chip Poncy, president and co-founder of Financial Integrity Network (FIN), states that some of the settlements of oil sales may have been made in wires by which black market purchasers of oil would settle the agreements with global affiliates of ISIS in areas that are geographically not close to the ISIS conflict region and have weak control measures over their financial sector.

In this regard, this calls for enhancing the relationship between banks in the region and their respective correspondents in Europe and the U.S. The correspondent banks are requested to perform enhanced monitoring on wire transfers from/banks accounts held at local banks (neighboring the conflict area), in which these funds may later be withdrawn and smuggled to ISIS occupied territory or used to finance their terrorist activities.

c) Funds that are sent to individual ISIS fighters (Jihadists):

According to U.S. government information, as of December 31, 2014, at least 19,000 foreign Jihadists from more than 90 countries have left their home countries to travel to Syria and Iraq to join ISIS. The foreign jihadists flew in from Western countries to conflict neighboring countries such as Lebanon, Jordan, the Arab Gulf, and Turkey in order to be trafficked then into the conflict zone in Iraq and Syria; in contrast to other "local" jihadists originally residing in the previously mentioned countries.

Whether foreign or local, the jihadists may access the financial sector in terms of reviewing their bank accounts online, receiving wires (money services business [MSB] transactions and Hawala activity), and using the ATM machine to withdraw cash for personal use.

In his article titled "Assessing the Islamic State and Like-Minded Terrorist Group from an AML Perspective" dated December 9, 2014, Dennis M. Lormel, President and CEO of DML Associates, LLC, states that "Identifying warning signs for funding individual members of ISIL and other terrorist groups in the region should be less challenging than identifying organizational warning signs. Nonetheless, identifying individual red flags is a challenge.

Lormel continues by proposing that "compliance professionals should develop patterns of financial activity identifiable with travel regarding financial services their institution provides. Once these individuals arrive in Syria, other red flags, will become more prominent. Such red flags include:"

- IP logins in areas of conflict such as near the Syrian border, to include Jordan and Lebanon, but particularly in Turkey
- Periods of transaction dormancy, which could be the result of terrorist training or engagement in combat
- ATM cash withdrawals in areas of conflict
- Wire transfers to areas of conflict
- Social media postings (many Western foreign fighters use social media).

- ISIS's occupation of territory in Syria and Iraq gives it access to 110 banks operating within this area. Accordingly, ISIS may have access to the international financial system. The following are currently put in action:
 - The central bank of Iraq issued instructions to financial institutions operating in Iraq to inhibit wire transfers from / to banks located in ISIS held territory,
 - The U.S. department of treasury designated several Syrian banks (including the central bank), thus inhibiting access of ISIS to the international financial sector via the Syrian banks
 - Several banks relocated their staff (and cash assets) in their regional branches to safer locations away from the conflict areas.

- When dealing with threat of ISIS financing, the banks must take note that the **ISIS operations are cash base dominated**. Therefore, it is the duty of the banks that are in the region to monitor accounts that undergo repetitive cash withdrawal operations from various branches and via various beneficiaries. Hypothetically, an ISIS member would not show up to a bank's front desk in Syria or Turkey or Lebanon requesting a cash withdrawal from an account. A facilitator (or more of low suspicion to the bank) will be recruited to perform periodic withdrawals from the accounts and in return will route the cash to ISIS members.

B. Effective Interagency Cooperation

Whether law enforcement agencies, the Central Bank, financial intelligence unit (FIU), and private financial sector; both public and private sector share the responsibility of combatting ISIS. The following steps may be considered relevant examples:

- Setting up a national committee designated to combat ISIS is a must. This committee members are the FIU and local law enforcement authorities that deal with the threat of ISIS (not limited to financing ISIS threat).
- The FIU is requested to contact local law enforcement authorities periodically and share ISIS financing case typologies with the respective agencies.
- Designated law enforcement authorities are supposed to share names of detained ISIS members in order to be disseminated to the financial institutions' data bases.
- When the jihadist is a foreigner, the FIU must contact the home-country FIU of the jihadist to obtain all available information on the latter, and request that the information to share with the local law authorities.
- The law authorities must request tight regulations on cross border cash, mainly on transit passengers and passengers arriving from countries well known for having a high number of foreign jihadist participants.

C. International Cooperation

With the emerging risk of having UN-listed groups/individuals recently pledging allegiance to ISIS (Ansar Bayt al-Maqdis in Egypt and Abu Sayyaf group in Philippines, etc.) this develops

a stronger organizational tie that could lead to the provision of funding from one group to the other or vice versa. Funds may be remitted through the international financial system.

Moreover, with foreign jihadists flying in from countries geographically distant from the conflict zone and reign of ISIS, and daily having followers from around the globe pledging allegiance to the "caliph" waiting to be called upon to embark in their acts, international cooperation between countries to combat ISIS threat is a must.

Some steps include enforcing periodic sharing of information between FIUs, issuing and sharing national sanction list that includes names of facilitators, foreign Jihadist recruiters, black market oil and antiquity purchasers, traders, jihadists, donors...

Case Studies

The following case studies mock live cases currently under investigation in Lebanon. The names, nationalities, figures, values, countries, and any other major element of this typology are mostly fictitious due to the confidentiality governing the ongoing investigation. The reason behind the current display is to formulate a mimic of a current trend of financing ISIS fighters resolve to.

Case Study 1: Wire Transfers to ISIS Conflict Bordering Cities

A request of Assistance was received from the FIU of Gotham (a fictitious fellow Western FIU) regarding suspicious transfers via an "international money remittance company" from a group of four individuals in Gotham to beneficiaries in Gaziantep (a Turkish city located on the Syrian/Turkish borders). The recipients of the wires would withdraw the funds immediately after the transfers.

Information stated that the Gotham bank account of "Sultan" (a member of the group above mentioned) noted several ATM cash withdrawals in several locations in Lebanon ranging \$2,000/withdrawal.

Facebook and other social media linked the four individuals from Gotham to people in Gaziantep and other cities bordering Syria. Social media suggested that the four individuals have links to extremist terrorist groups and social media contacts that reveal photos of ISIS flags and masked Jihadists.

The findings of the case were forwarded to the local law enforcement authorities.

Case Study 2: Suspected Use of Charitable Organizations to Fund

A local bank filed a suspicious transaction report (STR) regarding multiple incoming wire transfers crediting the account of its client (a charitable organization) from an account held at a bank operating in the Gulf.

These funds were withdrawn in cash via three individuals residing in cities located on the Lebanese/ Syrian borders.

Further investigations linked one of the above three individuals and a board member of the organization to pro-ISIS figures.

Conclusion

The current paper displays the origin of ISIS, its evolution, the threats it imposes and financial measures to be undertaken to combat its funding, therefore its growth potential.

Every participant in the market has a duty to fight ISIS. Whether a compliance officer, front desk teller, politician, law maker or a soldier, each component in the society plays a role in combating ISIS.

History displays several examples in which the eradication of such radical terrorist organizations surpassed combatting their tools of funding to inflicting "on-soil" military acts against them, and debating the roots of their ideology thus creating public awareness falsifying the fundamentals their alleged ideological roots, and also defusing the political tension in the middle east area.

The U.S. led airstrikes recently in Iraq against ISIS targets have paused the expansion of ISIS but not minimized or eliminated the conflict. Unless we see government troops boots (Iraqi or any official coalition army) on ISIS occupied soil, ISIS shall continue its occupation and act of terror.

But when it comes to us "financial sector specialists," our duty is to know the main sources of financing ISIS resolves to, and the proper tools to combat. The financial sector must wage its own war on ISIS by creating awareness on the sector level and stimulate cooperation across the entire sector locally and internationally.

Appendices

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Professional Degrees and Credentials:

- Advanced Anti Money Laundering – Financial Crime Investigation (CAMS – FCI)
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- Executive Masters in Financial Management (MFM)
- Executive Masters in Islamic Finance (XIFM)
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