



MENA FCCG

Making a Collective Impact



WEBINAR RECORDING

Listen to playback & view slides



Threat Finance Typologies & Sanctions

2nd August 2018

Welcome to the webinar

- The audio for this webcast can be delivered through your PC speakers or telephone.
- We will be running two presentations with Q&A
- You can submit your questions at any time in the live chat, we will answer the questions at the end of the session
- We will address as many questions as time permits at the end of the presentation.
- Today's webcast will be recorded. The recording and presentation deck will be made available to you within the next couple of days.

Welcome

MENA Financial Crime Compliance Group

The voluntary Group comprises of senior compliance officers from 12 banks* representing eight MENA countries, including; *Bahrain, Egypt, Jordan, Kuwait, Lebanon, Oman, Qatar, and the UAE.*

The Group, launched in September 2016 and presided over by **Mr. Wissam H. Fattouh**, *Secretary General for the Union of Arab Banks*, seeks to bring collective action in the fight against financial crime.

Michael Matossian, *Chief Compliance Officer and EVP of Arab Bank* was nominated to act as the Deputy Chair. The Group also includes **Thomson Reuters**, and the **Union of Arab Banks** as the Strategic Partners.

The Group aims to act as a link and feedback channel between the private sector and external/ global bodies/regulators. To that end, it will arrange financial crime seminars and invite key international bodies, financial crime specialists, and global correspondent banks as a key dialogue mechanism.

The Group aims to demonstrate that banks in the region are working together to share leading practices and to make MENA a safer and more secure place to do business.

Working documents and guidelines developed through its Working Committees and all key updates are published on Group Website: www.menafccg.com

Further information and Contact Details

E-mail: info@menafccg.com

*Abu Dhabi Commercial Bank, Arab Bank, Al Baraka Banking Group, Bank ABC, Bank Audi s.a.l, Bank Muscat, Boubyan Bank, Commercial Bank of Qatar, Emirates National Bank of Dubai, Mashreq Bank, National Bank of Egypt, National Bank of Kuwait

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Presenters Bios

David Shepherd, CAMS (Moderator)

*Head of Market Development, Risk (MENA), **Thomson Reuters**
Secretary General **MENA Financial Crime Compliance Group***

David is Secretary General of the MENA FCCG and responsible for the market strategy for the Thomson Reuters Risk Division in MENA. He is a Certified Anti-Money Laundering Specialist (CAMS) and holds a Diploma in Financial Crime and Compliance. He brings over 10 years experience in Risk and has extensive market experience having worked with prominent Financial Institutions, Governments and Multinational Companies both in Europe and across the Middle East and North Africa. He has been based in MENA in the Dubai Head Office since joining Thomson Reuters in 2013.

Ghaith Zubi (Presenter)

*Expert ISIL / Al-Qaida / Taliban Monitoring team, **United Nations Security Council***

Mr Zubi is based in New York City and is an expert at United Nations Security Council Committee pursuant to resolutions 1267/2253

July 2012- July 2015 Director of Legal Affairs Directorate at Jordanian Financial Intelligence Unit with 15 years of experience in addressing the countering financing of terrorism and sanctions regime on Al-Qaida & affiliates. Zubi has been a member of the United Nations Security Council Analytical Support and Sanctions Monitoring Team, established pursuant to UNSCR 1526 (2004) and 1904 (2009) concerning Al-Qaida, Taliban, and associated individuals & entities, with a long field experience in counter terrorism, and related legal challenges.

1997 to 2012 Jordanian General Intelligence Department (GID) Chief of Counter-Terrorism Center, oversaw a large budget and numerous programs in Cyber Terrorism operations and Countering Financing of Terrorism.

Jesse Spiro (Presenter)

*Global Head of Threat Finance and Emerging Risk, **Thomson Reuters***

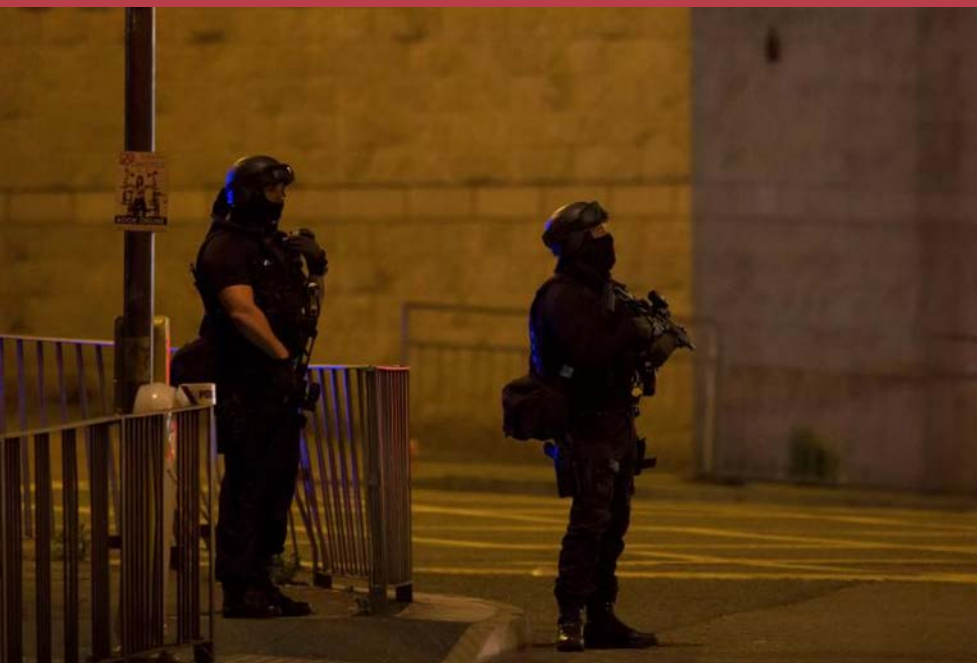
Jesse Spiro is based in Washington DC and is the Global Head of Threat Finance and Emerging Risk at Thomson Reuters.

He is head of the specialized research team for Thomson Reuters World-Check. He is an expert on threat finance, financial crime, anti money laundering, enhanced due diligence and third party risk. He oversees a global team of research analysts covering bribery, corruption, and threat finance (terrorism, proliferation, cyber crime, organized crime, smuggling, trafficking).

He is a member of the Intelligence and National Security Alliance (INSA) Financial Threats Council, and the U.S. Chamber of Commerce Human Trafficking Task Force. He is the author of several reports on supply chain and reputational risk, and a graduate of the University of Maryland, College Park.

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Jesse Spiro

August 2018

Current Trend-microfinancing

- Domestic terror is low cost and can be micro financed
- Homegrown, lone- and known-actor threats are pernicious because:
 - Low risk profile
 - Not all women foreign fighters were married off, some engaged in combat
 - Non sanctioned individuals
 - Ahmad Abdulaziz Abdullah Abdullah (aka Abu Walaa, Faceless Preacher)
 - Small timeframe to identify and act
 - Vehicular attack conducted by unknown suspect
- Working with difficult to regulate and track new methods
 - Reliance on encryption

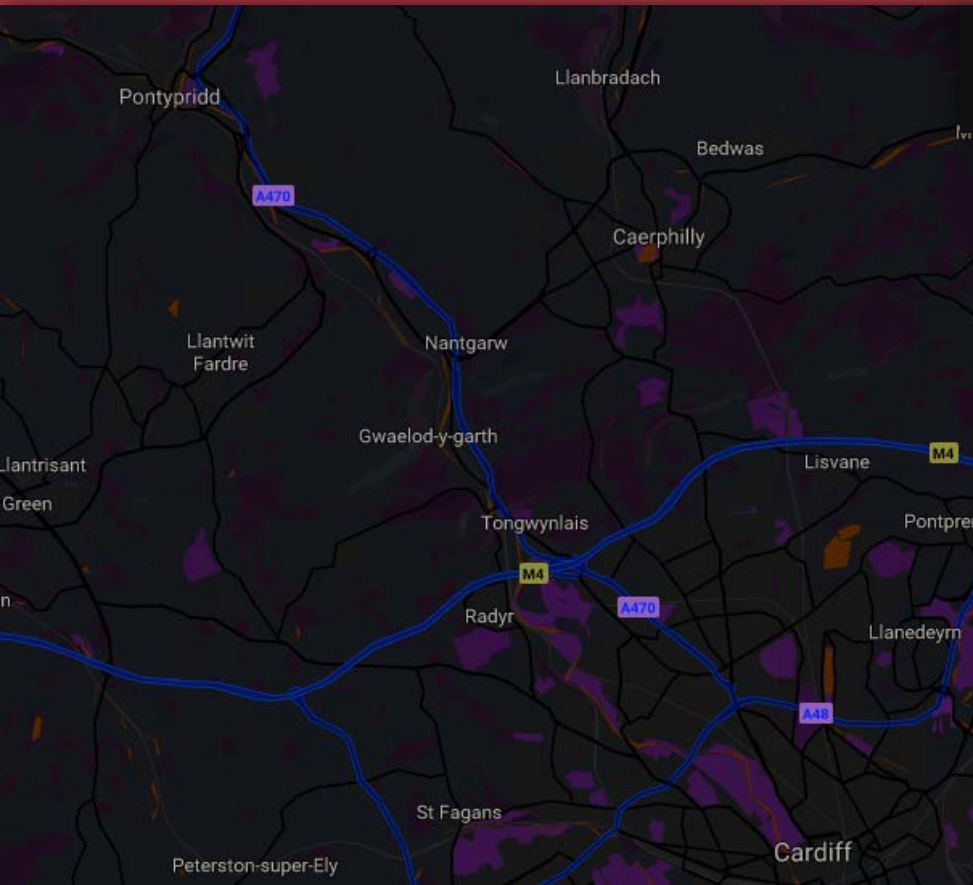


Abu Walaa Copyright NewObserverOnline

Current Trend-operation of legitimate businesses

- Domestic terror is low cost and can be micro financed
- Terrorist Organizations are increasingly using legitimately registered businesses to move funds cross border
- Businesses span across all sectors including (agriculture, technology, telecoms, real estate, etc)
- Traditional TBML schemes are being employed (false invoicing, misinvoicing, etc)

Case Study: Siful Haque Sujan Network



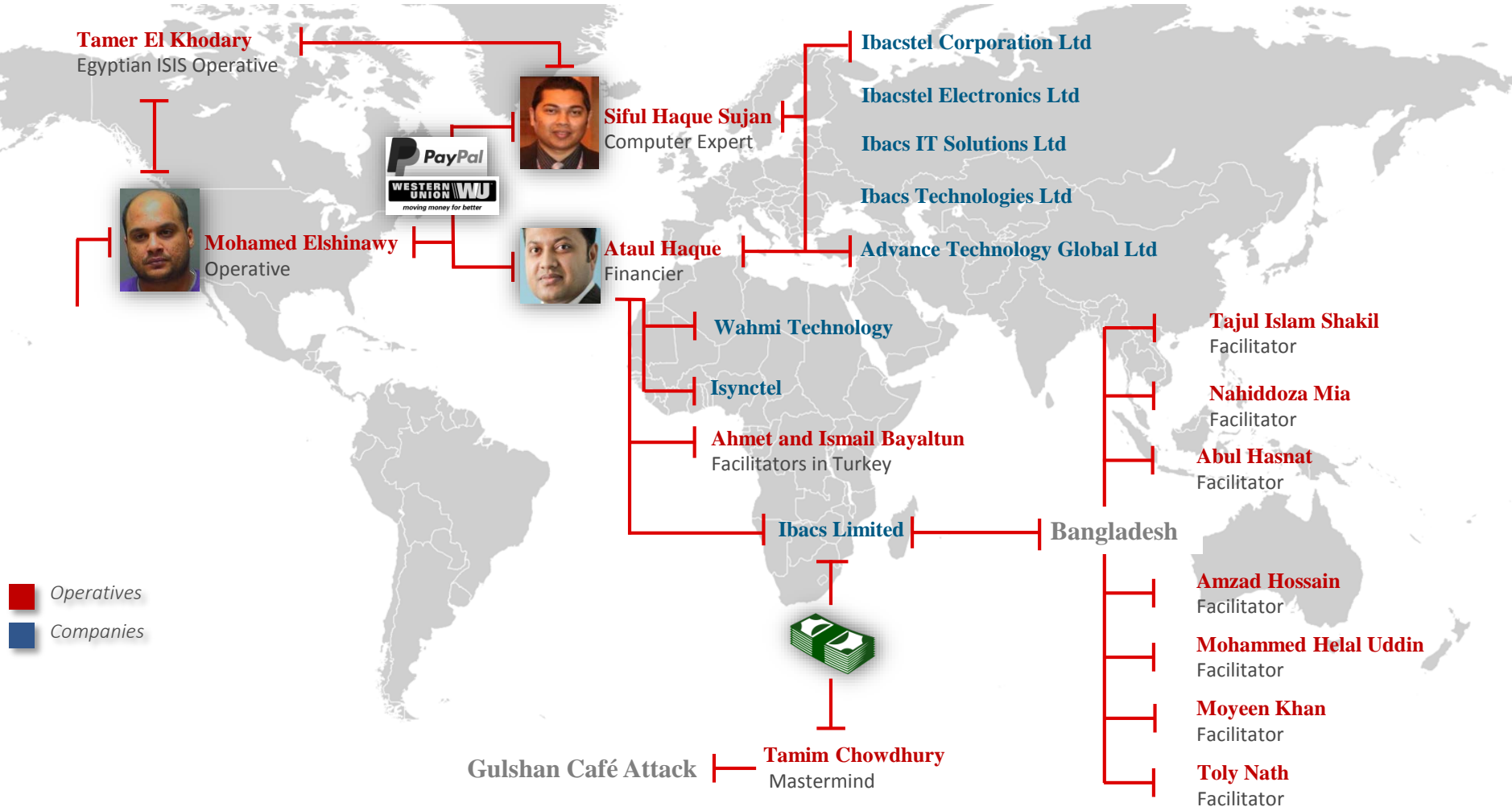
Place of Birth Gopalganj, Dhaka, Bangladesh

DOB 1984/10/3 1976/11/29



- Former resident of Pontypridd, Wales
- Computer expert, financier and facilitator of ISIS
- Founder of Ibacs companies
- Part of network that financed ISIS drone program

ISIS network of legitimate front businesses



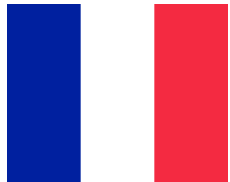
EMERGING CFT RISKS:

ENCRYPTED COMMUNICATION / DIGITAL CURRENCY NEXUS



Telegram

Paris
Nov. 2015
137 Dead



Brussels
Mar. 2016
35 Dead



Dec. 2016
Berlin
12 Dead



Apr. 2017
Stockholm
5 Dead



May 2017
London
23 Dead



Aug. 2017
Barcelona
24 Dead





AQ Magazine “Al-Haqiqa”
Issue # 3, Feb. 1, 2018

*“We see lots of potential for the use of
cryptocurrencies for our purposes.”*

Telegram: @alhaqiqamagazine



Al Sadaqah

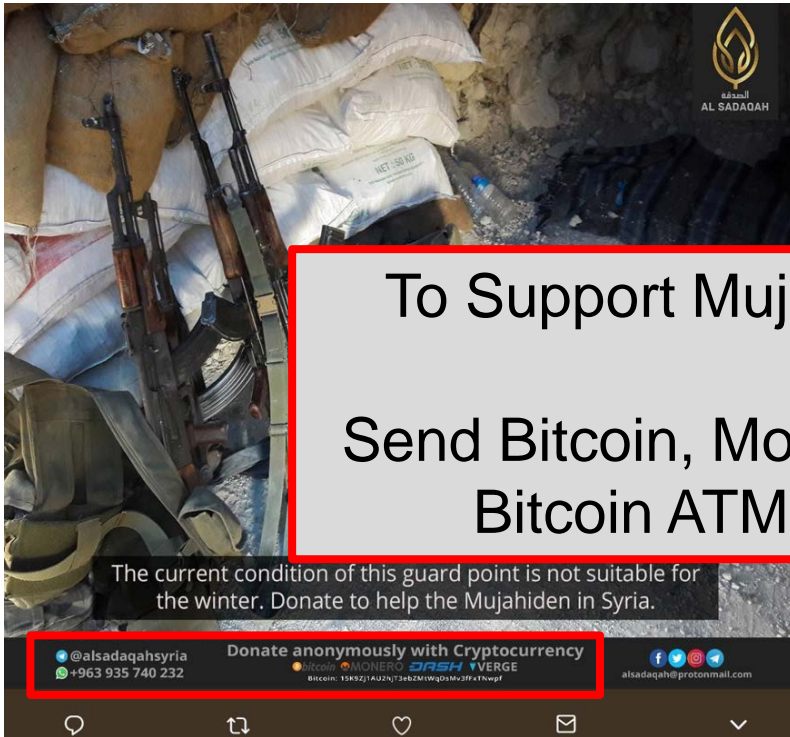
@AlSadaqah1

An idependant organisation that is
benifiting and providing the Islamic rebels
in Syria with fininacal aid. Donate
anonymously with Bitcoin and Monero

t.me/Alsadaqahsyria

Joined December 2017

Message



To Support Mujahideen in Syria:
Send Bitcoin, Monero, Dash, Verge
Bitcoin ATM → \$\$\$ CASH



Al Sadaqah
@AlSadaqah1

Follow

If anyone has a Bitcoin ATM in your area or country, then you can send money to the muhihideen 100% anonymously with cash. It is

Look at
your nearest Bitcoin
ah11 for more help.

Find Bitcoin ATM, Online Rates
tions easily with our Bitcoin ATM Map. For
es online rates are available.

1:58 AM - 19 Jan 2018



Bitcoin Address Addresses are identifiers which you use to send bitcoins to another person.

Summary	
Address	15K9Zj1AU2hjT3ebZMtWqDsMv3fFxTNwpf
Hash 160	2f4f23b59c18866c9de81bb1dc7d144725a3dcda
Tools	Related Tags - Unspent Outputs

Transactions	
No. Transactions	7
Total Received	0.00015585 BTC



0.0594775 BTC (~ USD \$556)

Received on Mar. 27, 2018

Transactions (Oldest First)

cd1ddcdc71b22e20054da0541f622d8b1535305ee616669d02d5ba29479d9abd	2018-03-27 13:39:23
33uDEm4TbK5VWn6UDzBhH1ahMDiVknz37t	→ 15K9Zj1AU2hjT3ebZMtWqDsMv3fFxTNwpf
	0.00594775 BTC
	0.00594775 BTC

Al Sadaqah @AlSadaqah1 · Apr 1

Support the Mujihideen in Syria with your wealth 100% anonymous and completely untraceable.

SUPPORTING THE MUJAHIDIN IN SYRIA WITH WEAPONS, FINANCIAL AID AND OTHER PROJECTS ASSISTING THE JIHAD.
دعم المجاهدين في سوريا بالأسلحة والمساعدات المالية وغيرها من المشاريع التي تدعم الجهاد
Donate safely and securely with Bitcoin
15K9Zj1AU2hjT3ebZMtWqDsMv3fFxTNwpf

The image is a screenshot of the GRAM TON Blockchain website. The website has a dark blue background with a network diagram. The GRAM logo is in the top left, and navigation links like 'What is Gram?', 'Features', 'Team', 'Roadmap', and 'White Paper' are in the top right. A 'JOIN PRE-ICO!' button is also visible. A large red-bordered text box is overlaid in the center, containing the following text:

USD \$1.7 Billion raised from 200 private investors

No Public ICO = No SEC Regulation

Telegram + GRAM = Terrorism Financing Beyond Reach of LE

At the bottom of the website, there are two blue buttons: 'Get tokens (ETH)' and 'Get tokens (BTC)', separated by the word 'or'. On the left side, there is a 'Sold: 1' label and a progress bar.

MONERO

**Secure
Private
Untraceable**



Monero and Terrorism Finance

Monero

- Monero is digital currency based on blockchain technology. It has unique privacy features relevant for illicit finance.
- Why Monero is different?
 - Monero is private. No identifiable information is made public when a transaction is made.
 - Monero is untraceable because sending and receiving wallet addresses are obfuscated. Transactions cannot be linked to a real-world identity.
 - Monero is fungible. Because units of Monero cannot be traced, those units/users cannot be blacklisted by vendor or exchange.

Terrorism Financing Potential Risks

- The privacy features of Monero, particularly its fungibility, provide significant risks in the field terrorism finance.
- Monero's adoption and value has increased as Darknet Markets have included it as a payment option over the last two years.
- While the majority of products on Darknet Markets are narcotics, weapons such as grenades and assault rifles are also available.

Emerging Privacy Cryptocurrencies

- There are thousands of cryptocurrencies, many with privacy features. This gives illicit actors many channels to funnel funds.
- One common method to increase anonymity is to transact across blockchains (Bitcoin -> Monero -> Bitcoin).
- Other cryptocurrencies that are emerging as leaders for privacy coins are:

- Zcash
- Zcoin
- Verge



ISIL Financial Assessment



Ghaith Zubi

Aug 2nd 2018

ISIL & Affiliates



- **Levant (Syria, Iraq)**
- **Central & South Asia (Afghanistan)**
- **North & West Africa (Libya, Tunisia, Sinai, Mali, Burkina Faso)**
- **Arabian Peninsula (Yemen)**
- **East Africa (Somalia)**
- **Southeast Asia (Southern Philippines, Malaysia, Indonesia)**





- Finances continue to **decline** as ISIL loses territory but **still controls oil fields** and is able to sell oil within Syria
- Still **extorting diminishing populations** and charging “taxes” along roads eastern parts of Euphrates River.
- Member States information **expect** that ISIL has hidden **significant reserves**
- **ISIL has made investments in legitimate businesses**, including in Iraq (Real-estate, Hotels, Fishing farms, and Money Exchange Co.)
- **Challenge:** For international community :

How to spend development and reconstruction funds without inadvertently allowing them to fall into ISIL hands



- ISIL **continues** to fund its affiliates but increasingly expects them to find **independent** sources of funding (ISK)
- **Disruptions** to affiliates funding are occurring when **facilitation networks are interrupted**, but ISIL is able to set up **new networks quickly**
- ISIL has **financial facilitators across the Middle East** that are willing to **move criminal** (including terrorist) **funds, in addition to legitimate** money, these facilitators are skilled at ML (al-Kawthar Money Exchange **QDe.157**), (Omar Kubaysi **QDi.412**)
- Challenge: **Listing those facilitators** as was done in:

Hanifa Money Exchange Company (**QDe.153**)

Selselat al-Thahab Money Exchange Company (**QDe.154**)

Significant Financial Events...



June 2014

ISIL captures Mosul and steals up to \$425M from the Central Bank branch

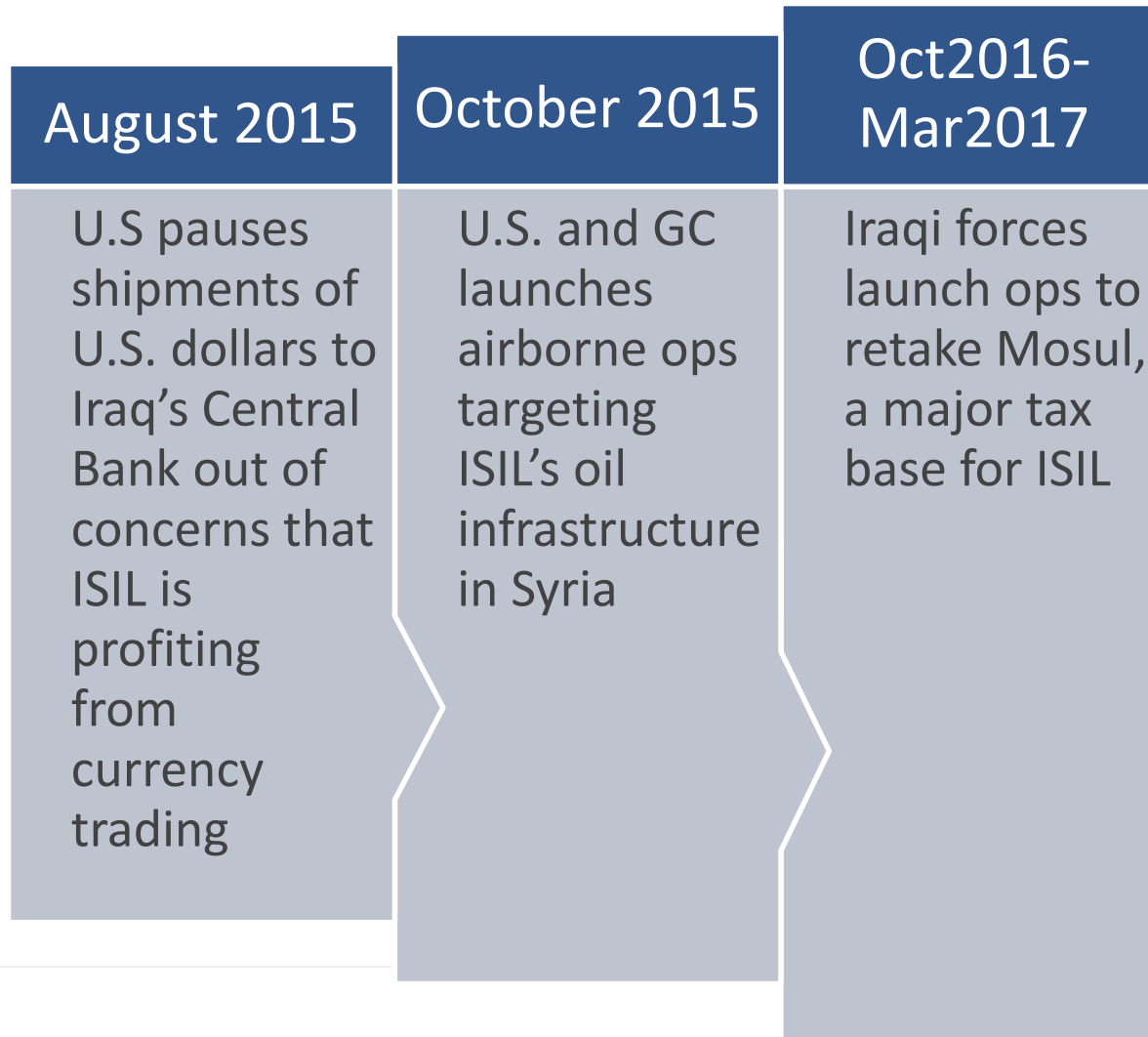
July 2014

ISIL overruns oil fields in Iraq and Syria, and produced oil

July 2015

Iraqi Gov stops sending public wages and pensions to ISIL-controlled areas, cutting potentially up to \$200M per year in ISIL taxation revenue

Events ...





- **Continuing increased efforts by regional stakeholders:**
 - Focus on denying ISIL access to financial system outside the conflict zones
 - Continuing efforts to prevent movement of funds through middlemen or facilitators throughout the region
- **Member States in the region continue to seize cultural artefacts:**
 - Potentially 1 Million items from Syria alone.
 - Inventories of entire museums considered lost, (Idlib Museum) ----- Black Markets in some EU countries.
- **ISIL's attempts to infuse money in licit economy, may need adjusted counter measures ----- private sector stakeholders to exercise increased vigilance and appropriate due diligence procedures**



ISIL (Da'esh)/Al-Qaida/Taliban Monitoring Team UN Security Council

www.un.org/sc/suborg/en/sanctions/1267

Panel Discussion

*Questions
&
Answers*



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Thank you

