MONEY LAUNDERING AND TERRORIST FINANCING

Haris Muminovic
International Balkan University, Faculty of Law – Skopje, haris.muminovic@ibu.edu.mk

Abstract

The fight against terrorism requires international and national cooperation at the national, financial, diplomatic, intelligence, police, military and logistic plan. Money laundering is the process by which the illicit origin of funds derived from criminal activity conceal in order to conceal the link between resources and criminal activities which they have been acquired. These funds are used to finance terrorist activities. Therefore, although the money laundering and terrorist financing are two fundamentally different phenomena, both using the vulnerability of financial systems that allow a certain level of anonymity and lack of transparency in the execution of transactions. Therefore, the cooperation of financial institutions at the national and international level is of the great importance for the suppression of the operation of terrorist organizations. In this paper, the author analyzes the relationship between money laundering and terrorist financing.

Keywords: *money laundering, terrorist financing, the origin, the fight*

INTRODUCTION

Terrorism financing refers to the processing of funds that will be used for sponsoring or facilitating terrorist activities. As is known to the terrorist the group, like any other enterprise or criminal organization, needs funding to maintain infrastructure, organize actions and activities.
Terrorist organizations collect revenue from a variety of sources, often combined to be seen both legally and illegally, so it is very difficult to classify begins the end of illegitimate income. Research to date has shown that there are several funding mechanisms. They can be legal, such as donations, and, in to a greater extent, illegal. How are legal funds (for example donations insufficient), or in in case of support of banned organizations, non-existent, terrorists must find funds from other sources. Donations are of course still a way to get money and that in countries where cash flow control is not so rigorous.
The best method is to legalize, launder money from illegal, but lucrative, businesses: drug sales and production, prostitution, smuggling, intellectual property theft, fraud. Terrorist organizations also use legal means to obtain the necessary funds such as: they own hotels, cafes, taxi associations and thus finance their activities. They invest the most in jobs that will bring them current earnings. Money comes with assistance of unregistered money transfer services, havala and through ATM transactions.
Forms of financing can be grouped into two types:
1) Financial support – public sponsorship from governments, private, individual and business contributions, NGOs and humanitarian organizations, diaspora, etc. Financial support of this kind means it can come from both legal entities and private individuals.

2) Income generated from various activities – Income often comes from criminal activities, such as kidnappings, extortion, smuggling or fraud, human trafficking, weapons, diamonds, gold. This division should not be confused with the division with regard to the legality of the origin and the basis of acquisition of funds (legal and illegal fundraising). Revenues can also be generated from legitimate economic activities, for example revenue from taxi services (this and similar revenues are generated funds in cash, so they are often represented), real estate investment, legal trade. We were also attracted by the generation of legal money by control jobs in video clubs. Namely, cards and are rarely used in this business checks and the inflow of cash is daily. Video clubs, on the other hand, can be interesting places to spread ideas and recruit fighters.

An important division is into long-term and strategic and current, operational or factual.

Of course, the key thing with the division into legal and illegal money flows is that illegal money must somehow be "laundered" and enter legal flows in order to unhindered use. The so-called "money laundering" is not specific only to terrorist purposes, this type of transfer of funds can already be seen in organized crime. In both cases, both the terrorist sponsor and the organized criminal will want to cover up illegal funds, either because such funds have an illegal origin, or because the organization wants to preserve the continuity of legitimate funding. Still, there is a key the difference between traditional money laundering and terrorist financing. Monitoring financial transactions in the case of traditional money laundering, from a financial point of view investigator, is done to link funds to a crime that has already been committed and all accomplices in a crime. Let's say "cash flow" can bring us from goods (say human trafficking) to the criminals involved in this part. In this way, detecting related parties and punishing them is crucial. In case of money laundering for terrorist financing, however, an investigation is being conducted in order to prevent individuals from gain access to funds that could finance future terrorist activities, that is, it is done in order to prevent crime.

1. SPONSORS OF TERRORISM IN THE FINANCIAL SENSE

Sponsors of all types of modern terrorism are difficult to recognize, because they are becoming rarer they are states, and more and more often different organizations of business or humanitarian character smuggling of illegal immigrants, including potential comrades-in-arms. You don't have to forget that poverty and economic and political instability are some of the preconditions that can generate the emergence and development of terrorist organizations. The link and symbiosis of organized crime and terrorism, especially of a religious nature, in developing countries, in to which political institutions are not fully developed, it can happen more often and more easily than in highly developed democracies, although the history of the twentieth century has shown that terrorism can arise and escalate into a great social danger, (Red Brigades, Bader Meinhof Red Army Faction, IRA, ETA, Tamil Tigers, ANC). Countries in development today they are in greater danger because conflict situations are more frequent in them, ideological and religious conflicts are more intense, governments are more repressive, and economic inequality is increasingly larger, which is all fertile ground for terrorism and the strengthening of organized crime. U some of them are intensively increasing the production and trade of narcotics and smuggling of illegal immigrants, and the repressive authorities are not strong enough to control the difficult available areas (Afghanistan, Iran, Iraq, Laos, Thailand, Philippines, Indonesia, etc.). Funding mechanisms: legal and illegal means.

Terrorist financing is “in any way, directly or indirectly, illegally and intentionally, the provision or collection of funds with the intention of using them or knowing that it will be used, in whole or in part, to commit "terrorist acts." activities.

Funds used to finance terrorism go through several stages:

1. The collection or accumulation phase, where funds from the legitimate operations of affiliated companies, or in practice even run by terrorist organizations or individuals, are collected together with funds obtained illegally.
2. The phase of storing and storing these funds, where the funds thus collected are kept in various ways, including depositing in accounts with commercial banks, opened by intermediaries, individuals or companies.
3. Phase of transfer to the user, that is terrorist cells until their operational use. Money can be transferred via courier, smuggling across the border, along assistance of international electronic transfers, use of charitable organizations, havala, hundi, etc.
4. Finally the phase of their use.

A terrorist group must, like any other interest group, provide money for its maintenance. The fund needed for the mere commission of a terrorist act is relative is small (say, only $ 5,000 is enough), but for recruitment processes, significant amounts of money are needed to train and maintain "sleeping units".

2. TYPES AND DIVISIONS OF TERRORISM FINANCING

It should not be emphasized that the division of terrorist financing has much to depend on the facts for which the starting criteria are determined. We will only mention those which we consider the most important:

- according to the scope of activities undertaken
- the presence of awareness among financiers
- the existence and expression of will of the financier
- according to the time of realization of the collected funds
- the manner of transferring funds

According to the scope of activities undertaken, terrorist financing can be observed in a narrower and broader sense. In a narrower sense, it is defined as an act related mainly to the direct preparation of terrorist activities (direct preparation and execution of terrorist actions, financing the eventual escape of terrorists, their concealment ...). In the wider in this sense, all other activities related to terrorist actions are implied, which are not fall under the aforementioned narrower meaning. These are, for example, propaganda activities, financing of certain regions, ethnic groups or communities that are suitable for the development of extremism, fundamentalism and radicalism, then financing of madrasas, schools, military camps, and even the financing of the terrorist's family before and after the commission of terrorist acts.

Terrorist financing given the presence of awareness among financiers can be consciously and unconsciously. Conscious funding means that individuals who in any way contribute in a material sense, know the final destination and purpose of their funds (Sandić, 2011). We are talking about the existence of unconscious financing of terrorism, for example we have donations of a humanitarian nature. Then the people who donate funds are not aware that it will be used by terrorists.

The financing of terrorism, given the presence of the will of the financiers, can be voluntarily and compulsorily. We remember the affair when the KLA forcibly collected "taxes" of Kosovo Albanians for its own needs (Sandić, 2011: p. 101). According to the time of realization of the collected funds, and in relation to the time of execution of the terrorist act itself, we can, understandably, divide the financing of terrorism into preimmediate and ex-post funding.
Terrorist financing with regard to the manner of money transfer may be through official financial institutions, which include transfers to within "offshore centers", tax havens, etc., and through illegal financial flows let's say havale which is to be discussed later.

3. FINANCING THROUGH HUMANITARIAN DONATIONS NON-GOVERNMENTAL ORGANIZATIONS

Humanitarian organizations have been present in international relations for a long time they do a very important and responsible job helping to build a better society and helping to millions of people in critical periods of their lives. However, some humanitarian organizations divert part or all of their income to finance terrorism. The need to monitor the revenues of these organizations has led to the adoption of recommendations by the FATF (The Financial Action Task Force) intergovernmental body whose basic.
The goal is to develop and improve the policy of combating money laundering and terrorist financing international and national level. Adel Batterjee is known to be wealthy Saudi businessman, founded the Benevolence International Foundation (BIF) in 1987, supported by Saudi Arabia. According to official data, during 2001, this organization collected has over 3.6 million US dollars and sent over 2.7 million US dollars Muslim victims of war in eight countries, including Afghanistan, Bosnia, Pakistan and Chechnya. And this money actually went to armed groups, not to war victims (Napoleon, 2003). Some activities of the mentioned legal organizations, for example the construction of madrasas and mosques, the organization of computer courses, also represent a logistical network for the training of future terrorists. In the United States in 2001, an agency called Green Quest was established would combat terrorist financing and how to develop a list of suspicious activities. The following patterns of activities may be related to terrorist financing:

- Account transactions that deviate from previous account developments or sudden withdrawals of cash, checks, or electronic money transfers;
- Transactions that involve the transfer of large amounts of money, without being clear and obvious purposes, sources or that are problematic in relation to the location, for example, countries under sanctions;
- Inexplicable closing of accounts or negotiation of third party checks and investments in foreign banks on behalf of others;
- Structuring in several branches or in the same branch, that is branch with diverse activities; • Corporate layers, that is transfers between linked bank accounts entities or donations without a compelling reason;
- Electronic transfers of money from humanitarian organizations to companies that are found in countries known as "tax havens";
- Lack of visible donation collection activity, for example lack of checks with small amounts or typical donations associated with humanitarian bank deposits;
- Using multiple accounts to collect funds that are then sent to them foreign users;

- Transactions without a logical economic purpose, that is without a connection between activities organizations and other parties involved in the transaction;
- Overlaps of company employees in decision-making positions, or persons with authority signature or other obvious similarities associated with addresses, references or financial activities;
- Credit card schemes in which deposits are made in the United States and money is withdrawn from ATMs in other countries. Such transactions but in the opposite direction they are also suspicious; • Issuing checks, personal checks or other financial instruments, often in the same a series of consecutive numbers, to the same persons or undertakings, or to persons or undertakings with a similar name.

It is difficult to separate only by activities whether a specific action is related to terrorism or organized crime. Precisely because of the above, these must be seen in the context of other factors in order to determine the relationship with terrorist financing. Tracking simple, suspicious transactions, for example currency exchange operations, international transfer of funds, will bring us to the end users, that is countries and individuals. Some of these people may have police records, especially for drug and arms trafficking, making it easier for us to get a big picture of intentions of a terrorist group.

4. MONEY LAUNDERING

Money laundering is a process through which criminals try to conceal the true origin and ownership of the procedures of their criminal activities with the ultimate goal of securing legitimate and legal coverage for their sources of income and finances. It is a means through which serious crime organizations live without obvious links to the criminal world.

Terrorist financing affects economic effects on a global scale, as terrorists use existing, legal financial infrastructure to mobilize and direct their resources.

Money laundering is a seemingly simple, but essentially complex process, which is illegal the source of the funds, obtained or generated from criminal activities, is concealed, so as not to be revealed the link between the means and the criminal activities by which they were acquired. Terrorist financing means raising and disposing of such funds, which are used for needs maintenance and creation of terrorist activities, so it can be said that these two phenomena, though are essentially different, using the same vulnerability of financial systems, which allow for an appropriate level of anonymity and non-transparency in the execution of financial transactions. The definition of money laundering calls for an emphasis on criminal activities derived from money to be laundered. Different countries have adopted different methods of addressing criminal activities. Some countries have generalized and included all criminal ones activities, while others made a list of serious crimes with a tendency to collect large sums of money.

Terrorist financing is often equated with money laundering, due to similarities which exists between these two phenomena. A common component, that is their basic the similarity is that they are financial transactions, that is instruments used in both cases, the same, as well as the mechanisms that states have at their disposal in the fight against these phenomena.

It can be said that money laundering is the use of money acquired through criminal activities, and terrorist financing is the use of money to carry out criminal activities.

Whichever method is used to launder money, the processes are normally performed in three stages. They can occur as separate and separate phases, but also simultaneously, sometimes even

and overlap, depending on the criminal organization involved. Listed three phases they usually consist of a number of transactions by money launderers in an attempt to disguise the search process. Such transactions can, however, alert the bank or financial institution to criminal activity through any of the following three phases:

- Investment phase - money earned directly from criminal activity (such as sells drugs) is invested for the first time either in a financial institution or is bought with it certain assets;
- Concealment Phase — attempts to conceal or seemingly change the actual origin or the owner of the assets, e.g. transfer from one account to another, change currency, changing jurisdiction; i
- Integration phase — money includes in the legal economy and financial system, e.g. liquidation of an investment that uses processes for obvious legitimate business.

Certain vulnerabilities have been identified in the average laundering that perpetrators with difficulty avoid and where their activities can be more easily identified:

- Entry of money into the financial system;
- Cross - border flow of funds and
- Transfers within and from the financial system.

For this reason, most countries have, to a large extent, concentrated their own attempts at the investment stage. Namely, the strategy that has proven to be successful is to focus on making it harder to invest money.

Although most anti-money laundering regulations focus on the set-up phase, it is emphasized that banks and financial institutions, as suppliers of a wide range of services, remain vulnerable when used for laundering and integration phase. Loan extension and the rapid transfer of funds between accounts with different names and jurisdictions can be used as part of the process of creating complex transaction covers.

Banks and financial institutions that become involved in a money laundering scheme are most likely to risk prosecution, loss of good trade reputation and possible loss operating licenses.

5. EXAMPLES OF TERRORIST ORGANIZATIONS AND THEIR WAYS FINANCING

The violence that terrorists want to achieve can be carried out through three types of terrorist organization or event. These are: large insurgent rebel groups, extras mystical networks mostly with international connections and isolated cells with external ones support (Sandić, 2011: 53). Large insurgent formations need millions of dollars in revenue to maintain their system, that is, to procure and maintain weapons, to provide accommodation and food for their members, etc. Their financing mainly consists of illegal economic activities, for example, cultivation and trafficking in opiates, drugs, human trafficking, so they are often organized together with large criminal organizations. As this way of organization requires space for the accommodation of a large number of people, the organization and maintenance of security protocols and agronomy for illegal income, then in this group find terrorist organizations that have close ties, or control a state or part countries, regions, areas. This group includes, say, the Taliban regime in Afghanistan, Tamil Tigers, ETA, etc.

Extremist networks with international links generally focus on specific areas of activity, mainly in different countries, and their activities are usually motivated by a specific goal. Funding is mostly characteristic and mostly comes from sympathizers, but also from big capital. An example is say Al Qaeda, ETA, PKK, Chechens, PLO.

Individual operating cells with external support can be listed as isolated attacks carried out by small groups of people, cells with limited budgets, or even without financial ones support from the "headquarters". These cells are very difficult to detect in practice, but they consist of dedicated people who are often obsessive in achieving a goal. Examples of such terrorist activity are: the attack in Bali, Madrid, London, Casablanca, New York and of course Beslan.

CONCLUSION

International terrorism is becoming more widespread, more complex, more ambitious goals and thus more disastrous for the basic values and freedoms of individuals and the international community. The lack of a single and objective definition of terrorism makes it impossible to accurately classify an act as terrorist, and to allow some organizations are labeled as terrorist, while for others they are freedom fighters and national heroes. By creating political instability, terrorist activity negatively affects global economic growth and development. There is an additional problem in most countries in the form of insufficiently regulated criminal legislation related to terrorism. Aggravating the difference between the United States and European countries over the question of whether it is for also contributes to the successful struggle counter-terrorism a more appropriate criminal law model or a model of war on terror.

One of the current problems of the international community is the conflict over data on the exact number of supporters and activists, identifying organizations as terrorist and the like. There are also different views on the best way to fight terrorism: from cessation of participation in terrorism, traditional negotiations, military coups to the psychological fight against terrorists acting on their minds and consciousness. At the same time, most countries the international community is investing in its own security forces. For a successful fight against terrorism, it is necessary to combine three models: the use of politics and diplomacy, implementation adequate legal system and criminal legislation and the use of military force.

Money laundering and terrorist financing pose serious threats to the international arena security, peace and the sustainability and stability of the financial system of the whole community. Therefore, counterterrorism policy should be given a primary place in addressing national and international security, and it should be as layered as terrorism itself. She demands national and international cooperation in state, financial, diplomatic, intelligence, police, military, logistics. There is also the development and strengthening of international supervision over banking operations and financial transactions, while the adoption of international acts has enabled the freezing and confiscation of funds and terrorist property. The analysis of terrorist attacks shows that they are for their execution required small amounts whereby terrorism can be characterized as a cheap means while anti-terrorism very expensive. In the process of harmonization with international standards and norms The Republic of Serbia is introducing changes in its legislation in this field. Like he said Francis Bacon knowledge is power, and the strength and power of knowledge and communion necessary are at a time when there is a danger of violating basic democratic values, democracy and freedom of individuals, but also of the entire international community.

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