Following the Money to Combat Terrorism, Crime and Corruption

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Leading National Security Concerns in 2017

- ISIL in Syria & Iraq and Beyond
- Sunni-Shia Divide
- A Rising China
- Drug Violence Migration Crisis in Latin America
- Corruption and the Panama Papers
- EU-BREXIT Terrorism Refugee Crisis
- Russian Adventurism
- U.S. and NATO in Afghanistan
- Nuclear Proliferation
- Anti-Globalization Wave
- Cybersecurity and Emerging Technologies
Illicit Networks are Empowered by Globalization

Flow of Transnational Organized Crime

Touch each number to read about a criminal organization.

Click each category to see the flow of goods.

Source: LA Times
Global Supply Chain Management
Four Critical Elements

**MATERIEL**
- What is Moving?
- What Resources are Accessed?
- How is Technology Used?

**MANPOWER**
- Who is Moving?
- Who is in Control?
- Who is Enabling?

**MONEY**
- Who is Funding?
- How is Revenue Generated?
- Where is Money Going?

**MECHANISMS**
- What Modes of Conveyance?
  - Land, Air, Sea routes?
- What about Cyberspace?

Source: Celina B. Realuyo
The Threats from Illicit Networks in the Americas

NORTHBOUND

DRUGS
PEOPLE

SOUTHBOUND

MONEY
ARMS
Mexico’s drug cartels

Zones controlled by major cartels

- Sinaloa
- Zetas
- Gulf
- South Pacific
- Templar Knights
- Juarez
- Disputed territory

Source: Stratfor
Human Migration Routes in the Americas

SOURCE: MISSING MIGRANTS PROJECT, INTERNATIONAL ORGANIZATION FOR MIGRATION
Human Smuggling vs. Human Trafficking

**Human Smuggling**
- An immigration crime across borders
- Voluntary and involved in the act
- Pay a fee to smugglers
- The objective is to find economic opportunity or join family

**Human Trafficking**
- A crime against a person and his/her human rights
- Not voluntary
- Involves fraud, coercion, and violence
- A persistent crime like slavery

Source: US State Department Trafficking in Persons Report
The Costs of Crime and Violence

New Evidence and Insights in Latin America and the Caribbean

Source: Author

Note: LAC = Latin America and the Caribbean
Panama Papers, Offshores, PEPs
The Far Reach of the Odebrecht Scandal across Latin America

Odebrecht bribery across Latin America

Bribery payments shown in millions of dollars

- Dominican Republic (2001 – 2014) 92
- Mexico (2010 – 2014) 10.5
- Panama (2010 – 2014) 59
- Colombia (2009 – 2014) 11
- Ecuador (2007 – 2016) 33.5
- Peru (2005 – 2014) 29
- Brazil (2003 – 2016) 349

Source: US Justice Department
Critical Enablers of Illicit Networks

- Leadership
- Illicit Activities
- Logistics
- Personnel
- Weapons
- Technology
- Environment
- Financing

Illicit Networks
Understanding Threat Financing Flows

STOP THE FLOW OF BLOOD MONEY!

Raise
Move
Store
Spend
Money Laundering and Terrorist Financing Methods

- **Banks**
  - Trade-Based Money Laundering
  - Bulk Cash Smuggling
  - Mobile Internet Banking

- **Store of Value**
- **Front Companies**
- **Money Services Businesses**
Elba Esther Gordillo, “The Teacher”, arrested February 2013 for skimming $200mm from the bank accounts of the National Union of Education Workers for herself.
Bulk Cash Smuggling
MSBs and Casas de Cambio
Trade-Based Money Laundering

2. To launder the U.S. dollars, cartel contacts intermediary, called peso broker.
4. Broker’s U.S. employees place the dollars in U.S. banking system.
5. Broker offers the U.S. dollars to a Colombian importer, in exchange for Colombian pesos.
6. Importer uses the drug U.S. dollars to buy U.S. goods, which are shipped to Colombia.
Drug proceeds from across the U.S. are consolidated and smuggled as bulk cash to LA to purchase clothes from fashion businesses.

Clothing is purchased from China and shipped to the LA fashion district.

The clothes are driven over the border to Mexican stores for resale and the profits are claimed as legitimate proceeds.
Opportunities and Risks with Free Trade Agreements: NAFTA, Colombia and Panama
Money Laundering through Front Companies and Authentic Entreprises
FINTECH and Virtual Currencies

Fuente: Celina B. Realuyo, WJPC
RealuyoC@ndu.edu
Counter Threat Finance Strategy

MISSION

To deny terrorists and criminals the financial means to plan and execute their activities by detecting, disrupting, and dismantling their financing networks through three pillars:

1. law enforcement and intelligence operations
2. public designations/asset freezes
3. capacity building
The Convergence of Illicit Networks

Facilitators

Terrorists

Criminals
The Convergence of Terror-Crime Networks

– Taliban, Haqqani Network, Al Qaeda in Afghanistan
– ISIS in Iraq, Syria, and Beyond
– Al Qaeda in the Arabian Peninsula
– Al Shabaab in East Africa
– Boko Haram in Nigeria
– FARC and BACRIM in Colombia
– Hezbollah and its Global Facilitators
ISIS: Auto-Financed Criminalized State
U.S. Strategy to Degrade and Destroy ISIL
Nine Lines of Effort to Counter ISIL
November 2014

1. Supporting Effective Governance in Iraq
2. Denying ISIL Safe-Haven
3. Building Partner Capacity
4. Enhancing Intelligence Collection on ISIL
5. Disrupting ISIL’s Finances
6. Exposing ISIL’s True Nature
7. Disrupting the Flow of Foreign Fighters
8. Protecting the Homeland
9. Humanitarian Support

Source: The White House
Promoting National and International Efforts in the Three Spheres of the Campaign against ISIS
Leverage the Financial Instrument of National Power to Counter ISIS

The Islamic State as the Richest Terrorist Group: Sources of Financing

- Banks
- Oil Revenue
- Human Trafficking
- Antiquities
- Donors/Internet
- Extortion
- Agriculture
Composition of ISIS’ Sources of Financing

ISIS revenue breakdown in 2015

- Taxes & Fees: 33%
- Oil: 25%
- Kidnapping & Ransom: 4%
- Other: 35%
- Antiques: 1%
- Donations: 2%

Source: Center for the Analysis of Terrorism (CAT)
The Islamic State as the Richest Terrorist Group
Revenue Source: Extortion of Those Occupied
ISIS Oil Smuggling Routes and Revenues

Human Trafficking and Kidnap for Ransom
Destruction of Ancient Sites and Antiquities Looting
U.S. Strategy to Destroy ISIS in Iraq and Syria
The Role of the Armed Forces
($12.5m cost per day)
<table>
<thead>
<tr>
<th>Target Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanks</td>
<td>129</td>
</tr>
<tr>
<td>HMMWV’s</td>
<td>356</td>
</tr>
<tr>
<td>Staging Areas</td>
<td>676</td>
</tr>
<tr>
<td>Buildings</td>
<td>4,517</td>
</tr>
<tr>
<td>Fighting Positions</td>
<td>4,942</td>
</tr>
<tr>
<td>Oil Infrastructure</td>
<td>260</td>
</tr>
<tr>
<td>Other Targets</td>
<td>5,195</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16,075</strong></td>
</tr>
</tbody>
</table>

*Numbers may fluctuate based on battle damage assessments
Current as of 13 November 2015

Source: CENTCOM CCCI
<table>
<thead>
<tr>
<th>Target Type</th>
<th>数量</th>
</tr>
</thead>
<tbody>
<tr>
<td>坦克</td>
<td>164</td>
</tr>
<tr>
<td>HMMWV’s</td>
<td>388</td>
</tr>
<tr>
<td>停车场</td>
<td>2,050</td>
</tr>
<tr>
<td>建筑物</td>
<td>7,948</td>
</tr>
<tr>
<td>战斗位置</td>
<td>8,638</td>
</tr>
<tr>
<td>石油基础设施</td>
<td>2,638</td>
</tr>
<tr>
<td>其他目标</td>
<td>10,074</td>
</tr>
<tr>
<td><strong>总和</strong></td>
<td><strong>31,900</strong></td>
</tr>
</tbody>
</table>

*数据可能根据战斗损害评估发生变化。
当前日期：2016年9月26日*

来源：CENTCOM CCCI
Operation Tidal Wave II
against ISIS Oil and Financial Assets
RUSSIA

Restoring Russian prestige
Advancing Russian influence in the middle east
Maintaining relations with Israel
Supporting the Assad regime
Challenging US policy
Advancing Iranian influence in the middle East
Removing Assad from power
Supporting US approved rebel groups
Military support for Iraq
Supporting Hezbollah

USA

Defeating ISIS
Opposing Israel
Challenging Saudi influence

IRAN
The Expansion of ISIS Beyond Iraq and Syria
Inspired vs. Directed Attacks

Major events: 
- Red: Attacks directed by/linked to ISIS
- Yellow: Attacks inspired by ISIS
- Green: Arrests of suspected ISIS militants or supporters

SAN BERNARDINO, CALIFORNIA
ORLANDO, FLORIDA
NEW YORK/NEW JERSEY
PARIS and NICE, FRANCE
BRUSSELS, BELGIUM
GERMANY
TURKEY
AFGHANISTAN
BANGLADESH
THAILAND
NORTH AFRICA

Countries in yellow are where ISIS has declared provinces.

Within 30 days, a preliminary draft of the Plan to defeat ISIS shall be submitted to the President by the Secretary of Defense. The Plan shall include:

(A) a comprehensive strategy and plans for the defeat of ISIS;
(B) recommended changes to any United States rules of engagement
(C) public diplomacy, information operations, and cyber strategies to isolate and delegitimize ISIS and its radical Islamist ideology;
(D) identification of new coalition partners in the fight against ISIS and policies to empower coalition partners to fight ISIS and its affiliates;
(E) mechanisms to cut off or seize ISIS's financial support, including financial transfers, money laundering, oil revenue, human trafficking, sales of looted art and historical artifacts, and other revenue sources;
(F) a detailed strategy to robustly fund the Plan.

Source: The White House
RAQQA, MOSUL BATTLES CONTINUE
The New Global Security Environment

U.S. Responses to Transnational Threats

TO BE WRITTEN OR UPDATED BY NEW ADMINISTRATION
Partnering to Combat the Convergence of Illicit Networks

- Countering Violent Extremism
- Homeland Security and Critical Infrastructure Protection
- Cybersecurity and Privacy
- Leveraging the Financial Sector to Combat Terrorist Financing
Partnering with Private Sector to Counter Violent Extremism and Recruitment via Social Media
Partnering with Private Sector to Counter Terrorist Financing and Money Laundering

THE FINTECH ECOSYSTEM

Payments & Transfers
- Dwolla
- Stripe
- PayPal
- Square
- Klarna
- Venmo
- Braintree
- iZettle
- Adyen
- Paydiant
- Visa Checkout
- American Express
- Express Checkout
- Samsung Pay
- Apple Pay
- Google Pay
- Xoom
- Remitly
- WorldRemit
- TransferWise
- Currency Cloud
- Flywire

Lending & Financing
- Lending Club
- Prosper
- OnDeck
- Funding Circle
- Funding Circle
- Prêt d'union
- Auxmoney
- Avant
- Avant Credit
- Zopa
- Patch of Land
- Orchard
- RateSetter
- Asset Avenue
- Lufax.com
- 信而富
- 信而富
- Credibly
- CAN Capital
- CA

Retail Banking
- Simple
- Moven
- Ally
- Even
- Zest Finance
- Upstart
- Bondora
- OFX
- OFX
- OFX

Financial Management
- Lending Robot
- Mint
- Credit Karma
- Betterment
- Motif Investing
- Betterment
- BillGuard
- Robinhood

Insurance
- MetroMile
- Oscar
- Friendsurance
- MyDrive
- BizInsure

Markets & Exchanges
- WeSwap
- Ripple
- Coinbase
- Kraken
- Lending Robot
- BTC
- Coinsetter

BI INTELLIGENCE
Role of Average Citizens in September 17
New Jersey and New York Bombings Case

Together, we can help keep our community safe.
The New Global Security Environment
Fostering a “Whole of Nation” Approach to National Security
C3 THROUGH P3

Private Sector
Public Sector
Civic Sector

COMMUNICATE, COOPERATE, COLLABORATE
The New Global Security Environment and the Convergence of Illicit Networks

CONVERGENCE
Illicit Networks and National Security in the Age of Globalization

BEYOND CONVERGENCE
WORLD WITHOUT ORDER

Available soon at beyondconvergence@ndu.edu