

NO MONEY FOR TERROR

CONFÉRENCE DE LUTTE
CONTRE LE FINANCEMENT
DE DAECH ET D'AL-QAÏDA

PARIS — 25 ET 26 AVRIL 2018

PRESS KIT



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PRESENTATION

At 5:30 p.m. on 26 April, the President of the French Republic will close an international conference set up on his own initiative, on combating the financing of Al-Qaeda, Daesh and affiliated persons and groups.

The military victory against the “Caliphate” was a major success, but it does not protect us against the resurgence of Daesh, or the activity of persons and groups loyal to Daesh – as we have recently seen in France – or Al-Qaeda. It is hard to prevent these groups taking root in vulnerable regions like the Sahel, the Horn of Africa, the Middle East, and South and Southeast Asia.

The fight against terrorism and terrorist financing are currently key international security priorities and as such Mr Gérard Collomb, Ministre d’Etat, French Minister of the Interior; Ms Nicole Belloubet, Keeper of the Seals, Minister of Justice; Mr Jean-Yves Le Drian, Minister for Europe and Foreign Affairs; Mr Bruno Le Maire, Minister of the Economy and Finance; and Mr Gérald Darmanin, Minister for Government Action and Public Accounts, have invited to this conference their counterparts from some 70 States and the leaders of almost 20 international and regional organizations and specialized agencies. Each French Minister will lead a round-table session, during which they will invite their partners to appraise the issues and put forward concrete solutions.

This ministerial meeting will be preceded on 25 April by a day of discussions among experts in combatting the financing of terrorism from within States and invited organizations. This day will take the form of three successive round-table sessions led by Mr Bruno Dalles, Director of TRACFIN, in the presence of Mr Bernard Émié and Mr Laurent Nunez, respective Directors-General of External and Internal Security and Ms Corinne Cléostrate, National Director of Customs Intelligence and Investigations (DNRED) and then by Mr François Molins, Public Prosecutor, and Ms Mireille Ballestrazzi, Head of the Central Criminal Investigation Directorate, and finally by Mr Emmanuel Moulin, Director of Mr Bruno Le Maire’s private office.

The States and organizations invited to the Paris conference will be asked to endorse a statement.

This conference will take place at the headquarters of the Organisation for Economic Co-operation and Development (OECD, 2 rue André Pascal, 75016 Paris).

CONFERENCE PROGRAMME

Wednesday, 25 April 2018: “expert” section (not open to the media)

- 9:30 – 13.00 Round-table session led by Mr Bruno Dalles, Director of TRACFIN, in the presence of Mr Bernard Émié, Director-General of External Security (DGSE), Mr Laurent Nunez, Director-General of Internal Security (DGSII) and Ms Corinne Cléostrate, National Director of Customs Intelligence and Investigations (DNRED).
- 14.45 - 16.45 Round-table session led by Mr François Molins, Public Prosecutor, and Ms Mireille Ballestrazzi, Head of the Central Criminal Investigation Directorate (DCPJ).
- 17.00 - 18.30 Round table session led by Mr Emmanuel Moulin, Director of the Private Office of Mr Bruno Le Maire, French Minister of the Economy and Finance

Thursday, 26 April 2018: “ministerial” section

- 10.15 - 10.45 Introduction by Mr Angel Gurría, OECD Secretary-General
Speech by Mr Peter Neumann, International Centre for the Study of Radicalization, King’s College, London
Keynote by Mr François Molins, Public Prosecutor
- 11.00 - 13.00 Two round tables in parallel, led by:
- Mr Gérard Collomb, Ministre d’État, French Minister of the Interior
- Ms Nicole Belloubet, Keeper of the Seals, French Minister of Justice
- 13.15 - 14.45 Lunch - Keynotes by Mr Jean-Yves Le Drian, French Minister for Europe and Foreign Affairs and Mr Gérald Darmanin, French Minister for Government Action and Public Accounts
- 15.00 - 17.00 Two round tables in parallel, led by:
- Mr Jean-Yves Le Drian, French Minister for Europe and Foreign Affairs
- Mr Bruno Le Maire, French Minister of the Economy and Finance
- 17.15 - 18.00 Conclusions by the President of the French Republic (open to the media).
- 18:00 Family photo

INVITED STATES, ORGANIZATIONS, AUTHORITIES AND AGENCIES

Afghanistan	Libya	United States
Albania	Liechtenstein	Yemen
Algeria	Luxembourg	Palestinian Authority
Argentina	Malaysia	African Union
Australia	Mali	ASEAN
Austria	Mauritania	CCASG
Bahrain	Mexico	CEMAC
Belgium	Morocco	ECOWAS
Bosnia and Herzegovina	Netherlands	Egmont Group
Brazil	Niger	Eurojust
Burkina Faso	Nigeria	European Union
Canada	Norway	Europol
Chad	Oman	IMF
China	Pakistan	Interpol
Côte d'Ivoire	Panama	League of Arab States
Denmark	Philippines	OECD
Egypt	Portugal	The World Bank
Finland	Qatar	UN
Gabon	Russia	WAEMU
Germany	Saudi Arabia	WCO
Greece	Senegal	
Iceland	Singapore,	FATF
India	Somalia	FATF-associated
Indonesia	South Africa	organizations:
Iraq	South Korea	CFATF
Ireland	Spain	ESAAMLG
Israel	Sri Lanka	APG
Italy	Sweden	EAG
Japan	Switzerland	MONEYVAL
Jordan	Tanzania	GABAC
Kazakhstan	Togo	GAFILAT
Kenya	Tunisia	GIABA
Kosovo	Turkey	MENAFATF
Kuwait	United Arab Emirates	
Lebanon	United Kingdom	

BRIEF OVERVIEW OF DAESH AND AL-QAEDA'S FINANCING

The financing of Daesh, Al-Qaeda and groups which have pledged allegiance to either of these organizations, is pragmatic.

In Africa, the Middle East, South and Southeast Asia, in conflict areas (Syria, Iraq, Yemen), in territories in which States are weakened (Libya, Somalia) or in hard-to-control regions (Afghanistan, Sahel-Saharan strip), these groups adapt to their environment and exploit its vulnerabilities.

Kidnapping for ransom, which from 2008 to 2017 is thought to have earned almost \$150 million for Al-Qaeda affiliates (AQIM and AQAP), has also become one of Boko Haram's preferred sources of financing.

In Somalia, Al-Shabaab has set up a system of levies by coercing citizens and the business community.

In Yemen, Al Qaeda in the Arabian Peninsula (AQAP), buoyed by its newly-won territory in 2015-2016, has amassed significant funds, estimated at \$120 million.

Daesh's territorial expansion between 2014 and 2017 enabled it to take control of the financial reserves of local government departments, to levy taxes on the population and to secure new revenue from illegal trading in energy resources (oil and gas) and antiques. Its military losses on the ground have caused it to lose territory and have weakened its operational capacities, meaning that Daesh is now forced to adapt its strategy, to possibly change its structure and to diversify its sources of financing to compensate for the group's loss of revenue in Iraq and Syria. The movement is trying to partially compensate for these losses by resorting to a consistently high level of external financing.

CONFERENCE MISSION STATEMENT

First, it will enable an **exchange of best practices** at the discussions which will bring together **over 450 international experts on combatting terrorism and its financing**. The final declaration will reflect some of these conclusions, including by encouraging participating States to improve their domestic mechanisms in order more effectively collect, exchange and process financial intelligence. Special attention will also be paid to obstacles to international cooperation between financial intelligence units, intelligence services, police services and judicial systems.

The conference will cover **all sources of terrorist financing**, both legal and illegal. It will examine **the various means by which these financial flows circulate**: in cash, via informal methods, through banking channels and fund transfer methods.

Today, there are **many ways to collect and transfer money while evading State vigilance**. States agree on the need to meet this challenge, partly by implementing instruments to monitor financial flows and identify users of electronic wallets and prepaid cards, and partly by harmonizing the framework for online “kitties”, crowdfunding platforms and new online payment systems. Cooperation from online collection and payment platforms is also needed to better oversee **crowdfunding**.

In certain world regions with little-developed banking sectors, **mobile banking** is growing fast. When an individual deposits cash at a sales point, mobile banking services now allow another individual to withdraw the deposited cash using an SMS code at a sales point of their choice. While these operations are legally seen as a transfer of funds, it is difficult to identify the beneficiaries. Transferring funds by mobile banking also presents high risks for terrorist financing. The conference will encourage participants to develop ways of better identifying users.

Finally, the participants will share their **analyses of future risks**, so that we can plan ahead. Particular attention will be given to new digital players in the financial services sector as the emergence of such players is diluting client knowledge and making traceability more complex.

Crowdfunding: digital platforms for the collection of funds which put entrepreneurs or project leaders in contact with private individuals or professionals with the means to provide financial resources through equity investments, loans, donations, etc. Online “kitty” sites may resemble donation platforms. It is difficult to establish whether the projects, the true recipients and the contributors’ identities are genuine or not and as such crowdfunding can be used for money laundering or terrorist financing.

Cryptoassets - sometimes known as “virtual currencies” – are digital units of value which are not legal tender and are not regulated by any central bank. They are based on **blockchain** technology which enables the decentralized authentication of transactions without the need for a trusted third party. Virtual currencies are not regulated and only depend on the issuing entity. The term “virtual currency” is in fact a misnomer and the term “crypto-asset” should be used where possible. Crypto-assets are used as exchange instruments but their volatile exchange rate, high transaction fees and lack of guaranteed refund in cases of fraud mean that they only partially fulfil the functions of a legal currency.

TIMELINE OF INTERNATIONAL ACTION AGAINST THE FINANCING OF TERRORISM

1989

- Creation of the **Financial Action Task Force (FATF)**. The FATF currently has 37 members and works in collaboration with nine "FATF-Style Regional Bodies" (FSRBs) spanning 190 "jurisdictions". The FATF has drawn up 40 "Recommendations" to combat money laundering and terrorist financing.
- Its regular reviews can lead to countries being added to the lists of "high-risk jurisdictions" (known as the "black list") or "countries currently working towards conformity" (grey list).
- Since February 2018:

Black list with call for action: North Korea

Black list without call for action: Iran

Grey list: Ethiopia, Iraq, Serbia, Sri Lanka, Syria, Trinidad and Tobago, Tunisia, Vanuatu, Yemen.

1995

- Creation of the **Egmont Group**, a network of financial intelligence units (services responsible for reviewing, analysing and circulating the declarations of suspicion of laundering and terrorist financing). It currently has 155 members.

1999

- Adoption of the **International Convention for the Suppression of the Financing of Terrorism** by the General Assembly of the United Nations.
- **Resolution 1267** of the United Nations Security Council (UNSC); Creation of a sanctions regime against the Taliban, which was extended to Al-Qaeda in 2000.

2001

- **Resolution 1373** (UNSC): requires States to prevent and suppress the financing and preparation of terrorist acts on their territories.

2005

- Adoption of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.

2011

- **Resolutions 1988 and 1989** (UNSC) - Separation of the Taliban regime from the Al-Qaeda regime
- Creation of the Global Counterterrorism Forum - GCTF

2014

- Creation of the **Global Coalition Against Daesh** - Within this framework, creation of a working group to combat the financing of Daesh, co-chaired by Italy, Saudi Arabia and the United States.
- **Resolution 2178** (UNSC) on foreign terrorist fighters.

2015:

- **Resolution 2253** (UNSC): expands the sanctions regime against Al-Qaeda to include Daesh and associated groups
- **Resolution 2199** (UNSC): steps up measures aimed at stemming the sources of financing for Daesh and Al-Qaeda
- Adoption by **G20** Heads of State and Government of a statement on the fight against terrorism (Antalya).

2016:

- Adoption by the **G7** of an Action Plan on Countering Terrorism and Violent Extremism (Ise-Shima). G7 finance Ministers adopt an Action Plan on Combatting the Financing of Terrorism

2017:

- **Resolution 2347** (UNSC): Protection of cultural heritage and the fight against trafficking during armed conflict
- **Resolution 2368** (UNSC): Update to the sanctions regime against Al-Qaeda and Daesh
- **Resolution 2396** (UNSC): On foreign terrorist fighters returning to their home countries
- Adoption by **G20** Heads of State and Government of a Statement on Countering Terrorism (Hamburg)
- Adoption by **G7** leaders of a Statement on the Fight Against Terrorism and Violent Extremism (Taormina).
- Creation of the International Alliance for the Protection of Heritage in Conflict Areas (ALIPH) following the International Conference on Safeguarding Endangered Cultural Heritage in Abu Dhabi, organized by France and the United Arab Emirates on 2-3 December 2016.

KEY FRENCH PLAYERS IN THE FIGHT AGAINST TERRORISM AND TERRORIST FINANCING

The counter-terrorism section of the Paris Prosecutor's Office

Since early 2016, the Prosecutor's Office has been responsible for the fight against financing in its investigation and prosecution strategies, in partnership with the intelligence services and judicial police service. Since 1 January 2016, intelligence provided by TRACFIN has been used in 137 investigations by the Paris Prosecutor's Office.

Financial investigations and analysis of fundraiser networks are precious tools to:

- identify terrorists active abroad in theatres of operation which were previously undetected by traditional intelligence methods
- connect these terrorists to groups that are active in the Levant or other individuals
- prevent planned attacks in France and prevent individuals from leaving for combat zones
- -retrace the itinerary of the perpetrators of terrorist attacks and identify their logistical support.

This information is shared with the judicial authorities in other European countries via **EUROJUST** and helps to improve the efficiency of proceedings by the countries best placed to prosecute.

DGSI

The French **Directorate General of Internal Security** is the leading body in the fight against terrorism and carries out investigations aiming to identify the operating methods of terrorist financing and pick up on and hinder the work of financial support networks using a overall threat assessment. This work is carried out in close cooperation with the other services in the intelligence community, particularly TRACFIN, in order to achieve maximum visibility on circuits which are made opaque by interconnecting financial vectors and transnational kickbacks.

In line with this intelligence work, the DGSI also carries out judicial action under the authority of magistrates aiming to neutralize plots for violent action and dismantle logistical and financial support networks.

DNRED

Since the 2015 attacks, the fight against money laundering and terrorist financing has been a priority for French customs authorities and especially the **National Customs Intelligence and Investigations Directorate**. The DNRED plays a key role in this field and works alongside the other intelligence services. Its work helps to monitor flows of money and goods (daily checks on goods, economic operators and individuals). The organization of the DNRED has been revised to bolster the collection of customs intelligence relating to terrorism and terrorist financing and optimize the use of this intelligence.

DGSE

The financial aspect of jihadist groups and networks is now fully incorporated in the missions to evaluate, detect and prevent terrorist threats outside France under the **General Directorate for External Security**. The DGSE's work contributes to intelligence research on the financial resources of jihadist groups and financial flows towards areas where these groups are present (in collaboration with TRACFIN and partner services abroad). By collecting intelligence and submitting it to the competent authorities, the DGSE helps to prevent terrorist financing through asset freezing measures.

DCPJ

France's **Central Criminal Investigation Directorate** is involved in fighting terrorist financing through work carried out by the Counter-Terrorist Sub-Directorate (SDAT) and the central office for the repression of high-level financial crime (OCDGDF).

Investigations into Syrian supply chains have allowed the DCPJ to update information on the existence of "collector" networks abroad or within France who are responsible for illegally transferring the funds to terrorists. By identifying the role of these financial intermediaries used by those close to individuals who have left to join Daesh or Al-Qaeda, the DCPJ is helping to dismantle micro-finance networks which help terrorist groups to be more resilient. The DCPJ is also leading operations aiming to legally seize the assets of terrorists who have left to join the theatres of operation in Syria and Iraq as well as ensuring that they can no longer enjoy social security benefits.

TRACFIN

Created by a decree on 9 May 1990, the Treatment of Information and Action Against Clandestine Financial Circuits (TRACFIN) unit protects France's national economy and fights money laundering, public financial fraud and terrorist financing. TRACFIN is a national Financial Intelligence Unit (FIU) as defined by the Financial Action Task Force (FATF Recommendation 29). TRACFIN is an intelligence service and as such has been a member of the National Intelligence and Counter-Terrorism Council since 2008.

TRACFIN's mission is to collect, analyse, enhance and exploit its own intelligence to establish the criminal origin or destination of a financial operation. It is independent in its missions: fighting money laundering (1990), terrorist financing (2001) and public finance fraud (tax fraud in 2009 and social fraud in 2012).

TRACFIN's work is governed by the French financial and monetary code and the internal security code.

Key figures on the fight against terrorism and terrorist financing

- 1,379 pieces of information were received and analysed in 2017 (up 17% on 2016)
- 105 files were being investigated as at 31 December 2017
- TRACFIN transmitted 685 "anti-terrorism financing" memos in 2017 (up 73%) including 459 memos sent to intelligence services and 226 memos sent to the judicial authority¹ or to judicial police services responsible for counter-terrorism.

¹ The Paris Prosecutor's Office, specialized with nation-wide jurisdiction for counter-terrorism

USING FINANCIAL INTELLIGENCE

In the fight against terrorist financing, financial intelligence looks for indications of radicalized individuals leaving for or returning from war zones, fundraising to provide financial support for fighters in war zones, funding of proselytic actions, and misappropriation of humanitarian assistance. Financial intelligence shines a light on all forms of micro-financing and focuses on identifying new forms of terrorist financing (use of electronic currencies, crowdfunding, fund transfer operations, etc.)

Case studies

Example 1: Terrorist financing using a “collector”

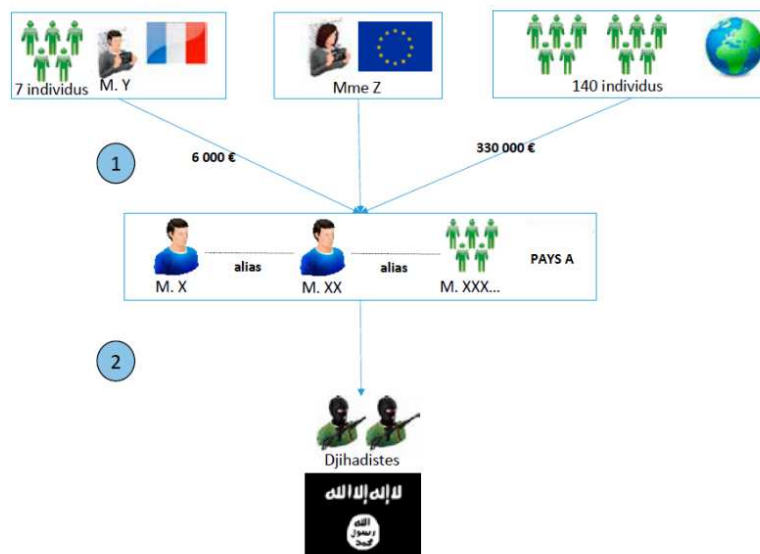
As part of work on jihadist financing, the Service examined the case of Mr X, a Syrian national resident in country A.

Mr X received funds from Mr Y who was known for participating in a terrorist financing network. Mr X also received funds from Ms Z, a European national working as a fund collector for a French family of which the mother had been charged following a judicial investigation for terrorist financing (support for her child involved in a Daesh group). The examination and cross-referencing of Mr X’s “identifying factors” enabled a possible alias to be identified: Mr XX. Research carried out following this identification led to the discovery of tens of other aliases, all linked by various identifying factors: date of birth, telephone number, address, etc.

The XX network was financially active from January 2014 to September 2016. It involved over 800 transactions between over 150 people in 29 countries with a total sum of approximately \$330,000. France was also represented within the XX global network with 8 individuals responsible for 12 transactions for a total sum of \$6,000 between March 2015 and July 2016. Investigations identified individuals which were not previously known to the authorities as being involved in terrorist financing and the financial support for French jihadists in as yet unknown areas. All of this information was submitted to the judicial authorities for an ongoing case as well as to partner services.

Main warning signs

- micro-financing amounts
- division of transfers sent by one or few individuals
- numerous countries involved including many European countries
- profiles of certain senders close to the radical movement.



SOURCE: TRACFIN ANNUAL REPORT 2016 – typologies developed in collaboration with the private sector, other intelligence services and judicial authorities

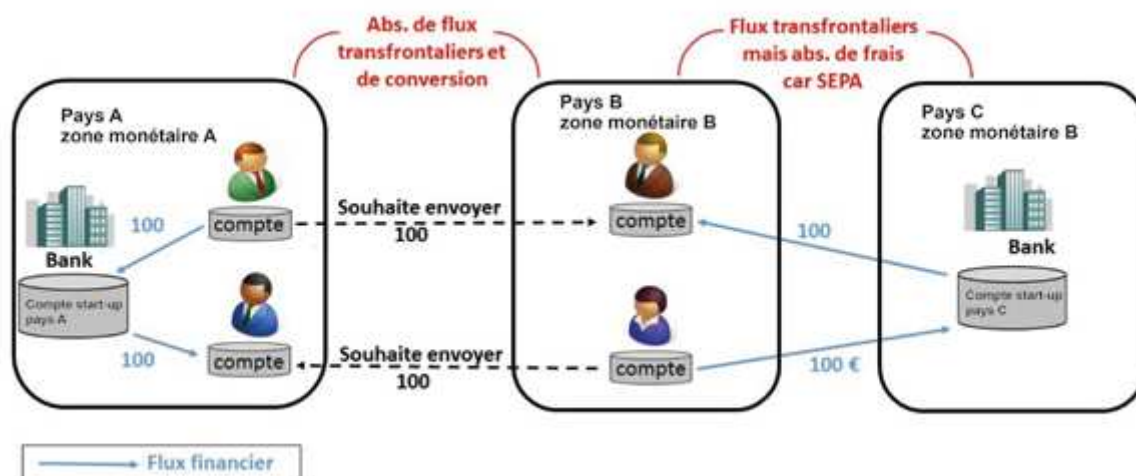
Example 2: International money transfer service offered by online players

A start-up offers an international money transfer service with currency conversion using the principle of compensation to save clients from paying for the cost of international bank transfers and exchange commission. In contrast to basic accounting principles, the compensation mechanism prevents financial flows from being traced. This situation means operators are responsible for reconstructing this traceability if they are to fulfil their anti-laundering and terrorist financing obligations.

In France, the company operates through the European passport under Freedom to Provide Services. It therefore does not have to be present in France itself.

The transactions studied by TRACFIN involve transfers from or to developed Western or Asian countries mainly from expatriated or retired clients using the service to send money home or invest in property. However, the use of such services can lead to suspect operations involving significant amounts of money.

The success of this type of product has attracted Web 2.0 players. A major internet player has recently started using this start-up's international money transfer service from a chat network exchange platform. Users only need to provide the name, surname and e-mail address of the recipient on the same network to order payment. None of the companies involved in this service are registered in France, making it difficult for TRACFIN to trace them without an explicit request to the relevant foreign Financial Intelligence Units.



SOURCE: TRACFIN REPORT – TRENDS AND RISK ANALYSIS FOR MONEY LAUNDERING AND TERRORIST FINANCING IN 2016 – typologies developed in collaboration with the private sector, other intelligence services and judicial authorities

Example 3: Using discreet means of payment for terrorist financing and using online group payment platforms to help jihadists return.

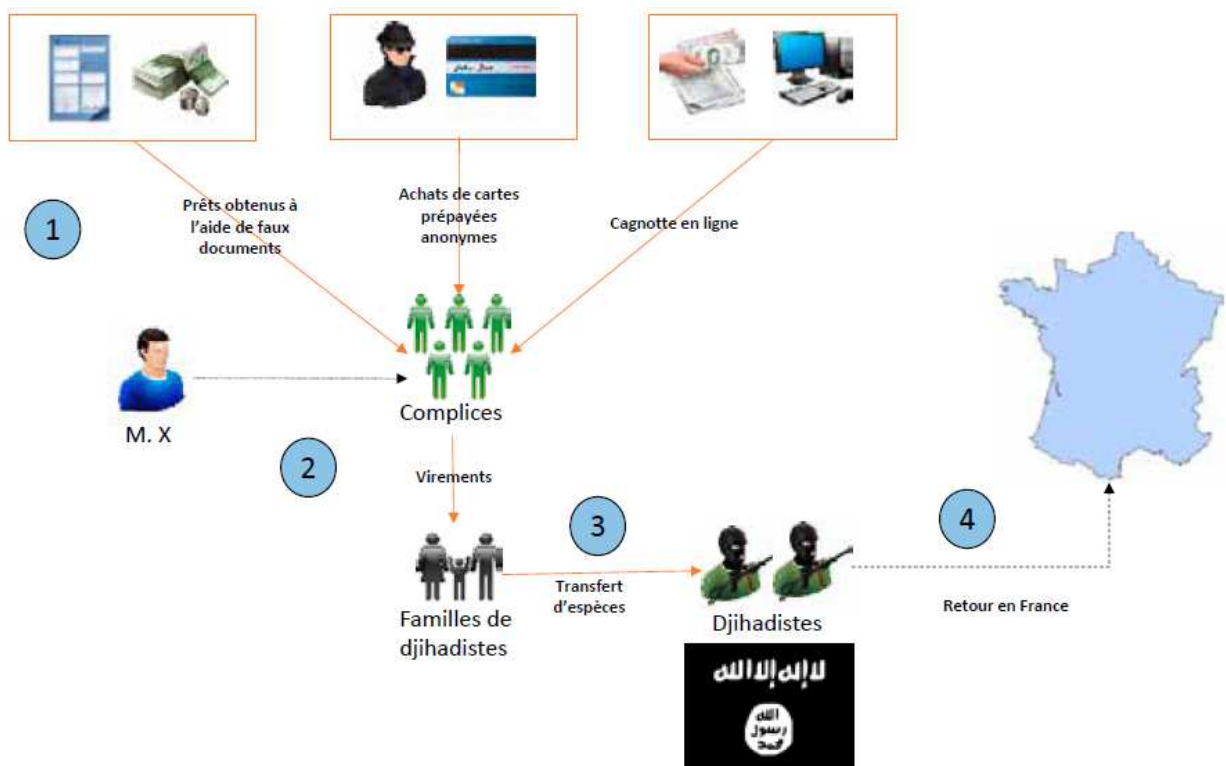
TRACFIN was led to investigate a financing network organized by Mr X with the aim of supporting French jihadists in Syria and Iraq and their families. To this end, Mr X's accomplices obtained several consumer loans from banks using fake documents. These funds were then transferred to the account of the jihadists' families, withdrawn in cash and sent to Turkey by a transfer provider. In Turkey, individuals sent by Daesh routed the funds to the beneficiaries.

Prepaid cards were bought in a foreign country over the Internet to pay the individuals involved. With help from its foreign counterparts, TRACFIN could provide the statements of the transfers that had taken place on the prepaid cards thus shedding light on the degree of involvement of each individual.

The link to the online kitty was circulated on social networks. Donations were requested to help bring the French jihadists home. The new legal provisions helped TRACFIN to obtain information from the online kitty platform regarding the identity of the founder and participants who were located in other European countries. This information was submitted to intelligence services and helped to overcome the anonymity of the process.

Main warning signs

- obtaining consumer loans with fake documents
- withdrawing cash
- transferring cash from France to a destination near Iraq and Syria
- purchasing prepaid cards
- creating online kitties with several individuals from several European countries.



SOURCE: TRACFIN ANNUAL REPORT 2016 – typologies developed in collaboration with the private sector, other intelligence services and judicial authorities

MEDIA ADVISORY

Indicative Program

9.15 AM

Arrival of delegations

Photo & TV Pool

Official photographs

3 PM

Two round tables in parallel, led by:

- **Mr Jean-Yves Le Drian, French Minister for Europe and Foreign Affairs**

- **Mr Bruno Le Maire, French Minister of the Economy and Finance**

Photo & TV Pool

5 PM

Arrival of the President of the French Republic

Photo & TV Pool

Signature of the guest book

Photo & TV Pool

President's meeting with Mr Angel Gurría, Secretary General of the OECD

Camera spray at the beginning of the meeting

5.30 PM

President's speech

Photo & TV Pool and all accredited journalists press

Family photo

Photo & TV Pool

6.50 PM

President's meeting with Mr Jim Yong Kim, President of the World Bank Group

Camera spray at the beginning of the meeting

Images (videos and photos) of the conference will be available on the 25th and 26th of april (free of rights) on the website France Diplomatie (credits : MEAE).

www.diplomatie.gouv.fr

www.flickr.com/photos/francediplomatie/

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