

IV. Strategy to Disrupt Terrorist Funding

Bin Ladin and al-Qa'ida financial assets and networks are substantial, diverse, and elusive. In addition to Bin Ladin's personal wealth, the al-Qa'ida financial network relies on funds reportedly raised through legitimate and illegitimate businesses and on donations from wealthy Muslims and charitable organizations supporting Muslim causes. Bin Ladin has claimed that he has access to four ways of transferring money: smuggling cash, the global banking system, the Islamic banking system, and hawalas or informal money transfer networks. Bin Ladin once boasted to a Pakistani newspaper that the cracks in the Western financial system were as familiar to him and his al-Qa'ida colleagues as the lines on their own hands.

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A. Financial Tracking before September 11

Before September 11, no single federal agency was responsible for tracking terrorist funds or coordinating U.S. Government efforts and securing international collaboration to interdict these funds. Some agencies did track terrorist financing, but, for the most part, the effort was disorganized and related to specific cases, and the U.S. Government was generally reluctant to seize assets or make arrests relating to that financing.

The General Counsel of the Department of Treasury explained to the Joint Inquiry that, before September 11, 2001, the financial war on terrorism was "ad-hoc-ism," episodic, and informal, with no mechanism for exchanging information among agencies or for setting priorities. He described errors in perception, focus, and targeting of the Bin Ladin threat and his realization as he watched the World Trade Center Towers disintegrate:

It was as if we had been looking at the world through the wrong end of a telescope. . . . Money had been spirited around the globe by means and measures and in denominations that mocked all of our detection. . . . The most serious threat to our well-being was now clean money intended to kill, not dirty money seeking to be rinsed in a place of hiding.

The fact that, before September 11, no single agency was responsible for coordinating government efforts to attack terrorist funding does not mean that individual agencies were not tracking funds effectively, identifying terrorists and their organizations, and unraveling their plots by targeting assets. The Chief of the FBI's Financial Crimes Section and the Director of