



ANALYSIS

Charities and terrorism: Lessons from the Syrian crisis

Rodger Shanahan

March 2018

LOWY INSTITUTE

The Lowy Institute is an independent policy think tank. Its mandate ranges across all the dimensions of international policy debate in Australia — economic, political and strategic — and it is not limited to a particular geographic region. Its two core tasks are to:

- produce distinctive research and fresh policy options for Australia's international policy and to contribute to the wider international debate
- promote discussion of Australia's role in the world by providing an accessible and high-quality forum for discussion of Australian international relations through debates, seminars, lectures, dialogues and conferences.

Lowy Institute Analyses are short papers analysing recent international trends and events and their policy implications.

The views expressed in this paper are entirely the author's own and not those of the Lowy Institute.

EXECUTIVE SUMMARY

Humanitarian disasters offer opportunities for terrorist groups to infiltrate conflict areas under the guise of providing humanitarian assistance, and to raise or send funds to these areas under the same cover. In the case of Australia, terrorists and their supporters have at times sought to portray themselves as humanitarian workers in order to construct a legal defence.

While most humanitarian groups operating in Syria have legitimate aims, the civil war and rise of radical Islamist groups that resulted has shown how easily the desire to assist those in need can be manipulated by jihadists. In order to minimise the likelihood of this sector being exploited in the future, countries such as Australia should utilise regulatory and legislative frameworks to limit the ability of individuals and groups to exploit humanitarian assistance in high-risk areas.

Over the past decade, civil conflicts in Syria and Iraq have caused appalling humanitarian suffering. More than 300 000 people have been killed and over five million displaced in Syria alone since the conflict began in 2012. These conflicts have also attracted more than 40 000 foreign fighters, largely from within the Middle East. Several thousand have also come from Western countries, including around 200 from Australia.¹ Jihadist groups in Syria and Iraq, most notably Islamic State, have inspired, supported, and conducted indiscriminate attacks against civilian targets within the region and internationally.

One of the challenges faced by international security agencies is that individuals and groups have used the genuine humanitarian needs generated by the conflicts in Syria and Iraq to provide cover for foreign fighters and to raise funds to support terrorist groups. This is not the first time that humanitarian activities have been manipulated by jihadists, and it will not be the last. Multilateral organisations such as the Financial Action Task Force (FATF)² recognise that donations under the guise of charitable aid is one component of the broader issue of terrorism financing.³

...donations under the guise of charitable aid is one component of the broader issue of terrorism financing.

In recent years, a number of countries have strengthened their domestic legislation to prevent the manipulation of humanitarian activities. The porousness of borders, the ease of transferring funds, and the different legislative and policy approaches adopted by governments means that a comprehensive response is lacking. There is growing, if still patchy, international cooperation on combatting terrorism financing and the exploitation of charitable organisations. The conflicts in Syria and Iraq have highlighted the importance of having the right regulatory and legislative frameworks that limit the ability of extremist groups and individuals to exploit humanitarian cover while allowing the vital work of assisting people in desperate need to proceed.

This Analysis outlines some of the methods jihadists have used to exploit humanitarian activities in Syria and Iraq. It also suggests a number of ways that the Australian Government could strengthen efforts to prevent such exploitation from occurring in the future. It is precisely because most charities operating in Syria and Iraq do good and important work that it is vital to prevent groups and individuals from using humanitarian cover for malicious ends.

FOREIGN FIGHTERS OR HUMANITARIAN WORKERS?

Jihadists have been open about their willingness to exploit humanitarian activities in Syria and Iraq. For example, British-born terrorist Omar Hussain (also known as Abu Sa'eed al-Britani)⁴ explained the utility of humanitarian cover in avoiding detection in his blog:

“Prior to coming to Sham, I would investigate different charity organizations [online] as I knew the MI5 were tracking my internet history ... I would send emails to the organizations, ask questions about food and accommodation, whether videos were permissible to make in the orphan camps. I done [sic] some research on how to adopt children, searched Islamic websites on the ruling of adoption, as well as asking a few Imams in *masjids* [mosques] on the ruling in *masjids* which I knew were being monitored ... all this was done in an indirect way to show the authorities that I was really going for charitable purposes.”⁵

Foreign fighters from around the world have also used humanitarian cover to travel or send money to Syria and Iraq. In the early years of the Syrian conflict, several Islamic charities from the United Kingdom mounted high-profile humanitarian aid convoys carrying goods and even vehicles such as ambulances into Syria. Two British citizens, Syed Hoque and Mashoud Miah, were later found guilty of using the humanitarian convoys to fund terrorism in 2012 and 2013, and to send money to Hoque’s nephew who was a member of the al-Qaeda affiliated Jabhat al-Nusra.⁶ The first British suicide bomber in Syria, Abdul Waheed Majeed, registered with an aid convoy administered by the Children in Deen charity three days before it left the United Kingdom, minimising his chances of being vetted by UK authorities. British officials claimed in February 2014 that four aid convoys that had left the United Kingdom in the previous six months had been infiltrated by Islamic extremists.⁷ That same month, the Charity Commission issued a warning that “aid convoys to Syria may be abused for non-charitable purposes”.⁸

Foreign fighters from around the world have also used humanitarian cover to travel or send money to Syria and Iraq.

In some cases, jihadists have used social media to create profiles of themselves as humanitarian workers. Carefully curated images of individuals working with ‘orphans and widows’ are almost impossible for media organisations or researchers to verify. Intelligence agencies, which may have a more complete picture of an individual’s activities, are not always able to dispute the portrayal of foreign fighters as humanitarian workers because of their need to protect sources. Without sufficient evidence that can be used in court, these humanitarian narratives often remain largely unchallenged.

Two Australian nationals Mohamad Zuhbi and Abdul Salam Mahmoud, for example, claimed on SBS’s *Insight* program in August 2014 that they were working exclusively in humanitarian aid in Syria. During the program, Zuhbi said that although he was vocally supportive of Islamic State he was not part of any group, was not involved in any fighting, and had even driven an ambulance. Mahmoud said he believed that Jabhat al-Nusra was the most effective group on the ground in delivering humanitarian aid, but that he neither supported nor belonged to the group and had not taken part in any fighting.⁹ Zuhbi also portrayed himself as an humanitarian aid worker on ABC radio, stating during a

2014 interview that “we look after the injured, the orphans and the widows. We also have food packs that we hand out.”¹⁰

Despite their public denials of any connection with a listed terrorist group, the real activities of Mahmoud and Zuhbi were eventually exposed. The October 2015 edition of *al-Risalah*, Jabhat al-Nusra’s online English-language magazine, contains an obituary of Abu Hamza Sudani (otherwise known as Abdul Salam Mahmoud). It features a photo of him sitting behind a machine gun in cold-weather military gear on guard duty. The article gives an account of his death in a Syrian battle and notes that “he was chosen to be amongst the assault group in the operation, a position that he accepted willingly and graciously”.¹¹ Zuhbi, meanwhile, was indicted in the United States on charges of, among other things, conspiring to provide material support to Islamic State and to kill persons in a foreign country.¹² He was also linked to a failed attempt by a group of Indian Muslims to travel to Syria to join Islamic State.¹³

The Toowoomba-raised Muslim convert Oliver Bridgeman has claimed to be working in refugee camps in Syria since May 2015. Bridgeman has an active social media presence where he shares excerpts of his work for the unregistered charity, Live Updates from Syria. He has been the subject of two Australian *60 Minutes* stories in which he said he was an aid worker. The interviews appeared to take Bridgeman’s claims at face value. He was not questioned on air about how he entered Syria or who facilitates his movement or guarantees his security.¹⁴ All internally displaced camps inside Syria are controlled by armed groups, and permission is needed to work inside them.

In March 2016 the Australian Federal Police issued an arrest warrant for Bridgeman relating to “incursions into foreign countries with the intention of engaging in hostile activities”.¹⁵ The evidence on which the charges are based have not yet been released.¹⁶ However, publicly available footage on social media would indicate that Bridgeman has associated with individuals and groups in Syria whose aims may not be purely humanitarian. Bridgeman, for example, has regularly been seen in videos on social media delivering aid badged by UK-based charity One Nation and wearing their branded apparel.¹⁷ The UK Charity Commission opened an investigation into One Nation in November 2016 over concerns regarding the charity’s financial controls, trustee decision-making, and due diligence of its relationships with other individuals and organisations.¹⁸ Bridgeman has also been filmed working with British Muslim activist Tauqir ‘Tox’ Sharif, who runs Live Updates from Syria. Sharif and his wife have had their UK bank accounts closed by their financial institution. In an interview recorded in Syria, Sharif said his desire was to live in a real Islamic State and that it was only logical that Muslims wanted to live under Islamic rule.¹⁹

The UK Charity Commission opened an investigation into One Nation...over concerns regarding the charity’s financial controls, trustee decision-making, and due diligence...

AVOIDING PROSECUTION

In the Australian context, the use of humanitarian cover by foreign fighters serves several purposes. One is to avoid prosecution. The previous legal position was that Australians could be prosecuted for fighting in foreign countries under the *Crimes (Foreign Incursions and Recruitment) Act 1978*, but there was an exemption for individuals “doing an act by way of, or for the purposes of, the provision of aid of a humanitarian nature”.²⁰ In December 2014, the legislation was repealed and foreign incursions and recruitment offences were subsumed into the *Criminal Code Act 1995*, under which offenders can now be charged. However, the provision of humanitarian assistance remains as a means of avoiding prosecution, although the legislation requires humanitarian activity to be the sole purpose for being in a proscribed area. The evidentiary burden now also falls on the defendant to prove that they were solely engaged in providing aid of a humanitarian nature.²¹

...the provision of humanitarian assistance remains as a means of avoiding prosecution...

This greater burden of proof has not stopped individuals from trying to manufacture evidence in order to claim that their presence in a conflict zone was for humanitarian purposes. For example, an intercepted phone call from foreign fighter facilitator Omar Succarieh, recorded while he was on remand in Brisbane, revealed him instructing relatives to construct a humanitarian cover for his brother Abraham, who was allegedly fighting in Syria.²² Succarieh asked his family to tell Abraham to contact a relief organisation in Syria and get them to claim that what Abraham was doing was legitimate work and that he was not part of a terrorist organisation. Succarieh continued: “Tell them to ... chuck it online, tell them to put it on ... YouTube and show ... [Abraham] working with the kids.”²³

The families of slain foreign fighters have also claimed humanitarian cover for relatives to avoid the stigma of being associated with a terrorist group, or to avert attention from security agencies. In certain circumstances it is an offence under the *Criminal Code Act 1995* to associate with a supporter of a terrorist organisation.²⁴ There are several examples of the families of jihadists claiming their relative was in Syria providing humanitarian aid at the time they were killed. Mustapha al-Majzoub, the first Australian citizen killed in Syria, was said to have been killed in a rocket attack doing charity work or killed fighting with an anti-Assad militia in contradictory claims by his family and posts on social media.²⁵ The family of Melbourne man Yusuf Toprakkayah claimed he was killed in Syria doing humanitarian work although vision subsequently emerged of him on patrol with an armed group and working on improvised explosive device components.²⁶ Australian kickboxer Roger Abbas was said to have been killed in crossfire while volunteering in a refugee camp in Syria, yet an online jihadi website claimed he was killed fighting with Jabhat al-Nusra in Aleppo.²⁷

CHARITY FOR JIHADISTS

As well as using humanitarian cover to travel to conflict zones, jihadists are also using charity organisations to finance terrorism. The suffering of people in Syria and Iraq has evoked a great deal of sympathy, especially among Syrian and Iraqi communities outside of their respective countries, as well as the Muslim community more broadly. It has prompted many in these communities to donate generously to charity drives, including some led by small, newly established not-for-profit groups. Much of this activity has been legitimate and the money donated has helped to address genuine humanitarian needs. However, jihadist groups have also exploited the urge to help by masquerading as or manipulating genuine charities.

This problem is an international one. A recent review by the UK Home Office into the funding of Islamist extremist organisations noted that:

“Some Islamic organisations of extremist concern portray themselves as charities to increase their credibility and to take advantage of Islam’s emphasis on charity. Some are purposefully vague about their activities and their charitable status.”²⁸

In 2014, the US Treasury’s Undersecretary for Terrorism and Financial Intelligence claimed that:

“Kuwait has become the epicenter of fundraising for terrorist groups in Syria. A number of Kuwaiti fundraisers exploit the charitable impulses of unwitting donors by soliciting humanitarian donations from both inside and outside the country, cloaking their efforts in humanitarian garb, but diverting those funds to extremist groups in Syria.”²⁹

Similar concerns about charitable groups being used as conduits for terrorism financing were also raised by the Illicit Finance Task Force established by the Obama administration.³⁰

In a 2016 report on terrorism financing in Australia and Southeast Asia, AUSTRAC, Australia’s financial intelligence agency, identified regional non-profit organisations (NPOs) as potential channels for terrorist financing. The report noted that while regional authorities had detected only a few cases of terrorism financing through NPOs, the sector had been rated as a “high” risk, not only because of the number of potentially vulnerable and at-risk NPOs operating within the region but also because of their capacity to raise large volumes of funds.³¹

In Australia, the regulatory oversight of NGOs and NPOs operating overseas is inconsistent. Organisations that wish to bid for large-scale government aid funding need to be registered with the Australian Council for International Development (ACFID) and comply with its strict guidelines. To be eligible for tax-free status, charities need to be

...jihadist groups have also exploited the urge to help by masquerading as or manipulating genuine charities.

registered with the Australian Charities and Not-for-profits Commission (ACNC) and adhere to their operating guidelines. However, registration with ACFID and ACNC is entirely voluntary. Charity groups can still operate as an NPO and take donations even if they are not registered with the ACNC. And while they do need to comply with the rules of state fundraising authorities such as NSW Fair Trading and Consumer Affairs Victoria, there are also exceptions. For example, organisations are not required to register with these bodies if the funds raised total less than \$15 000 a year in New South Wales³² and less than \$10 000 a year in Victoria.³³ Unregistered and unregulated charities can therefore be established and solicit charitable donations that could be sent offshore.

According to the ACNC, there are approximately 54 000 registered charities in Australia.³⁴ The ACNC's deputy commissioner believes that of these, the number whose activities raise concerns for any reason whatsoever is only in the dozens. Of the total number of registered charities and not-for-profits, some 17 per cent (or around 9200) operate internationally, with 55 operating in Syria, and 62 in Iraq.³⁵ There is also an unknown number of charities or individual fundraisers in Australia that send money to Syria which are not registered with the ACNC.

Between 2012 and 2016, Australian authorities recorded 28 instances of Suspicious Matter Reporting (SMR)³⁶ in relation to terrorism financing with links to NPOs, totalling A\$5.6 million.³⁷ This is a relatively small figure compared to the billions of dollars given in charitable donations annually. Individual donations to charities and NPOs in Australia totalled A\$12.5 billion in 2015/16.³⁸ However, even relatively small amounts of terrorist financing can have devastating consequences. According to a 2012 Pentagon study, a remote-controlled bomb could be constructed in Afghanistan for around US\$400 and a suicide vest for US\$1200.³⁹ The Westgate Mall attack in Nairobi was reportedly carried out for less than US\$5000 and the materials used in the Boston Marathon bombs were purchased for around US\$500.⁴⁰

...even relatively small amounts of terrorist financing can have devastating consequences.

There have been several instances in Australia where jihadists have attempted to solicit charitable funding. One example was the Orphans Children and Human Care Foundation run by Mohamad Zuhbi, the Australian indicted on terrorism charges in the United States. The Foundation describes itself as:

“a non profit organization working in [sic] Syrian coastlines ... assisting the orphans, children and the Syrian people by supplying food, water, medicines and other commodities ... [we] have worked independently to distributes the aids [sic] for the Syrian people through your donations.”⁴¹

The Foundation's Facebook page also shows photos and videos of children, often being cared for by Abdul Salam Mahmoud, who was later claimed as a 'martyr' by al-Qaeda's Syrian affiliate, Jabhat al-Nusra. There is no record that the Foundation was ever registered with the

ACNC. Donations were solicited to a bank account in Zuhbi's name. The Facebook account was opened in May 2014 but Zuhbi's bank accounts were closed in June that year.⁴²

Another example involves Bisotel Rieh, a money transfer business operated by Damour Sharrouf, the sister of infamous Australian terrorist Khaled Sharrouf, and her husband. AUSTRAC estimated that between January and August 2014, around A\$9 million in transfers were not documented in the firm's records. AUSTRAC also accused the firm of routinely failing to keep the names of those sending and receiving money, and of transferring more than A\$200 000 to Dubai with no record of who had sent or received the money.⁴³ The company's registration was subsequently cancelled, with the AUSTRAC CEO stating that: "we remain sufficiently concerned that the continued registration of Bisotel Rieh may involve a terrorism-financing risk".⁴⁴

Funds have also been solicited online by individuals who have offered to visit the homes of donors to collect money. In these cases, verifying the end user of such funds is virtually impossible. In his Facebook posts in April 2012, prior to his death in Syria, Mustapha al-Majzoub sought funds to do charitable works in Syria and Turkey, claiming that he would:

"direct every dollar ... to the ones who need it most inside Syria or in Turkey. Not a dollar will go on anything else ... If you wish to help plz contact my brother ... & he'll come to you wherever you are in Sydney to collect the money ..."⁴⁵

Just how much charitable money has been channelled to jihadist groups in Syria or Iraq is difficult to know. One reason is that money transfers into these conflict zones often takes place via the *hawala* system.⁴⁶ *Hawala* is used to transfer both legitimate and illicit funds. Even international NGOs interviewed for this Analysis use this system because there is no other way to transfer money to conflict areas. They only stop using the system once the rate of commission charged by *hawala* dealers becomes extortionate.⁴⁷

In the United Kingdom... funds have been diverted from well-established, legitimate Islamic charities.

GOOD MONEY FOR BAD CAUSES

Even if jihadists do not establish their own charities there are other ways they can use charity to support their causes. In the United Kingdom, for example, funds have been diverted from well-established, legitimate Islamic charities. In 2011, a three-person terrorist cell in Birmingham conducted street collections for Muslim Aid⁴⁸ and a local Islamic learning centre, raising nearly £14 000 of which only £1 500 went to the charities concerned. The money was used to finance terrorism including sending four people to Pakistan for terrorism training.⁴⁹ Since 2013 the UK Charities Commission has conducted an inquiry into Muslim Aid over irregularities at two unnamed field offices and at its Iraq office. An interim manager was appointed by the Commission in October 2016 and a new

...a strong understanding of...due diligence was often lacking among local aid workers in the early stages of crises.

board took up their appointments in February 2018.⁵⁰ Human Aid UK, a smaller Islamic charity that operated aid convoys into Syria, was also the subject of a statutory inquiry by the Charities Commission, which even met with a representative of the charity based in Turkey. The Commission found that there was an insufficient degree of due diligence being conducted given the charity's activities in high-risk areas such as Syria.⁵¹

This highlights the critical role that due diligence checks, a comprehensive understanding of the end-to-end funding cycle, and tight internal governance play in ensuring that charities are not manipulated by terrorists. Discussions with representatives of Syrian NGOs in Turkey and Jordan underlined that a strong understanding of the mechanics of due diligence was often lacking among local aid workers in the early stages of crises. As one Syrian NGO worker remarked, prior to working with Western NGOs based in Turkey, his only experience of charitable donations was giving money at the mosque at Friday prayers. It wasn't until his training with the NGO that he became aware of Western-style charitable aid accountability mechanisms.⁵²

Many NGOs providing humanitarian assistance in Syria have established processes for conducting due diligence on aid projects. Some groups carry out physical checks (using Syrian nationals travelling from Turkey) and check employees' personal details against terrorist databases. Other organisations such as Adam Smith International conduct third-party monitoring in areas where it may not be feasible for the parent NGO to do so. These types of services can be expensive and are generally only available to larger aid organisations. Similarly, other large international NGOs employ their own in-house systems such as geotagged pictures and surveys, as well as third-party monitoring. However, this effective, layered solution is normally only open to well-resourced professional groups.⁵³ Because larger more well-established NGOs have rigorous due diligence, jihadists will focus on divesting funds from smaller, less well-known and often less professional charities.

In Australia, no cases of foreign fighters infiltrating charities or charitable money being unwittingly sent to terrorists have been brought to light. Regardless, there are still risks that small and inexperienced charities with good intentions could have their money diverted. A group called the Islamic Development Organisation was, for example, deregistered by the ACNC in November 2016 for reasons that cannot be revealed owing to the secrecy provisions in the *Australian Charities and Not-for-profits Commission Act 2012*.⁵⁴ Another group that was interviewed for this Analysis, which was not registered with the ACNC, had its bank account closed in 2014 for undisclosed reasons,⁵⁵ although it still accepts donations through an account with a credit union. Those operating in complex conflict zones need to be particularly alert to being compromised and must have robust accountability systems in place in the country of destination for the funds. It is easy for charities to be

exploited if they do not have good awareness of the whole end-to-end funding cycle. As a representative of one Syrian NGO noted:

“In Syria without very careful checks it is very easy to have someone give you a receipt, and a list of recipients with names and addresses, all of which are bogus.”⁵⁶

Nevertheless, most registered Islamic charities in Australia operate within the guidelines of ACFID or the ACNC (or both). As part of the research for this Analysis the author interviewed representatives of a number of Muslim charities with a range of approaches to due diligence.⁵⁷ One group is an ACFID-compliant charity that mostly acts as a fundraiser for Middle East crises as project management is largely handled by its UK office. It runs its own regional programs but also sends personnel to crises in the Middle East. Its field experience means that it has a good understanding of due diligence. Another, newer NPO registered with the ACNC has an executive with good experience in the legal, financial, and policing fields. During discussions with its representative, the NPO displayed a highly developed understanding of the potential problems with conducting due diligence in high-risk areas, and the importance of having sound needs analysis and end-user verification systems in place before funds were spent. It was a good example of how small charities with effective due diligence can operate in high-risk areas.

...small charities with effective due diligence can operate in high-risk areas.

POLICY RESPONSES

The Australian Government has taken a range of steps aimed at preventing prospective Australian foreign fighters from travelling to conflict zones in Syria and Iraq, and stopping money being sent there to support jihadist groups. There are, however, a number of ways that existing measures could be strengthened to preclude individuals and groups exploiting the cover of humanitarian activities.

TRAVELLING TO WAR ZONES AS AID WORKERS

Since legislative amendments subsumed the *Crimes (Foreign Incursions and Recruitment) Act 1978* into the *Criminal Code Act 1995*, the ability of prospective foreign fighters to use humanitarian cover to travel to conflict zones has been reduced significantly. The incorporation of a ‘declared area’⁵⁸ offence into the *Criminal Code Act* has provided the government with a strong legislative instrument to deter foreign fighters from travelling to a conflict zone, and to punish them if they do. Even beyond the Syrian and Iraqi conflicts this will remain an important instrument for the government. Not all conflicts in the future will attract foreign fighters in the same way as these conflicts. Nevertheless, foreign fighters are travelling to a range of conflicts such as those in Yemen, Libya, and the Sinai and it could be expected to happen again. Australian foreign fighters have also been found in conflicts other than those in Syria and

Iraq.⁵⁹ Future conflicts involving Australian foreign fighters will not necessarily be limited to the Middle East either. The battle for Marawi in 2017 in the southern Philippines showed that terrorist groups are also able to seize and hold territory in parts of Southeast Asia.

Given the history of fighters masking their movement to conflict zones under humanitarian (or other) guises, the Australian Government should consider applying the declared areas offence more widely. It is true that the legislation has been controversial. Some have argued that it unnecessarily hinders legitimate travel; others that it is difficult to enforce. However, there are enough safeguards built into the legislation to ensure that it targets those travelling to areas for nefarious purposes. Such declared areas are limited in time and reviewable by parliamentary committee. The legislation itself is subject to periodic review by the Independent National Security Legislation Monitor.⁶⁰ To date, only two Australian citizens, Tareq Kamleh and Neil Prakash, have been charged with 'declared area' offences.

PREVENTING THE MISUSE OF HUMANITARIAN FUNDS

In Australia, there is limited regulation of charitable organisations raising funds for use in high-risk conflict areas. Anyone can set up a charity and collect donations without registering with a regulatory body, as long as their collected funds stay below a certain threshold. While existing Commonwealth counterterrorism financing legislation is robust, to be effective it requires good intelligence about the recipients of funds as well as an accessible and auditable financial trail. Unregistered charitable fundraisers who deal in cash are difficult to regulate. The ACNC has limited powers and resources to regulate the sector. It is hampered by the fact that registration with the ACNC is voluntary, there is no set of agreed External Conduct Standards⁶¹ for those who are registered, and it does not have the authority to access AUSTRAC data.⁶²

In Australia, there is limited regulation of charitable organisations raising funds for use in high-risk conflict areas.

By contrast the UK oversight body, the Charity Commission, has much greater powers to investigate and sanction charities that pay insufficient attention to their statutory responsibilities. The Commission's powers also extend to fundraising bodies that are not registered with the Commission. Adeel ul-Haq, a UK national who helped a friend to travel to Syria to fight with Islamic State, was charged by police in March 2014 with terrorist financing and the Commission instituted a statutory inquiry the following month. Ul-Haq had been soliciting funds for "humanitarian aid convoys" and other aid for the Syrian crisis via his Twitter account. The funds were held in his personal bank account and that of his wife. Although his was never a registered charity, the Commission held that:

"the First Trustee [ul-Haq] was a trustee of the funds raised and donated as a result of the appeal(s) he made and by doing so, assumed all the legal duties and responsibilities of a trustee for a charity."⁶³

Although the end use of all the monies withdrawn could not be traced, those monies remaining in the relevant accounts were transferred by the Commission to another charitable fund to be used for the purposes for which they were raised.

Preventing terrorists from exploiting humanitarian cover is likely to prove extremely difficult. But governments can make it more difficult for terrorists to do so without hindering the legitimate efforts of individuals and groups to send humanitarian assistance to conflict zones.

A first step would be to strengthen the ability of smaller, less professional charities to conduct thorough due diligence. One recommendation by a local Syrian NGO interviewed for this Analysis was for small Australian charities to work with Syrian partners that have been vetted by the United Nations or a reputable relief organisation. For example, the UN Office for the Coordination of Humanitarian Affairs and national relief agencies such as USAID conduct vetting of local implementing partners in high-risk environments. This will help smaller charities maximise the impact of their funding while ensuring that their partner on the ground is using or distributing it correctly.

The Australian Government already provides some education and training in the NGO and NPO sector to ensure that small or newer charities undertake proper due diligence. However, an accountability mechanism should also be put in place to force organisations to identify and mitigate risks in their end-to-end funding cycle before they are allowed to raise funds for use in high-risk overseas humanitarian crises. This would make it more difficult for individuals or front organisations to solicit funds for terrorist groups and reduce the likelihood of funding from smaller organisations being misused.

In future conflicts where there is a risk that foreign fighters or terrorist groups may seek to exploit humanitarian cover, the Australian Government should declare an area at the earliest practical opportunity. Groups or individuals that seek to raise funds for humanitarian assistance in such declared areas should then be required to provide transparency in their end-to-end funding system and meet an industry-wide compliance standard. This accreditation should be regulated by the ACNC, although this will also mean enacting appropriate legislative changes and providing necessary resources. Without such accreditation it should be an offence to raise funds (whether as an individual or a registered/unregistered charity) for use in declared areas.

To mitigate against any delay in the delivery of humanitarian assistance that such a process might cause, standing approvals to operate in declared areas could be given to professional NGOs and NPOs that are already subject to ACFID due-diligence requirements. This would help prevent terrorists from soliciting funds under the guise of humanitarian assistance and less professional charities from being infiltrated by those seeking to divert funds to terrorist causes.

...organisations [should] identify and mitigate risks in their end-to-end funding cycle before they are allowed to raise funds for use in high-risk overseas humanitarian crises.

CONCLUSION

Preventing terrorist groups from using humanitarian cover is a complex and difficult task. A range of individuals and groups have tried to manipulate the willingness of communities in Australia and around the world to respond to the human tragedy caused by the conflicts in Syria and Iraq. They have done this in three main ways: by masquerading as humanitarian workers to travel to conflict zones; by setting up fake charities to solicit funds for terrorism; and by diverting funds from legitimate charities to extremist groups in Syria and Iraq.

A key element in preventing this abuse is early intervention by government. A broader and more timely use of the 'declared area' legislation would make it more difficult for would-be terrorists to masquerade as humanitarian workers, and easier to prosecute them on their return. Charity groups that wish to raise funds for, or operate in, declared areas should not only be registered but have their end-to-end funding cycle validated as part of the registration process. This will help to filter out charities that are acting as fronts for terrorists and greatly reduce the likelihood of smaller, legitimate charities having their funds diverted to terrorist groups. It will still allow more established humanitarian NGOs and NPOs with strong due diligence systems to operate in high-risk environments and to provide humanitarian assistance in a timely manner.

ACKNOWLEDGEMENT

This author is grateful to Charlotte Warden for her invaluable assistance in conducting the research for this Analysis.

NOTES

¹ Paul Maley, “Up to 70 Australia Jihadists Killed in Syria and Iraq, Says ASIO”, *The Australian*, 4 March 2017, <https://www.theaustralian.com.au/news/up-to-70-australia-jihadists-killed-in-syria-and-iraq-says-asio/news-story/bfa0a6d6f6c43a15eee72c217467571f>. See also Lydia Khalil and Rodger Shanahan, *Foreign Fighters in Syria and Iraq: The Day After*, Lowy Institute Analysis (Sydney: Lowy Institute, 2016), <https://www.lowyinstitute.org/publications/foreign-fighters-syria-and-iraq-day-after>.

² Established in 1989 and based in Paris, the Financial Action Task Force (FATF) comprises 37 member states and regional organisations, representing most of the major international financial centres around the world.

³ FATF, “Financing of the Terrorist Organisation Islamic State in Syria and the Levant”, FATF Report, February 2015, 18, <http://www.fatf-gafi.org/media/fatf/documents/reports/Financing-of-the-terrorist-organisation-ISIL.pdf>.

⁴ The US Treasury listed Omar Hussain as a Specially Designated Global Terrorist in September 2015: see US Treasury Department, “Treasury Sanctions Major Islamic State of Iraq and the Levant Leaders, Financial Figures, Facilitators, and Supporters”, Press Release, 29 September 2015, <https://www.treasury.gov/press-center/press-releases/Pages/ji0188.aspx>.

⁵ Abu Sa’eed al-Britani, “Hijrah Advice Part 7: Security Measures”, November 2015, <http://balquois124.tumblr.com/post/128836217964/hijrah-advice-part-7-security-measures>. Examination of Islamic State documentation also indicates that regardless of technical qualification or employment preference, all members in-country were expected to have a fighting role. See Brian Dodwell, Daniel Milton and Don Rassler, “The Caliphate’s Global Workforce: An Inside Look at Islamic State’s Foreign Fighter Paper Trail”, Combating Terrorism Center at West Point Report, April 2016, 28, <https://ctc.usma.edu/the-caliphates-global-workforce-an-inside-look-at-the-islamic-states-foreign-fighter-paper-trail/>.

⁶ Dominic Casciani, “Syria Aid Convoys: Two Guilty over Terror Funding”, BBC News, 23 December 2016, <http://www.bbc.com/news/uk-38419488>; “Jihadi’s Uncle Jailed for Using Aid Convoy to Smuggle Cash for Nephew’s Gun”, *Belfast Telegraph*, 13 January 2017, <http://www.belfasttelegraph.co.uk/news/uk/jihadis-uncle-jailed-for-using-aid-convoy-to-smuggle-cash-for-nephews-gun-35365601.html>.

⁷ Duncan Gardham, Tom Coghlan, Mike Evans and Fiona Hamilton, “Suicide Bomber’s Last Minute Charity Cover”, *The Times*, 17 February 2014.

⁸ The Charity Commission, “Syria and Aid Convoys”, News Release, 21 February 2014, <https://www.gov.uk/government/news/syria-and-aid-convoys>.

⁹ “Joining the Fight”, *Insight*, 12 August 2017, <https://www.sbs.com.au/news/insight/tvepisode/joining-fight>.

¹⁰ Peter Lloyd, “FBI Indicts Australian Islamic State Sympathiser as ‘Middleman’ Recruiter in Syria”, *PM*, 14 March 2016, <http://www.abc.net.au/pm/content/2016/s4424544.htm>.

¹¹ “Victory Loves Preparation”, *al-Risalah*, Issue 2, October 2015, 89–93. The first issue of *al-Risalah* (July 2015) announced the eulogy would appear in the following edition. Condolences on his Facebook account from March 2015 indicate that he was killed that month.

¹² Texas Southern District Court Case No 4:15-cr-00263, *USA v Khan*, Document 64, 15 April 2016, 3, <https://www.plainsite.org/dockets/2mboqa0da/texas-southern-district-court/usa-v-khan/>.

¹³ “Hyderabad Three Summoned after Getting Caught on Tape Talking about IS”, *Indian Express*, 18 May 2017, <http://indianexpress.com/article/india/hyderabad-three-summoned-after-getting-caught-on-tape-talking-about-is/>.

¹⁴ “Missing in Syria”, *60 Minutes*, August 2015, 02:30–02:50, <https://www.9now.com.au/60-minutes/2015/clip-cimh91wde00130hkj3eaa90wa/5f6e06a8-4772-42f7-a1cb-a483e6848713>. The closest Oliver Bridgeman comes to speaking of any relationships with armed groups is when he says that he has “a good relationship with different rebel factions in Syria” for his safety. See also Mark Schliebs, “I’m an Aid Worker, Not a Jihadi, Says Teen Oliver Bridgeman”, *The Australian*, 24 August 2015, <https://www.theaustralian.com.au/news/im-an-aid-worker-not-a-jihadi-says-teen-oliver-bridgeman/news-story/d69ac955d55a452966abf1925c19cfb1>.

¹⁵ Mark Solomons, “Oliver Bridgeman: Arrest Warrant Issued for Queensland Teenager in Syria”, ABC News, 4 March 2016, <http://www.abc.net.au/news/2016-03-03/oliver-bridgeman-syria-arrest-warrant-issued-toowoomba/7217628>.

¹⁶ *Ibid.*

¹⁷ Live Updates from Syria Facebook page, <https://www.facebook.com/liveupdatesfromsyria/videos/858655970911513/>, accessed 20 February 2018.

¹⁸ The Charity Commission, “New Charity Investigation: One Nation”, Press Release, 23 December 2016, <https://www.gov.uk/government/news/new-charity-investigation-one-nation>.

¹⁹ “Face the Truth 03: Getting Personal with Tauqir Sharif in Syria”, YouTube, 18 April 2016, <https://www.youtube.com/watch?v=ebVVQDqyYdo>, accessed 11 February 2018.

²⁰ *Crimes (Foreign Incursions and Recruitment) Act 1978*, section 7(1B).

²¹ *Criminal Code Act 1995*, sections 80.1AA(6) and 102.8(4)(c).

²² Omar Succarieh’s phone was intercepted while he was on remand in a Brisbane jail for terrorism offences. He later pled guilty to foreign incursion charges and was sentenced to four and a half years in jail. Stefan Armbruster, “Omar Succarieh Jailed over Foreign Incursion Offences”, SBS News, 2 November 2016, <https://www.sbs.com.au/news/omar-succarieh-jailed-over-foreign-incursion-offences>.

²³ Police alleged that Abraham led a group of 50 foreign jihadis and had a training and indoctrination role as well. They also alleged that there was no evidence that he was the principal of an orphans school at a mosque in Syria: “Omar Succarieh: How Cash Was Funnelled from Logan Bookstore to Frontlines of Terrorism”, *The Courier Mail*, 24 October 2016, <http://www.couriermail.com.au/news/queensland/crime-and-justice/how-cash-was-funnelled-from-logan-bookstore-to-frontlines-of-terrorism/news-story/e355b6534709533e1c89a3f4cbab9ee1>.

²⁴ *Criminal Code Act 1995*, section 102.8.

²⁵ During a January 2012 rally about Syria held in Sydney, Mustapha al-Majzoub stated that: "This nation [worldwide Islamic community] is like a lamp, whose fuel is the blood of martyrs. Every time someone is killed for this religion, the fire will get stronger and stronger." His speech followed that of Mustafa Muhammad (aka Abu Sulayman al-Muhajir), now a senior member of the Syrian al-Qaeda franchise. There are also photos allegedly of al-Majzoub carrying weapons in Syria: "Suicide Bomber Claim Highlights Australia's Syrian Rebels", 7.30, 12 November 2013, from 08:30, <http://www.abc.net.au/7.30/suicide-bomber-claim-highlights-australias-syrian/5087396>. It is reasonable to assume that al-Majzoub was not engaged in humanitarian activities at the time of his death.

²⁶ Dan Box and Pia Akerman, "Syrian Rebels Eulogise Aussie 'Martyr'", *The Australian*, 2 January 2013, <https://www.theaustralian.com.au/national-affairs/foreign-affairs/syrian-rebels-eulogise-aussie-martyr/news-story/07255bdda2f2d0f23a37982ff3665221?sv=3e196ecd8606a822b10bb5fadeca655b>.

²⁷ Nino Bucci, "Claims Australians Killed in Syria Were Fighters, Not Aid Workers", *The Sydney Morning Herald*, 12 May 2013, <https://www.smh.com.au/national/claims-australians-killed-in-syria-were-fighters-not-aid-workers-20130511-2jeml.html>.

²⁸ Secretary of State for Home Affairs, "Extremism: Written Statement – HCWS39", 12 July 2017, <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2017-07-12/HCWS39/>.

²⁹ US Treasury Department, "Remarks of Under Secretary for Terrorism and Financial Intelligence David Cohen before the Center for a New American Security on 'Confronting New Threats in Terrorist Financing'", 4 March 2014, <https://www.treasury.gov/press-center/press-releases/Pages/jl2308.aspx>.

³⁰ "US Embassy Cables: Hillary Clinton Says Saudi Arabia 'A Critical Source of Terrorist Funding'", *The Guardian*, 5 December 2010, <https://www.theguardian.com/world/us-embassy-cables-documents/242073>.

³¹ Commonwealth of Australia, "Regional Risk Assessment on Terrorism Financing 2016: South-East Asia & Australia", 2016, 24, <http://www.austrac.gov.au/regional-risk-assessment-terrorism-financing-2016>.

³² *Charitable Fundraising Regulation 2015 (NSW)*, section 9.

³³ ACNC, "Fundraising in Victoria", https://www.acnc.gov.au/ACNC/FTS/Fundraising_in_Victoria.aspx?TemplateType=P.

³⁴ ACNC, "Are There too Many Charities in Australia?", October 2016, https://www.acnc.gov.au/ACNC/FAQs/FAQ_Are_there_too_many_charities.aspx.

³⁵ Telephone interview with David Locke, Assistant Commissioner, Australian Charities and Not-for-profits Commission, 1 August 2017.

³⁶ A Suspicious Matter Reporting as its name implies is the mechanism by which transactions suspected to involve money laundering, terrorism financing or other criminal activity are reported.

³⁷ Commonwealth of Australia, “National Risk Assessment on Money Laundering and Terrorism Financing 2017: Australia’s Non-profit Organisation Sector”, 2017, 39, <http://www.austrac.gov.au/australias-npo-sector-risk-assessment>.

³⁸ Philanthropy Australia, “Fast Facts and Statistics on Giving in Australia”, 2016, <http://www.philanthropy.org.au/tools-resources/fast-facts-and-stats/>.

³⁹ Dina Temple-Raston, “How Much Does a Terrorist Attack Cost? A Lot Less Than You’d Think”, NPR *Parallels*, 25 June 2014, <http://www.npr.org/sections/parallels/2014/06/25/325240653/how-much-does-a-terrorist-attack-cost-a-lot-less-than-you-think>.

⁴⁰ US Treasury Department, “Remarks of Under Secretary for Terrorism and Financial Intelligence David Cohen before the Center for a New American Security on ‘Confronting New Threats in Terrorist Financing’”.

⁴¹ OCH Foundation Facebook page, <https://www.facebook.com/OCHFoundation-579250982188670/>, accessed 9 August 2017.

⁴² Peter Lloyd and Suzanne Dredge, “Australian ISIS Supporter Mohamed Zuhbi Denies Funding Terrorism after Bank Accounts Frozen”, ABC News, 1 July 2014, <http://www.abc.net.au/news/2014-06-30/australian-isis-supporter-denies-funding-terrorism/5560896>.

⁴³ Sean Rubinsztein-Dunlop, “Bisotel Rieh, Money Transfer Company Owned by Khaled Sharrouf’s Family, May Have Sent More than \$200,000 to Islamic State”, ABC News, 15 October 2014, <http://www.abc.net.au/news/2014-10-14/company-owned-by-sharrouf-family-may-have-sent-200000/5813374>.

⁴⁴ “AUSTRAC Cancels Registration: Bisotel Rieh Pty Ltd”, Press Release, 10 November 2014, <http://www.austrac.gov.au/media/media-releases/austrac-cancels-registration-bisotel-rieh-pty-ltd>.

⁴⁵ Mustapha al-Majzoub Facebook page, https://www.facebook.com/pg/Mustapha-Al-Majzoub-Daily-reminders-124891640940053/notes/?ref=page_internal, accessed 12 August 2017.

⁴⁶ *Hawala* is a traditionally trust-based system of value transfer without the use of promissory notes. Dealers keep informal journals, charge relatively low commission rates, and are able to transfer money much more quickly than banks. Money is given to a dealer in one country who has a relationship with a dealer in another country, who then passes the equivalent money to the intended recipient. The two dealers settle their debts with each other at a time and in a manner determined by them.

⁴⁷ Interviews with international NGO representatives in Beirut and Amman, and Syrian NGO representatives in Gaziantep, September 2017.

⁴⁸ Muslim Aid is a UK-based charity established in 1985 by community leaders from 17 Islamic organisations in response to the drought in Africa. It has an annual revenue of more than £25 million and provides relief to victims of natural disasters or conflict or those suffering from poverty. Its work has been praised by the Prince of Wales and former Prime Minister Gordon Brown.

⁴⁹ “Three British Islamists Convicted of Plotting ‘Another 9/11’”, Reuters, 22 February 2013, <https://www.reuters.com/article/us-britain-bombers/three-british-islamists-convicted-of-plotting-another-9-11-idUSBRE91K0SL20130221>.

⁵⁰ Alice Sharman, "Charity Commission Hands New Muslim Aid Trustees Control of the Charity", Civil Society, 6 February 2018, <https://www.civilsociety.co.uk/news/charity-commission-discharges-muslim-aid-interim-manager.html>.

⁵¹ Charity Commission, "Inquiry Report: Human Aid UK", 3 March 2017, 7, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/596579/human_aid_uk.pdf.

⁵² Discussion with member of Ihsan for Relief and Development, Gaziantep, Turkey, April 2017.

⁵³ That said, the ongoing court case involving World Vision aid funding to Gaza, claims that money from a DFAT-funded aid scheme was used by a group with ties to Islamic State in the southern Philippines, and an accusation, since denied, that aid money managed by Adam Smith International was used by jihadis in Syria are reminders that even large international NGOs are not immune from scrutiny. See Renee Westra, "World Vision, Gaza and Hamas: Aid Diversion Case Still Unresolved", *Flagpost*, 24 October 2017, https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2017/October/World_Vision_Gaza_and_Hamas; Amanda Hodge, "AusAid Cash Went to Marawi Terrorist", *The Australian*, 11 November 2017, <https://www.theaustralian.com.au/national-affairs/foreign-affairs/ausaid-cash-went-to-marawi-terrorist/news-story/69136cb9d46649d7a2c069fa308ab45a?login=1>; Adam Smith International, "Adam Smith International Strongly Defends Integrity of Unarmed Community Policing Project in Syria", News Release, 3 December 2017, <https://www.adamsmithinternational.com/news-and-insights/adam-smith-international-strongly-defends-integrity-of-unarmed-community-po/>.

⁵⁴ ACNC, "Three Organisations Lose Charity Status", Media Release, 23 November 2016, https://acnc.gov.au/ACNC/Comms/Med_R/MR_190.aspx.

⁵⁵ The association had transferred nearly \$400 000 through the Bisotel Rieh money transfer business that has since been shut down by Australian Government regulators. See <http://www.abc.net.au/news/2014-09-30/syrian-charitys-accounts-closed/5780056>.

⁵⁶ Interview with Syrian NGO representative, Gaziantep, Turkey, 13 September 2017.

⁵⁷ Discussions with several Sydney-based Muslim charities, April 2017.

⁵⁸ The Foreign Affairs Minister may 'declare' an area in a foreign country if they are satisfied that a listed terrorist organisation is engaged in hostile activity in that part of the country: *Criminal Code Act 1995*, sections 119.2 and 119.3.

⁵⁹ Two Australian citizens linked to al-Qaeda were killed in a US airstrike in Yemen in late 2013 and in late 2015 an Australian teen allegedly absconded from his parents in Egypt and tried to join a Sinai-based terrorist group. See Ewan Gilbert and Mark Corcoran, "Australians Killed in Yemen: DFAT Says Two Men Killed during Counter-terrorism Operation", ABC News, 16 April 2014, <http://www.abc.net.au/news/2014-04-16/two-australians-killed-in-yemen-counterterrorism-operation/5393554>; and Paul Maley, "Arrested Teen Was 'Tortured in Egypt on Road to Jihad'", *The Australian*, 25 October 2016, <https://www.theaustralian.com.au/national-affairs/arrested-teen-was-tortured-in-egypt-on-road-to-jihad/news-story/f776d9f693c94206104b77970acc8400>.

⁶⁰ The Independent National Security Legislation Monitor is a statutory appointment designed to provide an ongoing review of Australia's counterterrorism and national security legislation and to recommend reforms where considered necessary.

⁶¹ Email from former adviser to the former Assistant Treasurer, the Hon David Bradbury MP, 3 August 2017. The External Conduct Standards were never agreed upon and implemented because of the need to set up the organisation in the first instance, and then uncertainty over its future.

⁶² A bill allowing ACNC to access AUSTRAC information sits with a Senate Committee at the time of writing.

⁶³ Charity Commission, "Inquiry Report: Funds Raised for Charitable Purposes and Held on Charitable Trusts in the Name of Adeel Ul-Haq", 28 July 2016, 1, <https://www.gov.uk/government/publications/charitable-funds-raised-by-mr-adeel-ul-haq-inquiry-report>.

ABOUT THE AUTHOR



Rodger Shanahan

Dr Rodger Shanahan is a Research Fellow in the West Asia Program at the Lowy Institute. A former army officer, he had extensive service within the Parachute Battalion Group (PBG) and has had operational service with the UN in South Lebanon and Syria, with the PBG in East Timor, in Beirut during the 2006 war, and in Afghanistan. He was the former director of the Army's Land Warfare Studies Centre, and has also been posted to the Australian Embassies in Riyadh and Abu Dhabi. He has MAs in International Relations and Middle East Studies from the Australian National University, and a PhD in Arab and Islamic Studies from the University of Sydney.

Dr Shanahan is also a part-time member of the Refugee Review Tribunal. He has written numerous journal, media and policy articles, is a frequent commentator on Middle East issues for Australian and international media, has appeared as an expert witness for several terrorism trials in Australia and is the author of *Clans, Parties and Clerics: The Shi'a of Lebanon*.

Rodger Shanahan
Tel: +61 2 8238 9185
rshanahan@lowyinstitute.org

LOWY INSTITUTE

Level 3, 1 Bligh Street
Sydney NSW 2000 Australia

Tel: +61 2 8238 9000
Fax: +61 2 8238 9005

www.lowyinstitute.org
twitter: @lowyinstitute