

Hillary Clinton – The Saudis Financed Worldwide Terrorists, Including Al Qaeda

TERRORIST FINANCE: ACTION REQUEST FOR SENIOR LEVEL ENGAGEMENT ON TERRORISM FINANCE

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B. (B) RIYADH 1499 C. (C) KUWAIT 1061 D. (D) KUWAIT 1021 E. (E) ABU DHABI 1057 F. (F) DOHA 650 G. (G) ISLAMABAD 2799
Classified By: EEB/ESC Deputy Assistant Secretary Douglas C. Hengel
for reasons 1.4 (b) and (d). ----- Summary -----

1. (U) This is an action request cable. Please see para 3.

2. (S/NF) Summary: In August 2009, Special Representative to the President for Afghanistan and Pakistan (S/SRAP) Ambassador Richard Holbrooke in coordination with the Department of Treasury established the interagency Illicit Finance Task Force (IFTF). The IFTF is chaired by Treasury A/S David Cohen. It focuses on disrupting illicit finance activities in Afghanistan and Pakistan and the external financial/logistical support networks of terrorist groups that operate there, such as al-Qa'ida, the Taliban, and Lashkar e-Tayyiba (LeT). The IFTF's activities are a vital component of the USG's Afghanistan and Pakistan (Af/Pak) strategy dedicated to disrupting illicit finance flows between the Gulf countries and Afghanistan and Pakistan. The IFTF has created a diplomatic engagement strategy to assist in the accomplishment of this objective. The strategy focuses on senior-level USG engagement with Gulf countries and Pakistan to communicate USG counterterrorism priorities and to generate the political will necessary to address the problem. The IFTF has drafted talking points for use by all USG officials in their interactions with Gulf and Pakistani interlocutors. These points focus on funding for terrorist groups threatening stability in Afghanistan and Pakistan and targeting coalition soldiers. These points have been cleared through the relevant Washington agencies.

3. (SBU) Action request: Drawing on the background materials for respective countries, and in preparation for the upcoming visits by Ambassador Holbrooke and Treasury U/S Levey in January, the Department requests all action posts deliver the general talking points in paras 5-6 and country specific talking points contained in the following paras: (1) Saudi Arabia) para 8, (2) Kuwait) para 10, (3) UAE) para 12, and (4) Pakistan) para 13. The talking points should be delivered by Ambassadors/Charge D'Affaires.

4. (C) In response to State 112368, the Department has received responses from Embassies Riyadh, Kuwait, Abu Dhabi, Doha, and Islamabad regarding the resource capabilities devoted towards these efforts. The Department also received each Mission's evaluation of the effectiveness of host country institutions working on combating terrorism financing along with post's recommendations on ways forward.

General talking points for all Embassies

5. (SBU) Threat financing: Cutting off the flow of funds to terrorist organizations and achieving stability in Af/Pak are top U.S. priorities. These objectives require effective actions against terrorist fundraising in the Gulf by al-Qa'ida, the Taliban, LeT, and other Af/Pak-based violent extremist groups, all of which undermine the security of the entire international community. We will not succeed without your cooperation. Long term success in combating terrorist financing requires a comprehensive, strategic approach that includes the following elements: (1) aggressive action to identify, disrupt and deter terrorist donors, fundraisers and facilitators; (2) appropriate legal measures, including effective prosecution, to hold terrorist financiers and facilitators publicly accountable and to send a strong message of deterrence to current and would-be donors that their actions face significant legal and social repercussions. (3) strong oversight of charities, including their overseas branches, to ensure that these organizations are not supporting terrorist and extremist elements; (4) strict enforcement of UN 1267 sanctions; and (5) full compliance with international anti-money laundering and combating the financing of terrorism (AML/CFT) standards, including vigorous enforcement.

6. (SBU) Charities: The United States strongly supports legitimate charitable activities and is a strong proponent of private charitable giving. We recognize and admire the emphasis placed on charity within Islam and we seek to work cooperatively with governments and organizations in the Islamic world to ensure that legitimate charitable activities thrive. At the same time, we want to increase our cooperative efforts to ensure that extremists and terrorists do not exploit charitable giving.

Country-specific background material and talking points

7. (U) Saudi Arabia background (S/NF) While the Kingdom of Saudi Arabia (KSA) takes seriously the threat of terrorism within Saudi Arabia, it has been an ongoing challenge to persuade Saudi officials to treat terrorist financing emanating from Saudi Arabia as a strategic priority. Due in part to intense focus by the USG over the last several years, Saudi Arabia has begun to make important progress on this front and has responded to terrorist financing concerns raised by the United States through proactively investigating and detaining financial facilitators of concern. Still, donors in Saudi Arabia constitute the most significant source of funding to Sunni terrorist groups worldwide. Continued senior-level USG engagement is needed to build on initial efforts and encourage the Saudi government to take more steps to stem the flow of funds from Saudi Arabia-based sources

to terrorists and extremists worldwide. (S/NF) The USG engages regularly with the Saudi Government on terrorist financing. The establishment in 2008 of a Treasury attache office presence in Riyadh contributes to robust interaction and information sharing on the issue. Despite this presence, however, more needs to be done since Saudi Arabia remains a critical financial support base for al-Qa'ida, the Taliban, LeT, and other terrorist groups, including Hamas, which probably raise millions of dollars annually from Saudi sources, often during Hajj and Ramadan. In contrast to its increasingly aggressive efforts to disrupt al-Qa'ida's access to funding from Saudi sources, Riyadh has taken only limited action to disrupt fundraising for the UN 1267-listed Taliban and LeT-groups that are also aligned with al-Qa'ida and focused on undermining stability in Afghanistan and Pakistan. (S/NF) Saudi Arabia has enacted important reforms to criminalize terrorist financing and restrict the overseas flow of funds from Saudi-based charities. However, these restrictions fail to include &multilateral organizations⁸ such as the International Islamic Relief Organization (IIRO), Muslim World League (MWL) and the World Assembly of Muslim Youth (WAMY.) Intelligence suggests that these groups continue to send money overseas and, at times, fund extremism overseas. In 2002, the Saudi government promised to set up a &Charities Committee⁸ that would address this issue, but has yet to do so. The establishment of such a mechanism, however, is secondary to the primary U.S. goal of obtaining Saudi acknowledgement of the scope of this problem and a commitment to take decisive action. (S/NF) Department note: The Department received post's comments regarding embassy staffing at Riyadh and recommendations for enhancing bilateral cooperation (ref B). The Department agrees with post's recommendation that the U.S. must reinforce, on a political level, the Saudi Arabia Government's recent acknowledgement that terrorist groups other than al-Qa'ida are a threat both to it and to regional stability. The Department also supports post's assessment that consistent engagement, including the exchange of actionable intelligence, by senior USG officials is paramount. We plan to discuss these issues with the SAG during upcoming senior-level USG visits.

8. (U) Saudi Arabia talking points (S/REL USA, SAU) We recognize your government's efforts to disrupt al-Qa'ida networks in the Kingdom and we reaffirm our commitment to support the Saudi government in its actions on terror finance. We encourage your government to continue efforts against al-Qa'ida and stress the importance of sharing and acting on information related to terrorist financing. (S/REL USA, SAU) We note your concerns with fundraising in the Kingdom by al-Qa'ida and other terrorist groups and urge decisive action to enforce the UN 1267-mandated asset freeze against

Taliban and LeT fundraising similar to Saudi efforts to enforce UN 1267 sanctions and take other appropriate action to target al-Qa'ida. (S/REL USA, SAU) We underscore that the Taliban and LeT are aligned with al-Qa'ida and that your government's support for disrupting the financing of these groups is critical to the stability of Afghanistan, Pakistan and the broader Central and South Asian region. We emphasize the need to prevent the Taliban from using the cover of reconciliation talks to raise funds. (S/REL USA, SAU) We urge your government to assume responsibility for the overseas operations of charities and NGOs headquartered in the Kingdom. We encourage you to prevent terrorists and their supporters from exploiting religious events (Hajj, Umrah, Ramadan) to raise funds. We acknowledge the recent adoption of stricter financial controls on charities, but urge greater regulation and oversight of the Saudi charitable sector. (S/REL USA, SAU) We would like to stress our interest in broadening and deepening this dialogue and information exchange as we still lack detailed information on the ultimate sources of terrorist financing emanating from the Kingdom. We commend your government for recent efforts to put terrorists and terrorist financiers on trial, and we encourage you to publicize details of prosecutions to maximize the deterrent effects. (S/REL USA, SAU) You have had success in detaining and deterring financial facilitators. However, we encourage your government also to focus on the long-term and more fundamental goal of dissuading donors from funding violent extremism. (S/REL USA, SAU) We commend your government's effort over the past several years to use the media, internet, and other forms of public outreach to discourage extremism. We emphasize that a critical component in this campaign is cutting off the flow of funds from Saudi Arabia to foreign religious, charitable, and educational organizations that propagate violent extremist ideologies to vulnerable populations.

9. (U) Kuwait background (S/NF) The USG has consistently engaged the Government of Kuwait (GOK) about the specific activities of terrorist financiers in country, Kuwaiti charities financing terrorism abroad, and Kuwait's lack of a comprehensive anti-money laundering and counter-terrorist financing regime. While the GOK has demonstrated a willingness to take action when attacks target Kuwait, it has been less inclined to take action against Kuwait-based financiers and facilitators plotting attacks outside of Kuwait. Al-Qa'ida and other groups continue to exploit Kuwait both as a source of funds and as a key transit point. (S/NF) The GOK has undertaken a number of initiatives to curb terrorist financing in the charitable sector (ending direct cash donations, increasing monitoring and supervising mosques and charitable organizations, and enhancing enforcement of regulations by a Ministry of Social Affairs task force). It also recently arrested some Kuwait-based al-Qa'ida facilitators, but it is too

early to assess whether this marks a change in Kuwaiti policy of co-opting terrorists as a means of deflecting potential attacks against Kuwaiti interests. (S/NF) Kuwait's law prohibits efforts to undermine or attack Arab neighbors, a basis for the prosecution of al-Qa'ida facilitators, Kuwait remains the sole Gulf Cooperation Council (GCC) country that has not criminalized terrorist financing. The GOK faces an uphill battle to implement comprehensive terror finance legislation due to a lack of parliamentary support. However the government is also not currently prepared to push hard on this issue. The GOK at times has obstructed or been slow to enforce UN-mandated asset freezes of Kuwait-based entities. (S/NF) A particular point of difference between the U.S. and Kuwait concerns Revival of Islamic Heritage Society (RIHS). In June 2008 the USG domestically designated all RIHS offices RIHS under Executive Order 13224 for providing financial and material support to al-Qa'ida and UN 1267-listed al-Qa'ida affiliates, including Lashkar e-Tayyiba, Jemaah Islamiyah, and Al-Itihaad al-Islamiya. The United States nominated RIHS for listing under UNSCR 1267 but Indonesia placed a technical hold on the RIHS listing due concerns regarding RIHS's presence in Indonesia. Libya also placed a hold - probably at Kuwait's behest - citing insufficient information on RIHS's activities. Indonesia has rotated off the United Nation's Security Council so only Libya's hold on RIHS remains. (Department note: Libya's hold will drop in 2010 unless one of the newly elected UNSC Members places a hold on our request to list RIHS.) In Kuwait, RIHS enjoys broad public support as a charitable entity. The GOK to date has not taken significant action to address or shut down RIHS's headquarters or its branches, which is consistent with GOK tolerance of similar behavior by Kuwaiti citizens and organizations as long as the behavior occurs or is directed outside of Kuwait. (S/NF) Department note: The Department appreciates post's thorough description of the staffing situation at Mission Kuwait (ref B). The Department commends U.S. Embassy Kuwait for taking an active approach in proposing a strategy to build GOK capacity in combating financial crimes through training and seminars focused on legislation and law enforcement (ref C). The opportunity to engage the GOK on improving its capabilities to deal with financial crimes is enthusiastically welcomed by agencies in Washington. Washington agencies appreciate post's assessment and identification of several focal areas that deal with financial crimes. These goals closely track the work of the IFTF Capacity Building Working Group. The Department commends Embassy Kuwait's recent support of Kuwait's National Anti Money Laundering Committee's AML conference in early December 2009. In response to post's request, the Department will work with relevant members of the Washington inter-agency to provide comments and feedback to the draft of Kuwait's amended AML law.

10. (U) Kuwait talking points (S/REL USA, KWT) We appreciate the breadth and depth of our strong bilateral relationship. We would like to see our cooperation on counter-terrorist financing improve to a level that matches our excellent cooperation in many other areas. In this respect, the recent Kuwait anti-money laundering conference held in Kuwait is a positive step forward. (S/REL USA, KWT) Our information indicates that Kuwaiti donors serve as an important source of funds and other support for al-Qa'ida and other terrorist groups. The arrest in August of six Kuwaiti men who were plotting terrorist attacks on U.S. and Kuwait interests marks an important step in enhanced counterterrorism cooperation. We encourage you to keep up the positive momentum. (S//REL USA, KWT) We underscore that the Taliban and LeT are aligned with al-Qaida and that your government's support for disrupting the financing of these groups is critical to the stability of Afghanistan, Pakistan and the broader Central and South Asian region. We emphasize the need to prevent the Taliban from using the cover of reconciliation talks to raise funds. (S/REL USA, KWT) We appreciate your government's generosity for a wide range of important causes and for the positive contributions made by Kuwaiti charities. We commend Kuwait for some of the initiatives taken to enhance oversight of charitable donations, but we need you to do more to prevent the financing of terrorism abroad from Kuwaiti soil. (S/REL USA, KWT) Our goal is to work more closely with your government to separate and protect legitimate charitable activity from those that fund terror. We have particular concerns about their foreign activities. (S/REL USA, KWT) We remain concerned that the continued absence of counterterrorism legislation criminalizing terrorist financing will continue to prevent effective counterterrorist efforts. (S/REL USA, KWT) We urge your government to prioritize the passage of counterterror finance legislation. Robust and comprehensive anti-money laundering and counterterror financing laws will enhance your government's ability to prosecute those seeking to undermine Kuwait's security, but will also enhance the reputation of Kuwait's financial sector as a whole. (S/REL USA, KWT) If raised, Kuwait RIHS: We have shared our concerns with your government regarding RIHS on numerous occasions. We designated the organization in the United States as a specially designated terrorist entity based on information that RIHS funds have supported terrorist groups in various regions of the world. The USG is not alone in its concern; six other governments (Albania, Azerbaijan, Bangladesh, Bosnia-Herzegovina, Cambodia, and Russia) have taken enforcement action against RIHS branches in their countries. (S//REL USA, KWT) We would welcome the opportunity to work more closely with you to ensure that RIHS and other charities cannot be used to support terrorists.

11. (U) United Arab Emirates background (S/NF) UAE-based donors have provided financial support to a variety of terrorist groups, including al-Qa'ida, the Taliban, LeT and other terrorist groups, including Hamas. Washington agencies note, however, that they have limited information on the identity of Taliban and LeT donors and facilitators in the UAE. Hence there is limited information to be shared with local interlocutors. Nonetheless, the point can be emphasized that the UAE's role as a growing global financial center, coupled with weak regulatory oversight, makes it vulnerable to abuse by terrorist financiers and facilitation networks. (S/NF) Department Note: The Department has received post's comments regarding personnel staffing at Mission UAE and the challenges post faces. The Department is supportive of the action plan laid out on engaging with the UAE on Taliban finance issues (ref E). The Department assesses that a bilateral commitment by the United States and the UAE to focus on weaknesses within its financial regulatory measures is an important step in making progress on strengthening UAE efforts to disrupt potential terrorist financing.

12. (U) United Arab Emirates talking points (S/REL USA, ARE) We appreciate the depth and breadth of our bilateral relationship. Since 2001, we have developed a strong partnership with your government in countering financial support for al-Qa'ida, and more recently, in constricting Iran's ability to use UAE financial institutions to support its nuclear program. (S/REL USA, ARE) We would like to extend our cooperation and partnership to efforts to deal with the threat represented by Taliban and LeT fundraising in the UAE. We believe that the United States and UAE, which both have troops in the field in Afghanistan, share a common interest in curtailing any Taliban or LeT fundraising activities and fully implementing UN 1267 sanctions on such activities on behalf of these groups in the UAE. (S/REL USA, ARE) However, we are pleased that concerns have been raised in the UAE regarding the Taliban and LeT fundraising. We also commend the calls for increased vigilance, information sharing, and enforcement actions to disrupt and deter this activity. (S/REL USA, ARE) In our view, the alignment of the Taliban and LeT with al-Qa'ida means that our mutual efforts to disrupt the financing of these groups also is critical to the stability of Afghanistan and Pakistan. (S/REL USA, ARE) We emphasize the need to prevent the Taliban from using the cover of reconciliation talks to travel and raise funds. (S/REL USA, ARE) We appreciate your government's willingness to work with the USG on cash courier interdiction and note that such efforts are crucial to undermine al-Qa'ida, the Taliban, and other groups' ability to exploit the UAE as a fundraising and facilitation hub. We urge your government to

strengthen its regulatory and enforcement regime to interdict cash couriers transiting major airports.

13. (U) Pakistan background (S/NF) Pakistan's intermittent support to terrorist groups and militant organizations threatens to undermine regional security and endanger U.S. national security objectives in Afghanistan and Pakistan. Although Pakistani senior officials have publicly disavowed support for these groups, some officials from the Pakistan's Inter-Services Intelligence Directorate (ISI) continue to maintain ties with a wide array of extremist organizations, in particular the Taliban, LeT and other extremist organizations. These extremist organizations continue to find refuge in Pakistan and exploit Pakistan's extensive network of charities, NGOs, and madrassas. This network of social service institutions readily provides extremist organizations with recruits, funding and infrastructure for planning new attacks. On the international stage, Pakistan has sought to block the UNSCR 1267 listings of Pakistan-based or affiliated terrorists by requesting that China place holds on the nominations. China recently placed a technical hold on the designation of three Pakistan-based or affiliated terrorists nominated by India, although China did not prevent the most recent Pakistan-related U.S. designation nomination in June. (S/NF) The Department has received post's comments regarding personnel staffing and the detailed description of the challenges faced by Embassy Islamabad in the area of terrorism finance (ref D). Department leaves it to post discretion to determine which departments within the host government should receive the points provided in para 16 so that Pakistan fully understands the priority the USG places on this issue.

14. (U) Pakistan talking points (S/REL USA, PAK) Emphasize that Pakistan's support for disrupting financing to the Taliban and LeT obligatory pursuant to their obligations under UNSCR 1267 and successor resolutions, and is critical to achieving stability in Afghanistan and Pakistan. (S/REL USA, PAK) We are deeply concerned that Pakistan has failed to enact an AML/CTF law that meets APG/FATF standards. As you may realize the FATF is currently engaged in a &International Co-Operation Review Group⁸ exercise, that is likely to have very negative multilateral repercussions if the Parliament does not pass an adequate AML/CTF law. (S/REL USA, PAK) We stress your government's obligation, under UNSCR 1267, and successor resolutions to strictly enforce existing sanctions against the 142 Taliban, LeT leader Hafiz Saeed, LeT/JUD, al Rashid Trust, al Akhtar Trust and other individuals and entities on the UN 1267 Consolidated List. (S/REL USA, PAK) We urge your government to support the international community's efforts to combat terrorist financing. Your government's views of UNSCR 1267 listing

requests for LeT and other Pakistan-based terrorist groups should be made on the merits of the requests and not linked to politics, including what country made the nomination or which countries are referenced in the public statements of the cases. (S/REL USA, PAK) We urge your government to comply with UN and domestic legal obligations to enforce sanctions on the Pakistan-based, UN-proscribed NGOs al Rashid Trust and al Akhtar Trust, and all successor organizations that continue to funnel money and provide other forms of support to the Taliban and LeT. (S/REL USA, PAK) We emphasize that social services provided by NGO extremist organizations, such as Jamaat-ud Dawa (JUD) challenge the legitimacy of your government to provide for its people. This includes relief efforts in the Internally Displaced Person (IDP) camps of the Northwest Frontier Provinces by the new LeT/JUD charity Falah-e Insaniyat Foundation. (S/REL USA, PAK) We stress that our governments must work together to ensure that there are moderate alternatives to terrorist-controlled social welfare networks upon which IDPs and other vulnerable populations currently rely. We must work together to develop and support NGOs not affiliated with terrorist groups, and establish a comprehensive oversight and enforcement mechanism for NGOs that is consistent with the Financial Action Task Force's international standard. (S//REL USA, PAK) We urge your Government in the strongest possible terms to take action against the Haqqani network, which is funneling weapons and fighters across the border to fight U.S. and Coalition Forces in Afghanistan. This network, led by Sirajuddin Haqqani who was listed by the UN under UNSCR 1267, funds its activities through illicit activities, including kidnapping, extortion, bank robbery, narcotics, smuggling, and fraud. (S//REL USA, PAK) We urge your Government to replace the anti-money laundering decree recently promulgated by your Executive Branch with legislation fully consistent with the Financial Action Task Force (FATF) Recommendations and to ensure that the current decree can stand in court. The FATF Forty Plus Nine Recommendations are international standards, which Pakistan, by virtue of its membership in the Asia-Pacific Group, committed to.

15. (U) Qatar background (S//NF) Department Note: Qatar is one of the four Gulf countries included in the IFTF, and accordingly, the IFTF developed the background information included in para 16 for inclusion in the diplomatic engagement strategy. However, given the current focus of U.S. engagement with the GOQ on terror finance related to Hamas, it would be counter-productive for Embassy Doha to engage the GOQ at this time on disrupting financial support of terrorist groups operating in Afghanistan and Pakistan. (S//NF) Qatar has adopted a largely passive approach to cooperating with the U.S. against terrorist financing. Qatar's overall level of CT cooperation with the U.S. is considered the worst in the

region. Al-Qaida, the Taliban, UN-1267 listed LeT, and other terrorist groups exploit Qatar as a fundraising locale. Although Qatar's security services have the capability to deal with direct threats and occasionally have put that capability to use, they have been hesitant to act against known terrorists out of concern for appearing to be aligned with the U.S. and provoking reprisals. (S//NF) Department Note: The Department has received post's comments regarding personnel staffing and the thorough description of the coordination process on terrorist finance issues at Embassy Doha (ref F). Department appreciates post's assessment that GOQ definitions of what constitutes terrorism differs occasionally from those of the USG. Department agrees with post's suggested approach on this issue of engaging with direct discussions with host government officials.

Points of contact and reporting deadline

16. (U) Please direct any questions or comments on this request to EEB/ESC/TFS (Jay J. Jallorina or Linda Recht). Posts are requested to report back on responses from other governments by January 19, 2010. CLINTON

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