

# **FINANCIAL INTELLIGENCE CENTRE (FIC)**

## **Circular No. 03 of 2016**

**Additional obligations for Accountable Institutions (AIs) and Reporting Institutions (RIs) to report Suspicious Transactions (STRs) and Suspicious Activities (SARs) relating to Financing of Terrorism (FT) and Proliferation (PF) in view of Foreign Terrorist Fighters [section 33 of the Financial Intelligence Act 2012, Act 13 of 2012, as amended, herein referred to as the FIA].**

### **Introduction**

This circular is issued in terms of Section 9(1) (h) of The FIA and bears reference to the issued Financial Intelligence Centre (FIC) Circular 35 of 2015 on emerging trends of terrorist financing.

The FIC, as part of its continued effort to assist the Government of the Republic of Namibia to combat Money Laundering, and the Financing of Terrorist and Proliferation Activities, is issuing circulars, directives, notices, determinations, and giving guidance to Accountable and Reporting Institutions to effectively combat the aforementioned delinquencies.

### **Foreign Terrorist Fighters**

In terms of the United Nations Security Council Resolution (UNSCR) 2178 (2014), Foreign Terrorist Fighters (FTFs) are known to be Individuals who travel to a state other than their states of residence or nationality for the purposes of perpetrating, planning, preparing, or participating in terrorist acts; or the providing or receiving terrorist training, including in connection with armed conflict.

Therefore, preventing terrorists, including foreign terrorist fighters (FTFs), from exploiting the global financial system is a key priority for the FIC. The actions of terrorist organizations, including al-Qa'ida, the Islamic State in Iraq and the Levant

(ISIL) and their respective affiliates, and the proliferation of FTFs, pose a serious threat to international peace and security. To address the increasing and serious threat posed by these terrorist organizations, more than 37 Financial Intelligence Units (FIUs) have focused on analysing FTFs' financial footprint.

The FIC's objective is to share key findings of this analysis with appropriate reporting institutions. This Circular contains indicators describing specific characteristics of financial transactions that are more likely to be involved with or linked to FTF financing.

The Accountable and Reporting Institutions receiving this Circular may use it to identify possible FTF-related transactions and reporting them to the FIC.

### **Suspicious Transaction Reporting based on this Circular**

Accountable and Reporting Institutions should immediately report any imminent threat to the FIC and make reference to this circular when reporting potential FTF-related transactions based on indicators contained herein.

Referencing this Circular in Suspicious Transaction Reports (STRs) will allow the FIC to identify and prioritize FTF and terrorist-related reports. Institutions reporting terrorist financing through STRs are reminded to include all relevant and detailed information as is permissible, such as IP addresses, customer online logins, and identifying information.

In the event of a terrorist attack, Accountable and Reporting Institutions are encouraged to review their customer and transactional records, as appropriate, to identify any activities or transactions connected to individuals or entities that may have assisted in or carried out such attacks.

Accountable and Reporting Institutions should not wait to be contacted by the FIC to review their records, and are encouraged to proactively file appropriate STRs.

## **Foreign Terrorist Fighters and their Financial Footprint**

Once recruited, FTFs seek to travel to areas where ISIL, al-Qa'ida, and their affiliates operate, such as in Iraq and the Levant region. Accordingly, FTFs' financial activity may reflect transactions related to their travel preparations, arrangements, departure, in-transit period, arrival, and presence in the conflict zone. The analysis reveals that FTFs traveling to conflict areas generally follow a travel pattern with five distinct phases: 1) pre-departure; 2) travel and transit; 3) in conflict zone; 4) return; and 5) facilitation and support of terrorist networks.

Each phase is characterized by different financial activities and types of transactions. The United Nations estimates more than 25,000 men and women in more than 100 countries have travelled to become FTFs in Iraq, Syria and, increasingly, in Libya. The largest number of FTFs comes from countries in North Africa and the Middle East, including Turkey, Tunisia, Libya, Saudi Arabia, Jordan, and Morocco, among others.

This Circular provides an overview of each phase's financial characteristics to help Accountable and reporting Institutions identify potential FTFs intending to travel, or FTFs who have already undertaken travel to join the conflict in Syria and Iraq.

### **FTF indicators**

In applying the indicators below, Accountable and Reporting Institutions should be advised that no single transactional indicator is a clear barometer of terrorist activity. Accountable and Reporting Institutions should consider additional factors, such as a customer's overall financial activity and whether multiple indicators are exhibited, before determining a possible association to terrorist financing and FTFs. Some indicators below may be observed during general transactional screening, while others may be more readily identified during in-depth case reviews.

FTFs use diverse methods to disguise their finances and intentions. When determining whether transactions may be related to the financing of an FTF, reporting institutions should consider phase indicators and the following factors below:

- Deviation from a customer's normal activity

- Sources of funds
- Available information on the purpose of transactions
- Publicly available information

With respect to publicly available information, ISIL and other terrorist organizations are known to be active on social media sites. Accountable and Reporting Institutions may find available social media information helpful in evaluating potential suspicious activity, and in identifying risks connected to indicators provided in this Circular and other information sources. The FIC does not suggest social media information be reviewed as part of normal due diligence procedures; rather, the FIC's goal is to point out the additional context social media information may provide regarding transactions that may already be considered suspicious. Similarly, the location from which a customer logs into a reporting institution's online services platform may also be relevant when determining whether a transaction is suspicious (see below).

### **Phase 1 Indicators. “*Pre-Departure*”**

In this phase, prospective FTFs try to raise funds and make travel preparations prior to departure, without attracting suspicion. The funds may be used to pay for travel to conflict zones and related expenses, or may also be used to support terrorist groups once overseas.

**Financial intelligence and STR information from several FIUs reveal the following indicators prior to departure:**

#### **Suspicious Transactions Related to Raising Funds:**

- 1.1 Taking out small loans with several lending/credit companies where no repayments are made.
- 1.2 Overdrawing accounts or reaching credit limits prior to departing for conflict zones.
- 1.3 Liquidating personal assets, including retirement accounts/plans and other personal property (e.g., vehicles, homes).
- 1.4 Customer requests a bank for an increase in ATM limit.

- 1.5 Young individuals taking out funeral or life insurance policies.
- 1.6 Buying automobiles for the purposes of exporting them to countries bordering the conflict zone of Syria and Iraq.
- 1.7 Receiving funds from or sending funds to seemingly unrelated individuals who are located near cities with a reported ISIL/al-Qa'ida-presence, where the transactions do not appear to have a lawful business purpose. These seemingly unrelated individuals may share common or similar addresses, telephone numbers, or other identifying information.
- 1.8 Employees or principals of Non-Profit Organizations (NPO) misappropriating funds, where funds are withdrawn prior to departing to conflict zones.

**Suspicious Transaction Related to Travel Arrangements:**

- 1.9 Large withdrawals of cash, mainly by ATM.
- 1.10 Purchase of foreign exchange, or exchange of cash into large denominations, preference for USD or EUR.
- 1.11 Money conversions of small denominations into large ones of EUR 500/USD 100
- 1.12 Paying outstanding fees and penalties that could prevent international travel, such as fees and penalties that might result in one being stopped at the border when leaving the country.
- 1.13 Payments indicating appointments at medical clinics.
- 1.14 Purchasing goods at camping or survival stores.
- 1.15 Payments for travel expenses and airline tickets, or funds transfers to travel agencies.
- 1.16 Payment for passports applications/renewals and visas.

### *Suspicious Related Expenditures/Payments*

- 1.17 Purchasing first-person shooter games or engaging in combat training-type activities.
- 1.18 Payments to certain Islamic media or bookstores.
- 1.19 Purchasing online communication plans for Voice Over Internet Protocol (VoIP) (i.e. internet calls).
- 1.20 Donating to certain Islamic NPOs and Islamic advancement websites.
- 1.21 E-wallet and stored value/pre-paid card expenditures in countries bordering the conflict zone of Syria and Iraq.

### **Phase 2 Indicators: “*Travel and Transiting*”**

To reach Iraq or the Levant region, FTFs may purchase airline tickets to countries in Europe or to countries near or adjacent to ISIL/al-Qa’ida-controlled areas—including Cyprus, Egypt, Greece, Jordan, Lebanon, and Turkey—before continuing by land. In this regard, transactions, ATM withdrawals, or online logins may be observable at transit points along their route. Financial intelligence and STR information from several FIUs reveals the following indicators related travel and transiting:

#### Transactions Observable at Transit Points while Traveling to Conflict Zones:

- 2.1 Using ATMs or debit cards to withdraw funds at airports in countries bordering Syria and Iraq, where the transaction does not fit the customer’s profile or expected activity.
- 2.2 Using a reporting institution’s online tools or customer service phone lines to remotely monitor transactions for the purpose of coordinating and facilitating the collection of funds or initiating additional transactions. For instance, transactions initiated within the United States may be followed by near-time online-logins from locations in Syria, Iraq, northeastern Lebanon, or the Turkish southern border region.
- 2.3 Frequent and rapid transactions in countries bordering Iraq or Syria, where the transactions do not appear to have a lawful purpose.

- 2.4 Making payments or fund transfers referencing "May Allah help them" or "Dawlatna Mansora," which translates from the Arabic for "the chosen State."
- 2.5 Conducting on-line Payments to Islamic media or book stores.
- 2.6 Purchasing communication plans via the Internet.
- 2.7 Purchasing clothing and equipment from outdoor, camping, or survival stores.
- 2.8 Conducting on-line payments for travel expenses and airline tickets.
- 2.9 Making e-wallet and stored value/pre-paid card expenditures in countries bordering the conflict zone of Syria and Iraq.
- 2.10 Failing to repay loans, credit card balances, lines of credit, or automobile loans.
- 2.11 Sending fund transfers to conflict zones in Syria, Iraq or bordering countries, or to other conflict areas, where the transactions have no apparent lawful purpose.
- 2.12 Using credit cards to fund remittances or on-line transfers directed to Syria, Iraq, and bordering countries
- 2.13 Payments for gasoline, toll routes, food and hotels, along the land routes to the conflict areas.
- 2.14 Failing to return vehicles to car rental companies.
- 2.15 Reporting the theft of vehicles in countries bordering the conflict zone of Syria and Iraq, followed by an insurance claim in the country of origin.

**Phase 3 Indicators: "In Conflict Zones"**

FTFs may use funds for provisions, training, or operating while in the conflict zone. This behavior may be characterized by suspicious activity originating in cities near ISIL/al- Qa'ida-controlled areas including unusual online logins, ATM withdrawals, or funds transfers. Financial Intelligence and STR information from several FIUs revealed the following indicators while FTFs are in conflict zones:

*Suspicious Transactions Observable Near or In Conflict Zones:*

- 2.1 Using a reporting institution's online tools or customer service phone lines to remotely monitor transactions for the purpose of coordinating and facilitating the collection of funds or initiating additional transactions. For instance, transactions initiated within the United States may be followed by near-time online-logins from locations in Syria, Iraq, northeastern Lebanon, or the Turkish southern border region.
- 2.2 Conducting ATM or debit card withdrawals in the conflict zone shortly after receiving cash deposits into accounts located in a distant jurisdiction.
- 2.3 In attempts to communicate with others and avoid telecommunications or e-mails, FTFs may send small-amount fund transfers (e.g., USD1 or EU1), where payment instructions or transaction descriptions include suspicious short messages.
- 2.4 Customers with minimal transactional activity before ISIL's expanded operations (early 2014) now showing inflows from unknown origins followed by fund transfers to beneficiaries or ATM withdrawals in Iraq, northeastern Lebanon, Libya, southern Turkey, or Syria.
- 2.5 Failing to repay credit card balances, lines of credit, or vehicle loans.
- 2.6 Receiving funds from or sending funds to seemingly unrelated individuals, or relatives or associates, who are located near cities with a reported ISIL/al-Qa'ida-presence, where the transactions do not appear to have a lawful business purpose. These seemingly unrelated individuals may share common or similar addresses, telephone numbers, or other identifying information.
- 2.7 Collecting fund transfers in cities near the Iraq and Syria borders, or near conflict zones.

**Phase 4 Indicators: “*Returning to Country of Origin*”**

After being trained or engaging in armed conflict, FTFs may attempt to return to countries of origin. Financial intelligence and STR information from several FIUs reveals certain transactions linked to the return of possible FTFs to their countries of origin:



- 3.1 Conducting ATM withdrawals in Turkish cities close to the Syrian and Iraqi borders.
- 3.2 After long periods of inactivity, domestic transactions of possible FTFs start to return to pre-departure activity levels. Fund transfers from an FTF's family members or from associates with known ties to FTF/FTS networks may also be observable.
- 3.3 Receiving funds from or sending funds to seemingly unrelated individuals, or relatives or associates, who are located near cities with a reported ISIL/al-Qa'ida-presence, where the transactions do not appear to have a lawful business purpose. These seemingly unrelated individuals may share common or similar addresses, telephone numbers, or other identifying information.

**Phase 5 Indicators: “Facilitation”**

After returning to their country of origin, suspected FTFs may attempt to recruit others or plan and carry out terrorist attacks. Financial intelligence and STR information from several FIUs have reveals the following transactional behaviour after a suspected FTF returns to his/her country of origin:

- 4.1 Sending fund transfers to seemingly unrelated individuals. While this behaviour may not have been observed previously, returned FTFs may be attempting to support other FTFs or terrorists after returning from conflict zones.
- 4.2 Making fund transfers over a period of weeks that are accumulated and collected by seemingly unrelated individuals over a short timeframe (e.g., a few days).
- 4.3 After long periods of inactivity, domestic transactions of possible FTFs start to return to pre-departure activity levels. Fund transfers from an FTF's family members or from associates with known ties to FTF/FTS networks may also be observable.
- 4.4 Obtaining logistical support, including supply and transportation related expenditures from seemingly unrelated or suspicious sources.

4.5 Conducting fundraising efforts directly or through suspicious charitable organizations to support other FTFs. Suspicious fundraising efforts often take place in Internet forums frequented by radicalized individuals.

4.6 Employees or principals of Non-Profit Organizations (NPO) misappropriating funds, where funds are withdrawn prior to departing to conflict zones.

#### *Geographic Points of Interest*

The areas ISIL controls in Syria, Iraq, and more recently Libya fluctuate considerably. Accordingly, the FIC has not included an approximate geographical map of the area in this document. Media agencies and intelligence companies depict and chart ISIL-controlled area on a regular basis on their websites. Examples include:

- <http://www.businessinsider.com/heres-all-of-the-area-that-isiscontrols-3?IR=T> 2015-
- <http://www.ft.com/ig/sites/2014/isis-map/> (2014)
- <http://isis.liveuamap.com/> (up to date)
- <http://intelcenter.com/maps/is-affiliates-map.html>

#### Reports of Interest on the Issue of FTF Financing

- FATF report ISIL: <http://www.fatfgafi.org/documents/documents/financing-of-terroristorganisation-isis.html>.
- FATF report emerging trends on TF <http://www.fatfgafi.org/documents/documents/emerging-terrorist-financingrisks.html>.
- ICCT report Identifying Foreign Terrorist Fighters, The Role of Public-Private Partnership, Information Sharing and Financial Intelligence: [http://icct.nl/wp-content/uploads/2015/07/OPFININT\\_web\\_low-res.pdf](http://icct.nl/wp-content/uploads/2015/07/OPFININT_web_low-res.pdf).

## **Methods of reporting FTFs-related Suspicious Transactions or Suspicious Activities to the FIC**

Accountable and Reporting Institutions can report FTFs-related Suspicious Transactions or Suspicious Activities to the FIC through:

- a) Electronic submission(online/web based or xml by clicking on <https://www.fic.na/goaml/>); or
- b) Completion of manual STR/SAR form (form can be send to [helpdesk@fic.na](mailto:helpdesk@fic.na))

## **Non-compliance with the provisions of this Circular**

Any non-compliance with the provisions contained in this Circular is an offence in terms of section 63 of the FIA.

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### **Further information**

Enquiries can be directed to the FIC Help Desk by:

Email to [helpdesk@fic.na](mailto:helpdesk@fic.na)

Tel: + 264 - 61-283-5100

Fax: +264 - 61-283-5259

The information contained in this document is intended only to provide a summary and a general overview on these matters. This document may contain statements of policy which reflect FIC's administration of the legislation in carrying out its statutory functions.

The information contained herein is current as at the date of this document.

Date issued: **02 February 2016**

**Director: Financial Intelligence Centre**