

# Transnational Justice on the Example of Countering the Financing of Terrorism in the USA and in Europe

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# The concept of terrorist financing

- Transnational crimes are crimes that have actual or potential effect across national borders and crimes which are intra-State but which offend fundamental values of the international community.
- terrorist acts ← financial resources
- „terrorist financing“ is not yet a separate crime in Hungary

## 1. Acquisition



Movement of funds or goods

## 2. Aggregation



Funnelling or pooling smaller amounts into larger ones



## 3. Transmission to terrorist organisations



Movement of aggregated funds or goods to central terrorist organization

## 4. Transmission to terrorist cell



Allocation of funds to terrorist cells



## 5. Conversion



Funds exchanged for end-use goods and services to carry out terrorist activities





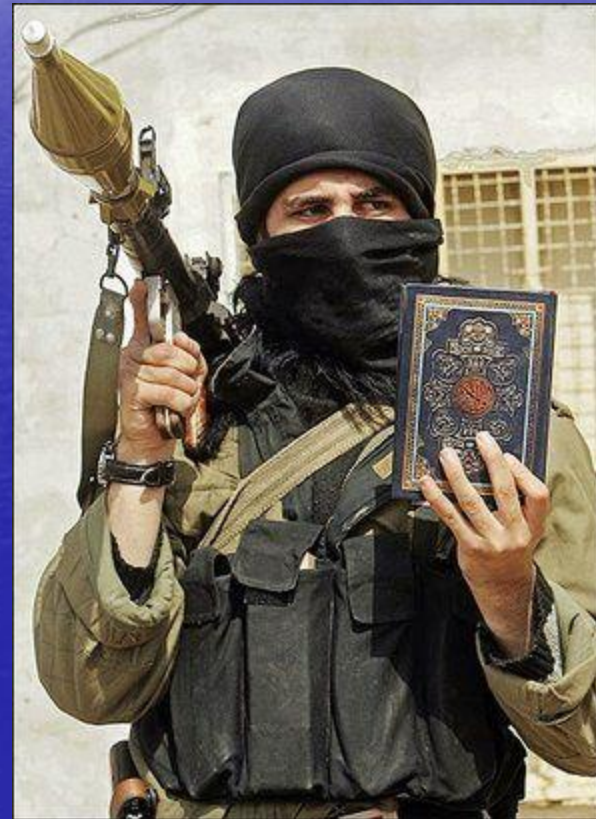
# The cost of the terrorist attacks from the side of the terrorists: the financial need

Terrorist financing means the activity during which directly or indirectly financial means are submitted for the execution of terrorist attacks. *Concerning our subject the most important characteristic of terrorism is that it is not necessary to have great sums to carry out the actions.*



# The cost of the terrorist attacks from the side of the terrorists: the financial need

The three big elements  
of the costs: the  
**operational costs,**  
**the administrative**  
**costs** and the  
**donation** given to the  
family members of the  
suicide bombers.





# ***Some examples for the „operational costs“***

On February 26 1993 an attack was executed against the World Trade Center with a 680 kg bomb, with the cost of 18 000 USD, 6 persons died, and more than 1 000 were injured





# *Some examples for the „operational costs“*

The total cost of the September 11 2001, yet biggest terrorist attack in the world, killing 3 000 persons was approximately 400.000-500.000 USD of which 300 000 USD arrived by bank transfers



# ***Some examples for the „operational costs“***

the approximate historical cost of the blast in Bali on October 12 2002 was 20.000-35.000 USD, on the other side of the balance there were 190 dead and 309 injured





# *Some examples for the „operational costs“*

the attacks that were executed in Istanbul on November 15 and 20 2003 cost approximately 40 000 USD and left 27 dead and 450 injured on the spot



# ***Some examples for the „operational costs“***

On March 11 2004  
bombs were blasted in  
Madrid, this attack was  
executed with a 10 000  
USD (60 000 USD  
according to the Spanish  
estimations) budget. On  
the other side of the  
balance there were 191  
dead and more than  
1 500 injured





# ***Some examples for the „operational costs“***

On July 7 2005  
London was  
attacked, 700 were  
injured, 38 died.  
The total cost o the  
attack was only  
15 000 USD



# Administrative cost

- Al-Qaeda spends approximately 10% of its incomes on operational costs, while 90% on administrative and functional costs.





# Financial donation to the families of the suicide bombers

- Hamas: 5000 USD
- Saddam Hussein: 25.000 USD



# **The cost of the terrorist attacks for the society: damages and victims**

- The social costs can be divided into two groups: personal (dead, injured, health damage) and financial (financial extra costs generated by the reactions to terrorism).



# Personal costs for the society

- Dead and injured
- Direct medical effect



# Material costs for the society

- Financial damages
- Damaging effects on national economy (tourism, catering, stock exchange etc)
- Extra costs in the financial intermediate system
- The costs of prevention and investigation
- The costs of penalty execution
- The cost of military actions



# Sources and techniques of terrorist financing

1. Committing crimes
2. Donations
3. Legal business activity

# Committing crimes

- Drug-related crimes
- Kidnapping
- Smuggling people
- Money laundering
- Other profitable crime-types





# Donations

- Terrorists can be supported by individuals, organizations (other terrorist organizations too) and states.
- „Donation“ in a wider sense can be considered as the **financing of terrorism** in the sense of criminal law, while from economic sense the committing of crimes and legal business activity can also be considered as the part of terrorist financing.

# Legal business activity

- Legal business activity is tending to play an always more important element in terrorist financing
- A process called *privatization of terrorist financing* has started.





# Terrorist Financing in the European Law

In a decision in 2002 the European Union condemned terrorism and said: “The European Union is founded on the universal values of human dignity, liberty, equality and solidarity, respect for human rights and fundamental freedoms. It is based on the principle of democracy and the principle of the rule of law, principles which are common to the Member States. Terrorism constitutes one of the most serious violations of those principles”

# Terrorist Financing in the European Law

DIRECTIVE 2005/60/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing



# Terrorist Financing in the Hungarian Law

- CXXXVI law of 2007 (Preamble):
- „The aim of this law is to prevent and impede the laundering of money or thing of expressible value in money deriving from crime by activities that endanger in money-laundering and the support of terrorism with money or a thing of expressible value in money, in order to validate efficiently the prohibition of money-laundering and terrorist financing.”

# Terrorist Financing in the Hungarian Law

- The suspicious circumstances that refer to terrorist financing are to be reported the same as the suspicion of money-laundering.
- The Hungarian Financial Supervisory Authority also emphasize that persons and entities who can be found on the lists in connection with union restrictions imposed for exercising activities that are against the principles of the community or for terrorism, cannot receive services and their accounts should be blocked.



# Terrorist Financing in the Hungarian Law

- According to the operative Hungarian criminal law terrorist financing is ranked a crime, but not yet a separate crime (a part of „Acts of Terrorism” – Section 261)
- „(4) Any person who instigates, suggests, offers, joins or collaborates in the commission of any of the criminal acts defined under Subsections (1) and (2) or **any person who is involved in aiding and abetting such criminal conduct by providing any of the means intended for use in such activities or by providing or raising funds to finance the activities** is guilty of felony punishable by imprisonment between two to eight years.”

# ***Terrorist Financing in Hungary***

In Hungary no one has been condemned for terrorist financing. There is **one legal case** to instance. For the initiation of the National Security Bureau the Immigration and Citizenship Office expelled a Syrian doctor from Hungary. The doctor, working in the intensive care unit of the clinics of Pécs, transferred his wage of a month, 105.000 Ft to one of the cover organizations of the Hamas. Criminal procedure was not starts against the doctor because the new statement of affairs of the terrorist act at the moment of the commission had not already become operative.



Thank you for your attention!

