

# **Terrorist Fundraising & Money Transfer Operations**

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## **INTRODUCTION**

This study will examine the multiple methods of fund generation by terrorist groups and the modalities used by such groups to transfer funds for weapons procurement and logistic support. The operations of the international network of the Liberation Tiger of Tamil Eelam (LTTE) will be used as a case study in relation to the topic on terrorist financing.

The study will have two main focus areas namely, methods used by groups such as the LTTE for resource mobilization and the processes by which such funds are moved for procurement activity. The study recognizes that the LTTE has an active domestic fundraising operation, however the focus of this study will be limited to operations of the international network of the LTTE. Within the scope of the first focus area, the study will identify methods of fundraising and assess the progression of such methods in terms of institutionalization and sophistication. The study will expand on this by developing a four-tiered progression typology which reflects the growth and expansion of fundraising methods.

The second part of the study will examine the illusive network of financial nodes and controllers that transfer funds for procurement purposes. The study will also identify the processes of fund transfer used by the LTTE for weapons procurement.

## **STRUCTURE OF THE LTTE INTERNATIONAL NETWORK**

To examine the overseas fundraising methods of the LTTE, it is necessary to understand the structure of the international network. The LTTE is known to have a presence in over 44 countries. The LTTE has established a structured presence in 12 countries which are considered to be the top-level contributing countries (TLCs) to the LTTE. The LTTE has designated a country representative in each of the 12 countries. The leadership in each country receives instructions all aspects of overseas operations from the LTTE international co-ordination centre in Kilinochchi. In most cases the overseas leadership disseminates its dictates and authority through the Tamil Co-ordinating Committee (TCC) in the respective country.

The country-level structure of the LTTE is staffed mainly by ex-combatants or siblings/relatives of key leaders from the Vanni. The country level structure in most cases tend to have similar divisions of responsibility. Taking Germany as an example, the overall responsibility of LTTE operations is with the country representative Vijeyendran. There are four units operating under the supervision of the country representative. The

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Political unit is headed by Sivanesan, the political unit has three regional leaders Sri Kandan, Shanmugarajah and Arulnandan. The Finance unit is headed by Koneshwaran, the Procurement unit is headed by Ahilan and the Intelligence unit is headed by Ramesh . The Political unit tends to provide the overt representation of LTTE propaganda, while at the same time setting the stage for active community mobilization to facilitate fundraising activities. The Finance unit is responsible for achieving the collection targets set by Killinochchi for each country. The dynamism of the Finance unit is relative to the sophistication, pattern of investments and the level of institutionalization of fundraising processes in that country. The Procurement unit tends to operate outside the direct supervision of the country representative, but has a parasitic relationship with the LTTE infrastructure in each host country. This study will expand on the operations of the Intelligence unit in host countries in the second part of the paper.

In Switzerland, the LTTE structure mirrors that of Germany in most aspects. Overall responsibility of LTTE operations is with the country representative, Kulam. There are four units under the country representative, the Political unit is headed by Arulsothy, the political unit has three regional leaders, Anbalawannan (Bern), N Kumar (Zurich) Sivanesan (Fribourg). The Finance unit is headed by Suda. In the last five years collections in Switzerland has topped LTTE collections worldwide. The LTTE in Switzerland also has a Procurement Unit and an Intelligence Unit .

As methods of fundraising are highly diverse, responsibilities tend to transcend between the overt elements of the structure and some parts of the covert element. Furthermore, the sophistication and the level of institutionalization is dependent upon the duration of residence, experienced personnel and the legal regime in the host country.

In an effort to examine and analyses the processes of terrorist fundraising, the study will categorize such fundraising methods into four stages of progression. The categorization will list all known methods of fundraising used by the LTTE. In most cases the LTTE uses a combination of methods relative to the size of the Tamil diaspora and other externalities that influence fundraising activity.

## **FIRST GENERATION FUNDRAISING METHODS**

### COLLECTIONS FROM INDIVIDUALS/BUSINESS

The first generation methods refer to fundraising approaches used by the LTTE in the formative years of the international network. These methods are closely associated with

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an unstructured or loosely structured community based activism. A significant component of collections within the first generation category can be identified as collections from Tamil individuals/businesses. It is not possible to establish specific details on total collections but the methods of collection range from personal compulsions, to methods of passive and aggressive coercion and extortion.

### EVENT BASED FUNDRAISING

The collections from individuals/businesses are supplemented through event based fundraising. Initially, event based fundraising was ad-hoc and dependent on community motivation. However, a recent phenomenon in event based fundraising is a regimented calendar of fundraising appeals formulated after the leadership of the LTTE international co-ordinating Office was tasked to Veerakathy Manivannam (Castro) and former deputy Sivapalasantheram Gnanaseelan (Kalaiyalagam). The international office requires the country representatives to report back regularly on action undertaken for each appeal. The calendar of LTTE events and appeals provides a mobilization and motivation factor and also reinforces the dominant role of the LTTE within Tamil diaspora affairs. It also provides a periodic surge in fundraising. The most lucrative event based fundraising is marathon radio shows with a specific appeal. Recently in Sydney, a Burwood based Tamil radio station is alleged to have collected over AUD 100,000 by conducting a marathon radio appeal for a blood bank in Killinochchi .

Other forms of event based fundraising include commemoration of combatants and military operations, cultural shows, sports events, food festivals and guest speaker events. At the time LTTE peace delegations toured Europe, guest speaker events were held in many European cities. On 26 February 2006, the LTTE in Switzerland organized a dinner for the Tamil business community to meet Tamilselvan, Nadesan and Jayem at Thamilini Restaurant in Zurich, at which donations ranging up to SFR 20,000 were demanded from each businessman .

In the last 18 months, there has been a noticeable increase in the activities of the Tamil Youth Organisation (TYO), which seems to be taking the lead role in event based fundraising and mobilizing Tamil youth in keeping with the LTTE agenda. The TYO has an international presence with branches in 09 countries.

### NARCOTICS TRAFFICKING AND CRIMINAL ACTIVITY

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The use of criminal activity as a source of fundraising for the LTTE was widespread during the formative years of the international network. It could be argued that the LTTE engagement in narcotics trade and the ensuing gang violence had a lasting impact on the operational ethos of the LTTE international network. The Tamil gangs infused a culture of violence into the fabric of Tamil diaspora societies.

Tamil gang violence in London escalated to alarming levels during the period 2001-2003. In a short period of two years 13 Tamil gang members were killed in violent and brutal attacks. The first attack took place in Roe Green Park, Kingsbury and followed by reprisal attacks in Lynton Park, Wembley . Thereafter attacks took place in Ilford, East Ham, Tooting and Harrow. As recent as 2004, the Ari Ala gang attacked Tamil youth in Wembley.

A report by the Mackenzie Institute in Canada, describes the use of LTTE shipping fleet based out of Twawate island off the coast of Myanmar to ship narcotics to Tamil gangs in Toronto . After a series of gang related murders the Canadian Police arrested 40 Tamil gang members in Toronto wide raids in October 2001.

The LTTE overseas leadership assumed the Godfather role to the surrogate Tamil gangs, which in turn provided the LTTE network with the necessary enforcement powers to impose its hegemonic authority over the Tamil diaspora. The LTTE infiltrated all community based organizations of the Tamil diaspora through a process of patronage in which LTTE activists took control of such organizations. The LTTE was able to direct activities of all Tamil community organizations to a single agenda dictated by the LTTE overseas leadership. The LTTE international network ensures that any dissenting opinion within the Tamil community is ostracized from community leadership positions.

The LTTE international network has engaged in cross-border contract assignments in which gang members from one country are tasked assignments in another country thereby maintaining anonymity and avoid implicating local gangs.

In addition to involvement in narcotics trafficking, the LTTE international network has provided sponsorship to organized criminal activity such as credit card cloning and human smuggling. Recently the Cambodian government sought the assistance of Interpol to track the head of LTTE procurement operation in Cambodia, Renni Lerin on charges of human smuggling .

### **SECOND GENERATION FUNDRAISING METHODS**

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## USE OF FRONT ORGANIZATIONS

The next stage of growth is referred to as the second generation fundraising approaches. Second generation methods are more institutionalized and tend to subvert the domestic legal regimes in the host countries. The LTTE international network established several humanitarian front organizations that successfully engaged in fundraising activities. In most cases these front organizations have a dual function, the organizations engage in humanitarian activity with much publicity and also act as a channel for LTTE fundraising.

The Tamil Rehabilitation Organization (TRO) has been identified by the British Charity Commission as an organization which liaises closely with the LTTE. In a British Charity Commission investigation into the activities of TRO (UK) found that TRO liaised with the LTTE in determining where funds could be applied . The British Charity Commission delisted TRO (UK) as a charitable organization on 10 August 2005. Following the delisting in the UK two new organizations were established the, International TRO (ITRO) and Tamil Support Foundation (TSF) to continue similar operations.

The private residence of TRO (US) head, Dr Nagarathnam Ranjithan, was raided by the FBI in August 2006 . In Denmark the Public Prosecutor for Serious Economic Crimes is concerned with the activities of TRO (Denmark) . The TRO is also linked by association with active members of the LTTE. The International Co-ordinator of the TRO, Dr Jay Maheswaran, represented the LTTE as a senior member of the LTTE delegation at the first round of peace talks in September 2002. The former head of the LTTE international secretariat Lawrence Thilagar functions as the Programme Officer for TRO in Kilinochchi .

An organization of Tamil doctors in the United States with an unsuspecting nomenclature, the International Medical Health Organisation (IMHO) which was formerly known as the Tamil Health Organisation – USA, provides financial and material support to a partner organization known as the Centre for Health Care (CHC) in Kilinochchi. Based on documentation provided by the Norwegian Tamil Health Organisation (NTHO), the organizational structure of the CHC supports 15 Thilleepan Medical Centres (additional 3 under construction) and 4 Mobile Thilleepan Medical Centres . The head of the LTTE Medical Unit, Arun on 3 June 2004 declared that all Thilleepan Medical Centres are part of the LTTE . This is a clear example of funds channeled from overseas front organizations providing direct support to specific units of the LTTE. This capacity building of LTTE infrastructure was in fact commended by Sea

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Tiger Leader Soosai on 26 September 2007, when he said that LTTE medical units are now capable of treating serious medical injuries .

It was reported in November 2005, that an examination of the 2003 financial statement provided by the Tamil Co-ordinating Committee (TCC) in Melbourne to the Victorian Consumer Affairs Department indicated a substantial part of the income was transferred to a front organization in Malaysia for suspected weapons procurement.

## DISTRIBUTION OF TAMIL DVDS

The LTTE international network is closely associated with the global distribution of Tamil DVDs (Tamil movies) in Europe and Canada. In a statement issued by Eelam Revolutionary Organization (EROS), the main Tamil DVD distribution company Aynagaran International, owned by K. Karunamoorthy formerly of Inuvil in Jaffna is alleged to have close links with the LTTE . Tamil DVDs are distributed through Tamil grocery shops throughout Europe and Canada. The LTTE provides tacit protection against piracy of movies released by selected distributors which is a mutually beneficial business arrangement for both the distributor and the LTTE.

## RETURN ON INVESTMENTS - BUSINESS VENTURES

The LTTE is known to own and operate business enterprises in Europe, Canada and South East Asia. In most cases the Finance units in host countries provide seed-capital to close associates of the leadership. The use of a third-party and engagement in legitimate business activity provides opportunities for money laundering, employment for activists and interaction with the community. In Cambodia the Raani Café employed over 8 LTTE procurement unit members. It is suspected that Thamilini Restaurant in Zurich, Makkal Kadai Supermarket in Paris , Ashley Cash & Carry in Harrow , Thamilini Cash & Carry in Southall are a few business ventures supported by LTTE assets.

## MOTHER TONGUE SCHOOLS

In some of the Scandinavian countries, the LTTE has made significant investments in Mother Tongue Schools (Tamil Cholai Schools). In Denmark, the TCC operates 28 Mother Tongue Schools. In fact the head of TCC in Denmark Arul Thilainadarasa was elected to

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the Herning City Council which provided funding for several of these Mother Tongue Schools .

### INFORMAL REMITTANCE SYSTEMS

The LTTE has developed a robust informal remittance system referred to as the “Undi” system (Hawala). The Tamil diaspora can transfer money to relatives in Sri Lanka living in areas not adequately serviced by the banking system. The Undi system is controlled by a small cartel of Tamil Jewellery shop owners (goldsmith) in Switzerland and Canada.

A significant component of money transactions within the Undi system facilitates the falsely-declared import of gold jewellery into Europe from the Gold Market in Singapore for the jewellery market. The LTTE Finance unit in Switzerland has been actively facilitating the money transfer using human couriers between Switzerland and Singapore. In many of the cases jewellery shops owners in Switzerland provide a combined pool of funds to the LTTE for the purchase of gold jewellery from Singapore. The LTTE operatives will send human couriers with cash, who will also carry LTTE money intended for LTTE holding accounts in South East Asia. The couriers will return to Switzerland with receipts that have significantly overvalued the gold jewerelly purchased in Singapore, in some cases craftsmanship value-addition has been five times the value of the gold component.

In February 2007, several LTTE human couriers encountered difficulties in Singapore. An active member of the LTTE Finance unit in Bern, Ratnavel Sashidaran rushed to Singapore and was arrested by Singapore Police on 22 February 2007. The Singapore authorities decided to deport Sashidaran back to Switzerland without charge. In September 2007, Sashidaran sent two close relatives to Singapore as human couriers facilitating urgent money transfers for the LTTE. It is suspected that Sashidaran was under pressure to reactivate the Singapore money route as the LTTE urgently required funds in south-east Asia for weapons purchases. It is believed the Singapore authorities have arrested one of Sashidaran’s relatives, but details on this arrest are limited.

### THIRD GENERATION FUNDRAISING METHODS

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## PRE-PAID PHONE CARDS

The third generation approaches of fundraising is estimated to generate the largest component of funds for the LTTE at present. The third generation approaches tend to have a legitimate commercial persona focusing on services required by the Tamil diaspora.

The retailing of international call-time using phone cards is one of the most profitable business ventures associated with LTTE fundraising. The LTTE provided seed capital to set up several front companies registered as telecom retailers in Europe. The telecom retailers purchase bulk call-time to Asian destinations from gateway operators in Europe and retail the call-time using phone cards under multiple brand names. The Tamil spice shops and grocery shops are flooded with these phone cards eliminating all other competitive cards. It was suspected by Sri Lankan authorities in February 2000, that Gnanam Phone cards in France was linked to LTTE fundraising . The phone card business in Paris was developed by V Manoharan, the former head of the LTTE international centre when based in Paris with several Tamil business partners. After Manoharan was recalled to Kilinochchi, and the LTTE murdered Nathan, the head of LTTE Finance Unit in France for misappropriation of funds, the business partners involved in the phone card business relocated from Paris to London. The LTTE continues to generate substantial volumes of funds from retailing phone cards to the Tamil diaspora.

## MANAGEMENT OF HINDU TEMPLES

The LTTE has tactically adopted strategic business management skills by investing in the management of Hindu temples. Hindu temples are owned and managed by private entrepreneurs. The temple management contracts persons of appropriate caste and learning as clergy to conduct religious ceremonies. The offerings received from the congregation support the upkeep of the temple, the clergy and is considered return on investment for the owners of the temple. The LTTE has found the business of temple management to be lucrative, also having benefits of charitable status and funds with minimum paper trail. There are several cases recorded in the UK, Canada and Australia in which strong-arm tactics were used to gain control of temple management. The case of Rajasingham Jayadevan and Arumugam Kandiah Vivekananthan held captive by the LTTE in Kilinochchi and forced to handover control of Eelapatheeswaran Aalayam Temple in London. The temple owners were released by the LTTE after the intervention of the UK government.

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The Human Right Watch report on LTTE fundraising in March 2006, extensively describes the role of the LTTE in the management of Hindu temples. The report refers to cases in Canada and Australia (Perth) in which the LTTE used violent methods to intimidate temple owners

The Trustee of the Amman Hindu temple in Paris Vinyagamoorthy was arrested in October 2006 at the French-Swiss border attempting to courier Euros 18 million in currency allegedly for the LTTE . In April 2007, the Trustee was arrested by French authorities for active involvement with the LTTE.

## SUBSCRIPTION SATELLITE TELEVISION

The LTTE is known to have an active media strategy which include the aggressive use of the internet, community based Tamil radio stations and subscription satellite TV. The use of satellite TV provides the LTTE with a single most effective medium to inform the large diaspora. The Tamil Television Network (TTN) a subscription satellite TV provided Tamil entertainment to the diaspora infused with LTTE undertones. It is estimated that TTN had 22,000 subscribers in Europe . It also provided news from Kilinochchi with re-broadcast of NTT (National Television of Tamil Eelam) news segments. TTN operations in Paris were suspended by the French broadcasting authority CSA in February 2007. It is suspected that a new satellite TV which commenced operations in January 2007 from Australia plans to replace the lucrative TTN operation.

Subscription satellite TV not only provides a valuable medium for propaganda, it also generates substantial income in terms of subscription and advertising. In Europe, Tamil businessmen are required to maintain a specified advertising commitment with such satellite TV channels. The TV channels send out monthly statements indicating the specified advertising commitment. The TV channels charged excessive premiums for such advertisements.

## FOURTH GENERATION FUNDRAISING METHODS

### FIXED INCOME GENERATION METHODS – REGISTRATION OF THE TAMIL DIASPORA

The fourth generational approach used by the LTTE is a shift from the fluctuating nature of fund generation to a more predictable stable income format. There is also a distinct

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shift in terms of not using front organizations or third-party, the LTTE is directly involved in the rollout this initiative. All Tamil families in Europe are being systematically registered and assigned a Unique PIN number. Phase one of the European initiative commenced in Switzerland in early 2006, each Tamil family has been issued with a three-page with the banner heading LTTE in Switzerland. The form has 30 questions relating to personal information including details of blood-relatives in Sri Lanka, income status, subscription to LTTE satellite television and contribution to homeland funds . The LTTE intends to issue each Tamil family in Europe with a unique PIN number referred to as the Tamil Eelam identity number. It is suspect that the main database for this project is located in a Scandinavian country with a capability to transfer data to Kilinochchi. It is believed the LTTE intends to use this information to make assessments on contributions levels based income and lifestyle factors.

The base rate under this system seems to be one unit of currency (one Euro in Europe) per person for each day out of Sri Lanka. Additional surcharge is applied depending on income levels, size of family and contributions towards periodic appeals. In an article published in the French newspaper LeFigaro, on 2 December 2005, a French citizen of Tamil origin describes how the LTTE accessed all his personal details at the LTTE check point in Sri Lanka with his PIN number and confiscated his French passport until his family agreed to pay the outstanding contributions owed in France.

### **FINANCE NETWORK OF THE LTTE**

#### MODALITIES TO RELOCATE, HOLD AND TRANSFER FUNDS

The second area of focus relates to the modalities used by the LTTE to relocate, hold and transfer funds for the purpose of weapons procurement and other logistics support. There has been research published recently on the financial network of the LTTE international operations. This research has identified the financial network as the Aiyanna Group. It is the view of this study that there is insufficient data about operations of the Aiyanna Group to designate such as the financial network of the LTTE international operations. The Aiyanna Group is involved in intelligence work, and it is the view of this study that the Aiyanna Group is seeking a greater role in international procurement operations in what was earlier a more closed-group. In the post 2002 environment with the relaxation in travel restrictions to Kilinochchi, multiple channels of overseas linkages developed within the LTTE including the strengthening of external intelligence capabilities. While Aiyanna Group is believed to have close links with the

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intelligence units of the LTTE, the level of involvement in the financial transfer processes is unclear at this stage.

### THE SANA GROUP

The LTTE operates a hub and spokes network for money transfer modalities. This study has identified one financial network known as the Sana Group. It is possible that there are parallel groups operating independently of each other, but this study has not found evidence on any other finance network of the LTTE. The group identified by this study has one Principal Controller and 08 trust-managers located in Europe, North America and South East Asia .

The leadership in Kilinochchi stipulates financial targets that each country representative and the finance unit need to achieve. The funds apportioned for procurement purposes are relocated to designated trust-managers and held in safe locations. These transfer take place using several mediums such as, bank transfers, human cash couriers and over invoicing import-export transactions. The trust-managers place the funds in multiple forms of investment to avoid detection by regulatory authorities. These managers regularly update the Principal Controller of the financial status and liquidity of assets. It is believed that the trust- managers do not have contact with each other, and it is the view of this study that the trust-managers are possibly unaware of the identity of the other managers.

The most important role of the Sana Group is the Principal Controller. The Controller is the hub of the network and maintains an inconspicuous profile. In fact all research on the modus operandi of the Controller indicates that no funds are held by the Controller. He merely maintains a multiplicity of records (financial portfolios) received from each trust-manager on the current availability of financial resources and the level of liquidity of assets. It is suspected that the Controller of the Sana Group is based in a European country.

When the LTTE procurement teams have to meet financial commitments, the Controller is informed by Kilinochchi to make available sufficient appropriations. The Controller depending on asset distribution and liquidity will inform one or more trust-managers to transfer funds. The funds will be transferred to multiple locations in non-detectable blocks. At this point members of the procurement team would consolidate the multiple receipts, most often in a south east Asian country. The best example of this process is

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the evidence emerging out of the FBI sting operation in Guam. The LTTE sent a three-man team headed by Varatharasa to Guam Island on 26 September 2006. After inspecting a consignment of weapons presented by undercover FBI agents, the team consolidated the advance payment in Malaysia and transferred US \$ 452,000 to a Baltimore bank account .

### **CONCLUSION**

The LTTE has developed the most sophisticated infrastructure for fundraising and money transfer operations in comparison to any other terrorist group. The intent of the LTTE is to progress towards systems that have a stable income generation capability, giving the LTTE the advantage of stability in projected incomes and procurement planning. The ability of the LTTE international network to evade detection and maintain flow of funds reflects the sophistication and robust nature of the operation. Resource generation (fundraising) and financial management is a core component that determines the strengths and capabilities of a terrorist group. The competencies acquired by the LTTE in fundraising activity will definitely be replicated by other terrorist and criminal groups