



Combating Terrorism Center

AT WEST POINT



# THE TERRORIST LISTS

AN EXAMINATION OF THE U.S. GOVERNMENT'S  
COUNTERTERRORISM DESIGNATION EFFORTS

Seth Loertscher, Daniel Milton, Bryan Price,  
and Cynthia Loertscher | September 2020



# **The Terrorist Lists:** **An Examination of the U.S. Government's** **Counterterrorism Designation Efforts**

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## Executive Summary

This report examines two sanctioning efforts the U.S. government has employed against terrorist actors: the Foreign Terrorist Organization (FTO) list and the designation of individuals as Specially Designated Global Terrorists (SDGTs) under the authority granted by Executive Order 13224.<sup>1</sup> Although the specific purposes of each of these programs differ from one another, ultimately both represent a non-kinetic approach to counterterrorism that has been in use for almost 20 years.<sup>2</sup>

The examination of each of these programs had two general goals. The first was to provide an overview of the program and descriptive statistics regarding its implementation. The second was to provide some form of assessment regarding the impact that these programs have on terrorist groups and individuals. In accomplishing these two goals, the authors relied exclusively on open-source information collected by researchers at the Combating Terrorism Center (CTC). This report certainly has its limitations, but the authors feel this effort still yielded a number of key insights regarding these programs that are summarized below:

- *Outside of the intended financial impact, the broader efficacy of both the FTO and SDGT lists is unclear at best.* When it comes to slowing or reducing the access of terrorist groups and individuals to financial support, the list appears to have some success. However, because no solid metrics have been identified as key indicators regarding whether these programs are working or not, it is hard to assess if they are working beyond the financial impact to limit or change the behavior of terrorist groups. Nevertheless, across a variety of metrics for both programs, the authors found limited evidence that being designated has a consistent and identifiable impact. Importantly, these impacts are often second-order effects from the designations themselves, such as increased awareness of a group or enhanced prosecution through leveraging material support to FTO charges.
- *The FTO and SDGT lists are, on some level, political tools.* Part of the value of these programs is that they allow for the use of non-kinetic tools to target organizations, especially when other political concerns might apply, including providing political support to partnered nations.
- *Males dominate individual designation lists.* Despite the growing recognition of the important roles that women play in terrorist organizations, the authors found that 98% of SDGT designees were males.
- *'Behind-the-scenes' individual roles are underrepresented among designated individuals.* Individuals who were solely propagandists or spiritual leaders did not appear on the designations list absent connections to operational activity. Unless such an individual was also an operative, financier, leadership figure, or some other 'frontline' category, they are very unlikely to be targeted for designation. This is in part due to the designation criteria itself. Legal and ethical restrictions need to be considered in granting authority to pursue other types of terrorists.
- *Individual SDGT designations are not applied equally across all terrorist groups.* Even if a group is designated as an FTO, it does not necessarily mean any of its members will be designated as an SDGT. The use of the SDGT list to designate individual members appears to be a tool that is

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1 E.O. 13224 allows for the designation of individuals and entities, with the latter including a broad swath of businesses, charities, groups, organizations, etc. In order to keep the scope of the report more manageable, the data collected on E.O. 13224 for this report focuses primarily on individuals, although entities are also examined briefly in Chapter 3.

2 Though these programs are non-kinetic (in that they focus on leveraging the application of labels to achieve mostly non-kinetic effects such as asset freezes, arrests, and prosecutions), it does not mean there are no indirect kinetic effects. In Chapter 3, this report examines how many SDGT individuals die as the result of airstrikes and military operations.

used against a smaller subset of the groups the United States targets with its non-kinetic toolkit.<sup>3</sup>

- *The SDGT list is not structured to change the behavior of SDGT designees.* Once an individual is designated, it is exceedingly difficult to be removed from the SDGT list. Those who have been removed had to face an unclear administrative review that lasted, on average, six years. If the SDGT list is designed to change individual behavior, better removal processes will need to be considered.
- *Despite the increasing use of both tools, little work has been done to understand the impact of these programs.* Developing data and resources to provide metrics for evaluation is an important part of determining when these designations are most effective.

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3 It is important to note that while the use of the SDGT designation for group members is used against a smaller subset of groups, an SDGT designation for a group itself is applied more often than an FTO designation. For instance, while a group like the Taliban has not been designated as an FTO, they are designated as an SDGT entity.

## Chapter 1: The U.S. Government's Efforts to Designate Terrorists

It has been noted by scholars and policymakers alike that in the fight against terrorists, the approach that is most likely to yield lasting progress is one that utilizes a wide range of tactics beyond guns and bombs. Perhaps part of the reason for this recognition is that in the 19 years since the September 11th attacks, world militaries have deployed hundreds of thousands of troops to an array of locations around the world fighting against militant organizations and have removed thousands (if not tens of thousands) of militants and terrorists from the battlefield. Despite these efforts, however, terrorist organizations have not only continued to exist, but arguably have diffused in such a way that the threat of terrorism now touches every part of the globe.

This recognition that hard power, or kinetic effects, will ultimately not be fully sufficient in rolling back terrorist organizations has led to a focus on the development and implementation of other tools and approaches to combat terrorist organizations. The hope is that these other tools can supplement and even strengthen the hand of countries fighting against terrorist organizations. In the words of one accomplished military commander, "Where we're really strong as a global community is in achieving military/kinetic effects that will probably not create permanent results, and where we're comparatively weak is delivering durable results that predominantly flow from non-military/non-kinetic means."<sup>4</sup>

This desire to develop non-kinetic tools that go beyond traditional military activities is admirable, but it does beg important questions: what are the non-kinetic tools available in the fight against terrorists; do they provide lasting impact in mitigating terrorist activity; and how can these tools be improved to better achieve this purpose moving forward? These questions, although neatly written in a short sentence, are incredibly difficult to answer in practice. Evaluating the efficacy of all of the world's counterterrorism efforts, regardless of whether they involve the military or not, is far beyond the scope of this report. This report represents a single step, albeit an important one, in the evaluation of two of the tools that have received less attention in the academic, media, and public spheres: the designation of terrorist groups as FTOs under the Antiterrorism and Effective Death Penalty Act of 1996 (AEDPA) and of individuals under E.O. 13224.

Why does the designation of individuals and groups represent a worthwhile subject of study when it comes to non-kinetic tools? Consider the example of Boko Haram. In 2013, the group had not been designated as an FTO. In this same year, Boko Haram killed an estimated 1,731 people.<sup>5</sup> The number far exceeded the *combined* total killed by the previous 10 groups that were added to the FTO list, which came to 789 people. Why had Boko Haram not been designated prior to this point?

Given its clear capability to inflict violence, it may be surprising to find that there had been a relatively fierce debate regarding whether Boko Haram should be added to the FTO list prior to 2013. A group of prominent Africa scholars in the United States, including a former U.S. Ambassador to Nigeria, wrote a public letter to then Secretary of State Hillary Clinton in the spring of 2012 to keep Boko Haram off the U.S. FTO list.<sup>6</sup> The group of scholars feared an FTO designation would enhance the group's notoriety and prestige, invite excessive use of force against the group by Nigerian security forces, and make it more difficult for international NGOs to influence Boko Haram's violent trajectory.<sup>7</sup> The underlying logic of their argument was shared in part by the Nigerian government itself, which thought that listing Boko Haram would scuttle or significantly hamper the chance of holding peace

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4 Brian Dodwell and Don Rassler, "A View from the CT Foxhole: LTG Michael K. Nagata, Director, Directorate of Strategic Operational Planning, NCTC," *CTC Sentinel* 10:6 (2017): pp. 11-15.

5 The GTD is hosted by the University of Maryland and available at <https://www.start.umd.edu/gtd/>

6 The letter from A. Carl LeVan et al. to Secretary Hillary Clinton can be found at <http://carllevan.com/wp-content/uploads/2012/05/Boko-Haram-FTO-letter-to-Clinton.pdf>

7 Ibid.

talks with the group.<sup>8</sup> The Nigerian government also had concerns about how the designation could negatively impact needed economic aid and tourism if it were perceived that the government had a large terrorism problem.<sup>9</sup> Supporters of the designation, including members of the U.S. Congress, viewed the group's threat as expanding and feared that it would eventually turn its sights toward the United States.<sup>10</sup> In their view, the FTO designation would publicly stigmatize the group, freeze its assets under U.S. jurisdiction, and impose travel bans on group members, thus limiting its ability to expand. In short, these two sides were having a debate about the efficacy of designating Boko Haram.

Finally, in November 2013, Boko Haram was designated simultaneously as an FTO and as a SDGT entity by the U.S. government.<sup>11</sup> The anecdotal evidence related to the efficacy of the Boko Haram designation is mixed at best. Within two years, Boko Haram would take over the infamous title of the world's most deadly terrorist organization.<sup>12</sup> In 2014, following the kidnapping of over 270 girls from Chibok, Nigeria, the group would go on to become the most prolific employer of female and children suicide bombers in the world.<sup>13</sup> The group's increased operational tempo (and associated lethality), according to some metrics, however, was only temporary. The number of attacks attributed to the group, after increasing in 2013-2015, would fall in 2016.<sup>14</sup>

The indeterminate nature of this particular case raises an interesting question: is the use of designations as a counterterrorism tool an effective way of mitigating or otherwise interfering with the activities of terrorist organizations? Finding the answer to this question is important, particularly because, as the subsequent data analysis in this report will show, such tools have been increasingly used in efforts to counter terrorist organizations.

Since the creation of the FTO list in 1997, the U.S. government has listed 74 terrorist organizations as FTOs.<sup>15</sup> In the wake of the September 11th attacks in the United States, steps were taken to expand this designation power to individuals, which was not allowed under the legislation governing the use of the FTO designation process. To expand the use of this tool, Executive Order 13224, signed by U.S. President George W. Bush, provided both the State and Treasury Departments with the ability to designate individuals.<sup>16</sup> To distinguish these designees from others targeted by sanctions, the Treasury Department's Office of Foreign Assets Control (OFAC) labeled them as "specially designated global terrorists" (SDGT). Under this authority, over 700 individuals have been designated at SDGTs. The data collected here ends in 2016, although the number of individuals and entities targeted has continued to increase, including the highly publicized designation of the white supremacist Russian Imperialist Movement (RIM) as an SDGT entity on April 6, 2020.<sup>17</sup>

Despite this widespread use, there have been few systematic efforts to assess the efficacy of either one of these counterterrorism (CT) tools.<sup>18</sup> The paucity of efforts to evaluate the impact of terrorist designations

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8 Wendell Roelf, "Nigeria Doesn't Back US Push on Boko Haram," Reuters, May 23, 2012.

9 Adebowale Adefuye, "Radical Islamists cannot be defeated by military means alone," Hill, September 20, 2012.

10 Glenn Kessler, "Boko Haram: Inside the State Department Debate Over the 'Terrorist' Label," *Washington Post*, May 19, 2014.

11 "Terrorist Designations of Boko Haram and Ansaru," U.S. Department of State, November 13, 2013.

12 Edward Delman, "The World's Deadliest Terrorist Organization," *Atlantic*, November 18, 2015.

13 Jason Warner and Hilary Matfess, *Exploding Stereotypes: The Unexpected Operational and Demographic Characteristics of Boko Haram's Suicide Bombers* (West Point, NY: Combating Terrorism Center, 2017).

14 The trends described here are based on the authors' own searches of the Global Terrorism Database (GTD).

15 Of these 74 organizations, 13 were eventually removed from the FTO list.

16 Author interview, former U.S. Treasury Department official.

17 Nathan Sales, "Designation of the Russian Imperial Movement," U.S. Department of State, April 6, 2020.

18 In fact, to the best of the authors' knowledge, only one study has been conducted on the efficacy of the FTO list. Phillips finds that FTO designations are effective only when the group operates primarily in a country that has a formal military alliance with the United States. See Brian J. Phillips, "Foreign Terrorist Organization designation, international cooperation, and terrorism," *International Interactions* 45:2 (2019): pp. 316-343.

nations is certainly not due to a lack of interest in counterterrorism policies in general. Indeed, there is a large amount of academic research on the effects of kinetic CT tools such as military intervention, targeted killings, and leadership decapitation.<sup>19</sup> There is a growing, but smaller, amount of research on the effects of a variety of non-kinetic tools such as foreign aid, policing efforts, and deradicalization.<sup>20</sup> Beyond academic research, a large number of policy reports, op-eds, and other forms of public discourse have touched on these subjects as well.

Given the increasing amount of research on CT tools, the absence of a concerted effort by policymakers, practitioners, and academics to conduct rigorous evaluation of the efficacy of the FTO and 13224 lists is surprising, but not entirely without cause.<sup>21</sup> For one, data on both the groups and individuals designated as well as outcome metrics is not readily accessible.<sup>22</sup> Second, though publicly available, the FTO and 13224 lists are not regular subjects of debate in government briefings or media programs, certainly not in comparison to other CT tools such as targeted killings or broader military intervention. Third, there is a lack of consensus around the appropriate metrics for evaluation of an effective CT tool in general, much less as it specifically applies to designations.<sup>23</sup> As will be discussed in subsequent sections, identifying what the actual effects should be of these tools is not straightforward.

While not a complete remedy to all of these shortfalls, this report offers a first-cut description and analysis of the FTO and 13224 lists, with the goal of providing information to help spark debate and discussion regarding their strengths, weaknesses, and operationalization. It is not intended to be the final word on this subject. It does, however, provide an in-depth look at these important programs that serve as one part of the U.S. government's non-kinetic toolkit when it comes to counterterrorism.

The rest of the report is divided into two major sections: one on the FTO list and the other focusing on the 13224 list.

In the first section, the authors begin by providing a detailed description of the process whereby groups become listed on the State Department's FTO list, as well as some insight into how groups

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- 19 An exhaustive list of all academic research covering these topics was beyond the scope of this report. It is important to note that the authors only include pieces that specifically focus on counterterrorism. Pieces that focus on the causes of terrorism (a different research subject)—for example, Pape's 2003 work on suicide bombing—do not fit into this category. See Robert A. Pape, "The Strategic Logic of Suicide Bombing," *American Journal of Political Science* 97:3 (2003): pp. 343-361; Jenna Jordan, "When Heads Roll: Assessing the Effectiveness of Leadership Decapitation," *Security Studies* 18:4 (2009): pp. 719-755; Jean-Paul Azam and Veronique Thelen, "Foreign Aid Versus Military Intervention in the War on Terror," *Journal of Conflict Resolution* 54:2 (2010): pp. 237-261; Bryan C. Price, "Targeting Top Terrorists: How Leadership Decapitation Contributes to Counterterrorism," *International Security* 36:4 (2012): pp. 9-46; Alex S. Wilner, "Targeted Killings in Afghanistan: Measuring Coercion and Deterrence in Counterterrorism and Counterinsurgency," *Studies in Conflict & Terrorism* 33:4 (2010): pp. 307-329.
- 20 Robert Lampert, "Empowering Salafis and Islamists Against Al-Qaeda: A London Counterterrorism Case Study," *PS: Political Science & Politics* 41:1 (2008): pp. 31-35; John Horgan, "Deradicalization or Disengagement? A Process in Need of Clarity and a Counterterrorism Initiative in Need of Evaluation," *International Journal of Social Psychology* 24:2 (2009): pp. 291-298; Rachel Briggs, "Community Engagement for Counterterrorism: Lessons from the United Kingdom," *International Affairs* 86:4 (2010): pp. 971-981; Joseph K. Young and Michael G. Findley, "Can Peace Be Purchased? A Sectoral-Level Analysis of Aid's Influence on Transnational Terrorism," *Public Choice* 149:3/4 (2011): pp. 365-381.
- 21 While there have not been any focused studies exploring the efficacy of terror designations, there have been a small number of academic articles that discuss the reasons certain groups might be listed as opposed to others. See Colin J. Beck and Emily Miner, "Who Gets Designated a Terrorist and Why?" *Social Forces* 91:3 (2013): pp. 837-872, and Winston Chou, "Seen Like a State: How Illegitimacy Shapes Terrorism Designation," *Social Forces* 94:3 (2016): pp. 1,129-1,152.
- 22 The 13224 list is available in two parts. The designations conducted by the State Department are also available on its website at <https://www.state.gov/j/ct/rls/other/des/143210.htm>. Individuals and groups designated by the Treasury Department under 13224 are available on the website (together with a searchable database). See <https://sanctionssearch.ofac.treas.gov/>
- 23 Beatrice de Graaf and Bob de Graaff, "Bringing politics back in: the introduction of the 'performative power' of counterterrorism," *Critical Studies on Terrorism* 3:2 (2010): pp. 261-275; T.W. van Dongen MA, "Break it Down: An Alternative Approach to Measuring Effectiveness in Counterterrorism," *Journal of Applied Security Research* 6:3 (2011): pp. 357-371; John Mueller and Mark G. Stewart, "Evaluating Counterterrorism Spending," *Journal of Economic Perspectives* 28:3 (2014): pp. 237-248; Willem de Lint and Wondwossen Kassa, "Evaluating U.S. Counterterrorism Policy: Failure, Fraud, or Fruitful Spectacle?" *Critical Criminology* 23:3 (2015): pp. 349-369.

can be removed from the list.<sup>24</sup> Although understanding the process whereby the FTO list operates is important, the goal of this section is to provide a framework for thinking about whether the FTO list, as a whole, impacts the behavior of terrorist organizations that appear on the list. To achieve this end, data from the FTO list is combined with different metrics of terrorist group activity (attacks, geographic location of attacks, types of attacks). This report then compares these metrics for all of the groups on the FTO list before and after their designation with the goal being to observe if there are any measurable changes across in the ‘pre’ and ‘post’ time periods.

Ultimately, the findings related to the FTO list do not provide much confidence that an FTO listing impacts the various metrics utilized to represent terrorist group activity. To be clear, this does not mean that the FTO listing is not important and not worthwhile. There may be certain moral or cooperative goals attached to the designation process. For instance, a public designation from the U.S. government stands as a signal of public condemnation of a group. Although a government may find taking a stand to be worthwhile in and of itself, it does not appear to lead to an operational impact. Consequently, the goals of the FTO list should be clarified so that it can be better calibrated to achieve whatever those specific goals may be.

The second section begins with a description of Executive Order 13224, including discussions about its history and intended impact. This process is described in more detail than the FTO process, in part because familiarity with the FTO list is much higher than the 13224 list. The 13224 list, however, is much more frequently utilized for a variety of reasons, including the ability to target individuals (a larger number of targets than a group alone), the combined efforts of two U.S. government departments focusing resources on this effort, the broader criteria under which SDGT designations can be made, and the comparatively smaller amount of oversight as compared to the FTO list. In order to examine this list and offer a preliminary perspective on the impacts of the list, this section of the report relies on two general sources of data. The first is the publicly available names of individuals on the 13224 list, collected from the Treasury Department’s website. The second is a compilation of individual-level data on each of the 13224 individuals that CTC researchers gathered using open sources such as newspapers, scholarly articles, and government reports.

This information allows the authors to provide a detailed picture regarding the use of 13224 designations against terrorist individuals and its subsequent impacts on those individuals. However, as is discussed in subsequent sections, there are certainly limitations to the approach taken here, particularly given the reliance on open-source data alone. However, this data still allows for some useful insights. It shows that there are discernible trends in the demographics of who gets designated and which groups appear to be targeted by the 13224 effort. When it comes to the subsequent activity of designated individuals, this section also shows how many were arrested, prosecuted, convicted, remained engaged in terrorism, or died. Although this information is useful, it ultimately does not lead to a clear conclusion regarding the efficacy of the 13224 program.

After the presentation of both sections, the report concludes with brief comments about the importance of evaluation of counterterrorism tools, particularly as the terrorist threat itself continues to evolve. In the end, though far from a conclusive evaluation of the efficacy of the use of terrorist designations, this report provides a significant amount of information regarding the implementation and use of both the FTO and 13224 lists that will serve as a resource for future efforts to understand and, ultimately, to assess these types of counterterrorism programs.

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24 It is important to note that, because of the relatively small number of groups on the FTO list as compared to the 13224 list, the data in the FTO section continues through 2018, whereas data collection for the individuals on the 13224 list stopped in 2016.

## Chapter 2: The Foreign Terrorist Organization (FTO) List

### Introduction

One of the best-known efforts undertaken by the United States to identify, name, and sanction terrorist organizations is the FTO list, which is maintained by the U.S. Department of State. At the time of its implementation in October 1997, the FTO list included 30 groups.<sup>25</sup> At the time of this report's publication in 2020, it has more than double that number with 69 groups currently on the designation list, and 13 groups having been removed over the life of the list. It has been applied against groups such as al-Qa`ida and the Islamic State, but also against less familiar groups such as Jaysh Rijal al-Tariq al Naqshabandi (JRTN). Groups have been designated on every continent of the world with the exception of North America and Antarctica.<sup>26</sup>

The rest of this section proceeds as follows. It continues by outlining a very brief history on the origins of the FTO list before transitioning to a discussion of the bureaucratic process whereby a group can be designated as an FTO, how it can ultimately be removed from the list, and the criteria applied to each of the groups during that process. Following this discussion, the authors turn to an examination of the data on FTOs, comparing each of the groups across several different potential metrics of the impact a designation might have on a group.

### Designating Groups: Background of the U.S. State Department's FTO List

Diplomacy and economic sanctions against state actors that support terrorist organizations or are otherwise involved in terrorist activity have traditionally played important roles in U.S. counterterrorism policy. However, it was not until the mid-1990s that the United States began officially designating foreign terrorist organizations and levying economic sanctions against them, and when applicable, their state sponsors.

The State Department's FTO list emerged in the wake of two important terrorist events. In March 1995, a millennial cult-like terrorist group called Aum Shinrikyo had perpetrated an attack using sarin gas in the Tokyo subway system. The Aum Shinrikyo attack was comparatively less lethal, but it was a stark warning of the dangers posed by the deadly mix of terrorist groups and weapons of mass destruction. The following month, Timothy McVeigh detonated a truck filled with explosives near the Edward A. Murrah Building in Oklahoma City. At the time, it was the most destructive terrorist attack on U.S. soil, killing 168 people and wounding several hundred more.<sup>27</sup> The McVeigh attack was significant in that it was a major mass-casualty event that occurred on U.S. territory and was targeted at the federal government. Both of these events created an increased awareness of the threat of terrorist activities, and governments, including the United States, felt the need to act.

In response to these incidents, the U.S. Congress passed and President Bill Clinton signed the Antiterrorism and Effective Death Penalty Act of 1996 (AEDPA).<sup>28</sup> This piece of legislation, which amended the Immigration and Nationality Act, gave the State Department the authority (in close consultation with the Attorney General's office and the Treasury Department) to designate groups as "foreign

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25 Norman Kempster, "U.S. Designates 30 Groups as Terrorists," *Los Angeles Times*, October 9, 1997.

26 This may be changing, as the Trump administration has reportedly discussed the possibility of designating Mexican drug cartels as FTOs. Jessica Donati and José de Córdoba, "Trump Says U.S. to Designate Mexican Drug Cartels as Terrorists," *Wall Street Journal*, November 27, 2019.

27 David Teague, "Mass Casualties in the Oklahoma City Bombing," *Clinical Orthopaedics and Related Research* 422 (2004): pp. 77-81.

28 Jennifer A. Beall, "Are We Only Burning Witches? The Antiterrorism and Effective Death Penalty Act of 1996's Answer to Terrorism," *Indiana Law Journal* 73 (1997-1998): pp. 693-710; Chin-Kuei Tsui, "Framing the threat of catastrophic terrorism: Genealogy, discourse and President Clinton's counterterrorism approach," *International Politics* 52:1 (2015): pp. 66-88.



terrorist organizations” and the entire collective of groups is referred to as the FTO list.<sup>29</sup> Almost 18 months after the AEDPA was signed, the first 28 groups were added to the FTO list in October 1997. Based on the information collected for this report, there are currently 69 groups on the FTO list. Not included in that count are the 13 groups that have been removed since the list’s inception, with 10 of those removals coming since the 9/11 attacks.

### FTO Designation Process

The process for adding groups to the FTO list has been relatively consistent since the inception of the list in 1997. After laying out the justification for the pursuit of international terrorist organizations, section 302 of the AEDPA of 1996 provides the Secretary of State with the authority to designate a group as an FTO, contingent on three criteria being met: the group has to be foreign, be engaged in terrorist activity (or retain the intent and the capability to engage in terrorist activity), and pose a threat to the security of U.S. nationals or the national defense, foreign relations, or economic interests of the United States.<sup>30</sup>

To satisfy the foreign criterion, the State Department must provide evidence that the group’s base of operations, training camps, recruitment efforts, and member nationality all reside outside the United States.<sup>31</sup> Evidence of terrorist activity includes the execution or planning of terrorist operations, the recruitment of members into the organization, information about potential attacks, and the collection of money to finance terrorist operations. The evidentiary bar to show the group poses a national security threat is relatively lower. For this, the State Department might rely on evidence of attacks against U.S. embassies, buildings, or companies abroad, attacks against the homeland, or attacks against allies. However, the standard does not have to be a completed attack and can broadly be defined as any terrorist activity, or the threat of such activity, that may harm the U.S. economy or foreign policy.<sup>32</sup>

There are several ways in which a group is initially identified for inclusion.<sup>33</sup> First, such designations may emerge from within the State Department itself. For example, the State Department’s Bureau of Counterterrorism (referred to herein as State-CT) conducts both classified and open-source research that may result in a candidate for designation. Additionally, any other State Department bureau may request that a group be listed based on their priorities and information. Second, intelligence threat assessments provided by any member of the intelligence community regarding particular groups can prompt State-CT, which serves as the shepherd of the FTO process, to initiate a packet. A third way involves a more specific route. In this case, U.S. agencies or policymakers could make a request to State-CT that a specific group be designated, perhaps in response to changes in overall U.S. counterterrorism policy or to other priorities. Fourth, the genesis of a request might originate overseas from a non-U.S. entity. For example, other countries might request that an organization be added, or the United States could get advanced warning that another U.N. member state wants to designate an organization not currently on the U.S. FTO list. In each of these cases, there is no guarantee that the proposed organization is going to be successfully added to the FTO list.

Regardless of the origin of proposed designation, even if the State Department identifies a group that satisfies the criteria, that does not signal the end of the debate regarding whether a group is designat-

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29 Audrey Kurth Cronin, *The “FTO List” and Congress: Sanctioning Designated Foreign Terrorist Organizations* (Washington, D.C.: Congressional Research Service, 2003).

30 Antiterrorism and Effective Death Penalty Act of 1996, §302. See also 8 USC 1189. See also *Foreign Terrorist Organization Designation Process and U.S. Agency Enforcement Actions* (Washington, D.C.: Government Accountability Office, 2015).

31 Sean D. Murphy, “Contemporary Practice of the United States Relating to International Law,” *American Journal of International Law* 94:2 (2000): pp. 348-381.

32 Author interview, former State Department official.

33 This information is based on interviews conducted by one of the co-authors with State Department officials.

ed. Although the State Department maintains the FTO list, the process to add an organization is an exhaustive interagency endeavor involving the Department of the Treasury, Department of Justice, and various elements within the intelligence community.<sup>34</sup>

Although individual cases may differ, the State Department takes a proposed designation and works with other agencies to build an evidentiary proposal, using both classified and unclassified information, and identify issue areas in which the designation might generate legal or policy concern. The packet then makes the rounds through lawyers serving the State Department, Treasury Department, and Justice Department to address any concerns with the potential future designation. Once vetted through this interagency process, the Secretary of State, after receiving official letters of concurrence from the Treasury Department's Office of Foreign Assets Control (OFAC) Director and the Attorney General's office, makes the final determination whether to designate the organization. If the Secretary of State decides to designate, the State Department then informs Congress a week out from the official designation and an announcement is made public via the National Register seven days after the congressional notification.<sup>35</sup>

The timeline to complete this process and make the designation varies.<sup>36</sup> Moving the designation proposal through up to 10 different State Department offices can be a formidable chore in and of itself, and once out of the State Department, it must navigate through the bureaucracies of the Treasury and Justice Departments before coming back to the Secretary of State for the final decision. The quickest designation took three days from start to finish, but this was an exception rather than the rule. The process from start to finish usually takes between three to nine months on average. Identifying, researching, and producing the evidence needed for the designation proposal can take anywhere from five to 10 weeks, but the greatest impediment to timely designations lies in the interagency clearance process. Because FTO designations are subject to judicial review, the proposal packets must include evidence that will stand up in court should the FTO decide to challenge its listing in court. (The ability of groups to pursue judicial review is described in more detail below.)

Once a designation is officially made, several consequences follow, although they can generally be grouped into two types: informal and formal. On the informal front, the designation itself ostensibly can be a powerfully symbolic act that pejoratively labels a foreign group as a terrorist organization. This act not only theoretically produces public 'naming and shaming' effects, but it sends a signal to other nations in the international community, allies and foes alike, that the organization is a threat in the eyes of the U.S. government. It also has the ancillary informal effect of applying peer pressure to other states and organizations to follow suit, including the United Nations and the European Union. Multilateral designations, if achieved, can serve to amplify the symbolic effect of U.S. designations by providing less freedom of movement, whether financially or geographically, for the targeted organizations.

Beyond raising awareness and the stigmatizing effects of being 'named and shamed,' there are formal consequences as well. An FTO designation gives the U.S. government more policy arrows in its counterterrorism quiver. More specifically, by designating a group an FTO, the United States opens up the following policy options. First, it allows the U.S. government to ask banks to freeze all of the group's assets under their control. Second, an FTO designation also makes it illegal for any person subject to U.S. jurisdiction to knowingly provide material support or resources to the targeted organization, thus deterring outside donations and charitable contributions to the group. Third, it also impedes international movement of group members, or in some cases, highly encourages states to deport designated individuals from their country.

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34 Cronin.

35 8 USC 1189.

36 The information in this paragraph was conveyed to the authors in interviews with various U.S. government officials.

Whether these intended outcomes, informal or formal, are actually achieved will be explored in the subsequent section examining the impact of an FTO designation on a terrorist group's activities. However, the possibility that a designation will ultimately have a negative impact on the targeted group is not something that has gone unnoticed by these groups. This raises the question of what recourse a group has if it feels mistakenly targeted by a designation.

The answer is that there are two different options for the group: one is to pursue the matter through the courts and the other is to seek administrative redress from the Secretary of State. After a designation, the group has an initial window of opportunity during which it can request judicial review, by the United States Court of Appeals for the District of Columbia Circuit. This right to appeal directly to the courts must happen within 30 days of the public notice of the designation in the National Register.<sup>37</sup>

Outside of the judicial route, an FTO may also petition the Secretary of State directly to be removed from the list if the organization believes that the circumstances which initially led to its designation (the three criteria described above) no longer apply. In this case, the organization can file a petition every two years from either the first date of designation or the last time in which a determination was made by the Secretary of State not to remove the organization. This two-year period is known as the petition period, and the Secretary of State is required to review the petition and respond within 180 days with an explanation of why the designation is either being upheld or removed.<sup>38</sup>

When it comes to action undertaken by the group itself to be removed from the list, there are a few historical examples. One is the case of the Mujahedin-e-Khalq (MEK), a group formed in Iran in the mid-1960s. It first opposed the Shah, but later also opposed the Iranian regime in place after the 1979 revolution.<sup>39</sup> It was designated an FTO in 1997 because of activities resulting in the deaths of U.S. service personnel and its cooperation with the government of Saddam Hussein.<sup>40</sup> The MEK's FTO designation was subsequently renewed in 1999, 2001, and 2003, before legislative changes discussed below no longer required the Secretary of State to renew FTO designations on a biannual basis. During this time, in 1999, the group filed a legal appeal to be removed from the list, which was denied.<sup>41</sup>

In 2008, the MEK, also known as the People's Mojahedin Organization of Iran, availed itself of the opportunity to petition the Secretary of State directly for removal from the FTO list, arguing that circumstances had changed and that the group no longer met the criteria for continued listing.<sup>42</sup> This petition was denied by the Bush Administration, and the MEK took its appeal to the courts. The court ordered the U.S. government to reconsider the case and to provide MEK access to unclassified material pertinent to their petition. The Bush and Obama administrations were slow to respond to the court's order, leading to another appeal by MEK to the courts for relief. The court ordered the Obama administration to either provide the documents by a certain deadline or the court would set aside the FTO designation. Facing mounting pressure to resolve the issue, U.S. Secretary of State Hillary Clinton delisted the group in September 2012, just days before the court-imposed deadline.<sup>43</sup>

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37 Antiterrorism and Effective Death Penalty Act of 1996, §302. Also see 8 USC 1189.

38 The petition period did not exist under the original FTO statute as established by the AEDPA of 1996. It was added as part of the Intelligence Reform and Terrorism Prevention Act of 2004, §7119. Also see 8 USC 1189.

39 Jeremiah Goula, Lydia Hansell, Elizabeth Wilke, and Judith Larson, *The Mujahedin-e Khalq in Iraq: A Policy Conundrum* (Santa Monica, CA: RAND Corporation, 2009).

40 An archived copy of the 1999 rationale put forward by the State Department for keeping MEK on the list can be found at [https://1997-2001.state.gov/global/terrorism/fto\\_info\\_1999.html](https://1997-2001.state.gov/global/terrorism/fto_info_1999.html)

41 *People's Mojahedin Organization of Iran v. United States Department of State and Madeleine K. Albright, Secretary of State; Liberation Tigers of Tamil Eelam v. United States Department of State*, 97-1648; 97-1648, United States Court of Appeals for the District of Columbia Circuit, June 25, 1999.

42 *On Petition for a Writ of Mandamus to Enforce This Court's Mandate: No. 12-1118*, United States Court of Appeals for the District of Columbia Circuit, June 1, 2012.

43 Scott Shane, "Iranian Dissidents Convince U.S. to Drop Terror Label," *New York Times*, September 21, 2012.

Although the ultimate decision to remove the group was undertaken by the State Department, the circumstances surrounding its removal suggest it was more complicated than just an unprompted decision based strictly on internal review. Nor is it clear that the MEK's protracted legal battle alone was the cause. Two other factors are important to consider. First, the MEK's effort was able to rely on a shift in the opinion of other nations as well as some policy elites within the United States in support of its removal from the FTO list.<sup>44</sup> Second, there were humanitarian and security concerns related to the MEK's presence in Iraq, notably the challenge of closing Camp Ashraf and relocating the MEK to a more stable location.<sup>45</sup> This reasoning was referenced by the State Department's spokesperson in the press release regarding removal.<sup>46</sup> In sum, while the example of the MEK shows that removal through petition and legal review is possible, it also highlights the difficulty of that course of action.

Beyond an FTO bringing a challenge, either to the courts or to the Secretary of State, there are a few additional pathways through which an organization might be removed from the FTO list due to action taken by a branch of the U.S. government.<sup>47</sup> Two of those involve the State Department itself. First, an FTO can be removed if, after the State's Department's periodic review, it is deemed by State that the group should be removed. As noted above, prior to the 2004 Intelligence Reform and Terrorism Prevention Act (IRTPA), the State Department was required to conduct official reviews every two years to determine whether to renew the group's designation. If a review was not completed within this timeframe, the designated group came off the list. The passage of the IRTPA of 2004 has extended the time the State Department must renew or revoke FTO group designations extended to five years. Second, the Secretary of State can unilaterally remove a group from the FTO list at any time. Whether due to periodic review or unilateral action by the Secretary of State, the rationale for acting are that circumstances that warranted a particular designation have significantly changed (such as the group altering its behavior or going out of existence) or that the national security interests of the United States warrants revocation. The Secretary of State has never invoked the national security rationale to unilaterally remove a group for any reason.

Beyond action within the State Department, there is another pathway through which other branches of government may remove a group from the list. Technically, a designation may be revoked by an Act of Congress, or set aside by a court. It is worth noting that, at the of this report's publication in 2020, neither Congress nor the courts have ever removed groups from the list.

### Evaluating the Impact of the FTO List

Having discussed the process whereby a group becomes listed as an FTO, this section discusses how one can evaluate the impact that such a designation has on the listed organization. First, the authors offer a few examples of the confidence and positive assessment made of the potential of the designations list. They then briefly discuss the challenges of evaluating whether placement on the FTO list has an impact on group behavior before turning to an examination of several different metrics that provide various perspectives on the impact of the list. They then conclude with a few comments regarding the

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44 For example, legal proceedings in both the United Kingdom and European Union resulted in the removal of the group from their respective terrorist group lists in 2008 and 2009, respectively. Mark John, "EU takes Iran opposition group off terror list," Reuters, January 26, 2009. A number of former and current U.S. government officials also spoke out in support of the effort to remove the designation. Bahman Kalbasi, "Iran exile group MEK seeks US terror de-listing," BBC, September 25, 2011.

45 There is an extensive amount of reporting from news and other organizations on the MEK's situation in Iraq. Only a small number of pieces are referenced here. "Iraq: Protect Camp Ashraf Residents," Human Rights Watch, July 31, 2009; "Iraq raid on Iranian exiles' Camp Ashraf 'killed 34,'" BBC, April 14, 2011; Louis J. Freeh and Michael B. Mukasey, "Protect Iran's Freedom Fighters in Camp Ashraf," *Time*, April 18, 2011; Ashish Kumar Sen, "52 Iranian exiles killed at Iraq's Camp Ashraf," *Washington Times*, September 1, 2013.

46 "Delisting of the Mujahedin-e Khalq," U.S. State Department, September 28, 2012.

47 Justin S. Daniel, "Blacklisting Foreign Terrorist Organizations: Classified Information, National Security, and Due Process," *University of Pennsylvania Law Review* 166 (2017): pp. 213-261. Also see 8 USC 1189.

implications of their findings with regard to the FTO list.

Perhaps the strongest sign of the belief that the list is effective is the fact that the U.S. government continues to invest resources in adding group to the list. Beyond the investment of resources, however, since its inception in 1997, the counterterrorism value of the FTO list has been defended by politicians, bureaucrats, and the media alike, albeit for different reasons. Emphasizing the potential of the list to raise awareness and spur multilateral action, then Secretary of State Colin Powell noted shortly after the September 11th attacks that “as we embark on a long-term struggle against terrorism, I hope this list will draw the attention of foreign governments across the world to these groups and will encourage those governments to take action.”<sup>48</sup>

More recently, U.S. President Donald Trump released a statement in support of the designation of the Islamic Revolutionary Guard Corps (IRGC) that highlighted the potential punitive aspects of being on the list:

*This action sends a clear message to Tehran that its support for terrorism has serious consequences. We will continue to increase financial pressure and raise the costs on the Iranian regime for its support of terrorist activity until it abandons its malign and outlaw behavior.*<sup>49</sup>

The Government Accountability Office, in a 2015 report on the FTO designation process, made the following observation: “The designation of FTOs, which can result in civil and criminal penalties, is an integral component of the U.S. government’s counterterrorism efforts.”<sup>50</sup>

However, despite these statements in support of the potential impacts of being listed on the FTO list and its overall importance in the U.S. counterterrorism toolkit, it is difficult to find a clear statement of how the U.S. government measures and assesses the efficacy of the FTO list.<sup>51</sup> This is not to say that no metrics exist. For example, the Department of the Treasury creates and sends an annual report to Congress known as the Terrorist Assets Report (TAR). The TAR, discussed in Chapter 3 of this report, contains the dollar amounts of terrorist groups’ funds seized or blocked under the FTO and other U.S. government sanctions efforts. As a measure of performance, it is a readily available example of what the U.S. government is doing. However, as a measure of effectiveness, whether the seizure of these programs ultimately impacts the operational activities of terrorist groups, the TAR falls short of providing that information.

There is another metric that is important to highlight: the number of material support prosecutions made possible because of the FTO designation. As will be briefly discussed later in this section, once a terrorist organization is listed as an FTO, federal charges can be levied against individuals who provide material support to that organization. While these prosecutions are important and, in some cases, play a factor in arguments for designating groups as FTOs,<sup>52</sup> they are rarely tallied and presented as a metric tied to the impact of a designation, as are asset seizures in the TAR. Not only that, but while these prosecutions certainly disrupt the activities of designated groups, it is difficult to draw the linkage between a group’s designation, these domestic prosecutions, and whether the terrorist organization is ultimately weakened as a result.

There could be a tendency for some, in the absence of metrics or systematic evaluation, to claim that

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48 “State Department lists terrorist groups,” CNN, October 5, 2001.

49 See “Statement from the President on the Designation of the Islamic Revolutionary Guard Corps as a Foreign Terrorist Organization,” The White House, April 8, 2019.

50 Foreign Terrorist Organization Designation Process and U.S. Agency Enforcement Actions.

51 Interestingly, a 2015 GAO report contained a section labeled “U.S. Agencies Impose a Variety of Consequences on Designated FTOs and Associated Individuals.” The discussion therein seems to focus on the actions themselves as ends, rather than connecting them to an assessment of changes in the overall activities or health of the targeted organizations. See *Ibid.*

52 Jon Lewis and Mary B. McCord, “The State Department Should Designate the Russian Imperial Movement as a Foreign Terrorist Organization,” *Lawfare*, April 14, 2020.

such metrics are unavailable because the agency tasked with executing the policy—in this case, the U.S. Department of State—is reluctant to assess what may turn out to be an ineffective or counterproductive policy. Such a pessimistic view overlooks at least four more plausible explanations for why the State Department (or any other government entity for that matter) has not conducted such an evaluation, at least in the open source: the primacy of short-term priorities, scarce resources, the presence of bureaucratic challenges, and the inherent difficulty of evaluating the success of counterterrorism policy.

When it comes to short-term priorities, it is important to remember that the FTO designation process is managed by the State Department's Bureau of Counterterrorism (State-CT). Headed by a coordinator (who is an Ambassador at Large), State-CT is responsible by congressional mandate for "the overall supervision (including policy oversight of resources) of international counterterrorism activities."<sup>53</sup> Practically speaking, this role includes, but is in no way limited to, the implementation and oversight of a number of programs initiatives, including the Antiterrorism Assistance Program, the negotiation of bilateral agreements to share information to prevent terrorist travel, the drafting of an annual report on terrorist activities and counterterrorism cooperation, and designation of FTOs and countries as state sponsors of terrorism.<sup>54</sup>

Although each of these activities is important, prioritization of scarce resources (State-CT's requested budget for Fiscal Year 2018 was \$228 million) means that certain programs will receive more attention and focus than others. Nathan A. Sales, the Ambassador At Large and Coordinator for Counterterrorism, noted as much in 2017 testimony before Congress.<sup>55</sup> The assessment and evaluation of the impact of counterterrorism policies is not impossible, but it does require dedicated resources. Amidst all the important and pressing duties juggled by State-CT, it may be that assessment of its designation of FTOs simply has not risen to the top among so many other programs and initiatives.

Although the FTO program is overseen by State-CT, the potential areas in which impacts might be measured include finance, arrests, border detentions and entry denials, military operations, and so on. The GAO's 2015 report on the FTO process identified no fewer than 15 agencies and departments involved in various steps of the FTO process.<sup>56</sup> Collecting data and input from all of these agencies, especially in the absence of a clear understanding of what the overall evaluation metric should include, would likely prove to be a difficult task. Moreover, any hesitancy to share information between these agencies and departments would only increase the difficulty of the task.

The issues of resources, priorities, and bureaucracy are important, but they may not be the most compelling explanations as to why the efficacy of the FTO list lacks rigorous evaluation. Instead, a more accurate explanation may simply be the difficulty of even knowing what the effects of a successful FTO designation should be in the first place. Indeed, if one of the goals of the FTO process is to deter negative activities, how can one measure if that impact is successful? Measuring how an action taken leads to actions not taken is an incredible difficult challenge, one that goes far beyond the field of terrorist designations.

At first glance, it may be tempting to say that organizational longevity or the number of attacks carried out by a group are the most obvious metrics of assessment of FTO designation. Certainly the end of a group or the elimination of its ability to carry out attacks are key counterterrorism objectives, but making those two objectives the standard for evaluation runs the risk of missing the gradual, unintended, or peripheral impacts that policies have short of that lofty standard.

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53 See H.R. 2333 and H.R. 4328.

54 For a more complete list and discussion of the various State-CT activities, see <https://www.state.gov/bureau-of-counterterrorism-programs-and-initiatives/>

55 Ambassador Sales' testimony can be read in full at <https://www.hsdl.org/?view&did=810607>

56 See Foreign Terrorist Organization Designation Process and U.S. Agency Enforcement Actions, Appendix II.

For example, simply focusing on whether an organization ceases to exist and whether it stops carrying out attacks might miss the fact that the attack behavior of an organization changes in the wake of a designation, such as the execution of fewer transnational attacks, even if its overall level of operational activities remains unchanged. Another potential metric of success, particularly given the importance of multilateral participation in creating an effective sanctions regime, is whether other countries have also designated a group that the United States has listed as an FTO.

Another important factor to consider in the evaluation of success is the timeline in which the effect of an FTO designation may be likely to manifest itself. Given the resilience and adaptability of terrorist groups, it seems unlikely that an FTO designation will result in an immediate collapse of a terrorist group or dramatic reduction in its operational capabilities, so any attempt to explore the impact of FTO designations should take this into account. Also, multilateral action, which as noted above can be critical to success, may take time to gather steam.

Taken together, this brief discussion of the challenges of evaluating the impact of an FTO designation suggests that any such effort is likely to be difficult at best. While it would be overly ambitious to suggest that this report can resolve these challenges, the goal in this section is to cast as wide a net as possible in exploring different metrics of counterterrorism success when it comes to an FTO designation.

Before moving on to examine what the data shows regarding the FTO program, a brief methodological caveat needs to be formalized. The authors are well aware that correlation does not equal causation and that causation between a group's being on the FTO list and counterterrorism success (however defined) is hard to claim, especially given the complicating factor that groups are usually the targets of multiple counterterrorism efforts, with designations only forming one part. As a result, the goal of this report is not to offer the conclusive word on the success or failure of the FTO list, but rather to present information that further informs conversations about what success might look like and how current efforts contribute to this goal (or not).

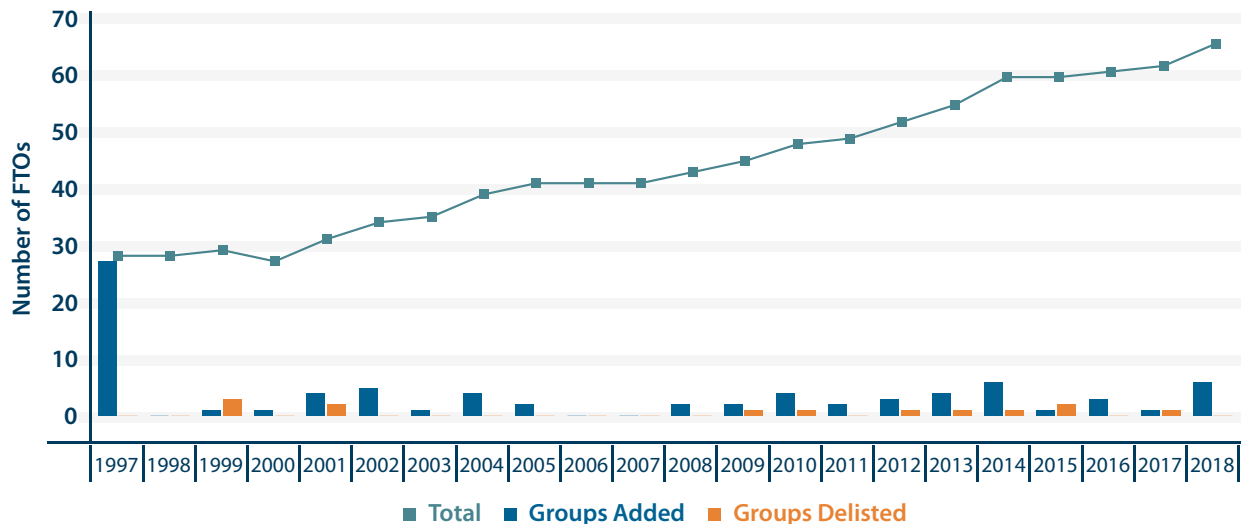
### *FTO Listings and Delistings Over Time*

This section begins by describing the number and pace of listings over time. As noted above, the U.S. government designated the first 28 groups in 1997.<sup>57</sup> Since the initial listing of groups at the opening of the FTO list, the pace of designations has remained relatively consistent. This is illustrated by Figure 1, which contains a solid black line representing the total number of designated groups per year and colored bars representing the number of groups added or delisted per year.

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57 The total of 28 groups comes from the most recent version of the list maintained on the State Department's website. However, the original list released in the Federal Register on October 8, 1997, contained 30 groups. The difference is due to two administrative changes. First, Kach and Kahane Chai were listed as separate organizations in 1997 and were combined into a single listing by Secretary of State Colin Powell in October 2001. See "Fact Sheet: Secretary of State designates Foreign Terrorist Organizations (FTO's)," U.S. Department of State, October 5, 2001. The other entity listed in 1997 that is not present on the current list is al-Jihad, also known as Egyptian Islamic Jihad (EIJ). EIJ had a close relationship with al-Qa`ida, and the two organizationally eventually merged into one. It is not clear when exactly the State Department formally changed the listing. The 2008 version of State's Country Reports on Terrorism lists al-Qa`ida and EIJ as separate entities, but the 2009 version does not. Given that the number 28 is currently used by the U.S. government, the authors opted to use that number in their data.

Figure 1: FTO Designations and Delistings (1997-2018)



As shown in Figure 1, there has been a steady increase in the number of groups listed since the beginning of the list in 1997. On average, two groups are listed each year, although there is clearly variability over the course of the list. For example, there have been three years in which no groups were added to the list. Other than the beginning year, the largest number of groups added in a single year is six. This happened twice, once in 2014 and then again in 2018. In 2014, the higher number of listings was driven primarily by the addition of three Ansar al-Sharia groups, two in Libya and one in Tunisia. In the case of the 2018 designations, the higher number was the result of a concerted push against organizations affiliated with the Islamic State, with the addition to the list of the group’s networks and provinces in Bangladesh, Greater Sahara, Philippines, and West Africa.

The delisting of FTOs is far less frequent than additions, with only 13 groups having been delisted during the program’s existence, an average rate of less than one group per year. In the 22-year history of the list, there were no delistings during 13 of those 22 years. The largest stretch in which no delisting activity occurred was from October 8, 2001, to May 18, 2009, a total 2,779 days. Although the list has seen a couple of these periods of time with no delisting activity, it is interesting to note that the delisting of organizations has been more consistent over the past 10 years or so, with approximately one group per year coming off the list. The largest number of delistings in a single year came in 1999, when the State Department removed three organizations from the list (DFLP-Hawatmeh Faction, Khmer Rouge, and Manuel Rodríguez Patriotic Front – Dissidents).

Is it possible that removing groups could be viewed as a sign that the designations process worked and that the groups are no longer a threat? While possible, it is important to recall that the State Department is required to periodically review and renew the designations for each group on the FTO list. Thus, the mere act of removal itself cannot be seen as a sufficient reason to say that the FTO designation has worked. The State Department may simply have conducted the required review and found that the group has moved on to politics, fractured and disappeared, ceased to engage in terror activity, or any number of other reasons. For example, when the list was originally created, periodic review of groups was required every two years. Thus, 1999 and 2001 both saw delistings. When this period of time was changed in 2004 to every five years, one sees the longest spell of no delisting activity, which picked up again in 2009. It is worth noting that even though periodic review is required to commence every five years, the review itself may stretch out to longer than five years.<sup>58</sup>

58 Author interview, former State Department officials.



In the ideal scenario, removal is only a good measure of the success of the designations list if the listing itself was the reason (or at least a contributing reason) for the degradation of the group's capabilities that ultimately led to its removal from the list. As noted above, however, assessing whether or not the FTO listing itself was a critical factor is very difficult. Short of a direct connection, the authors can still examine a few potential proxies for success.

One proxy to help ascertain what to make of the counterterrorism value of a delisting would be to examine how the State Department discusses the specific delistings. Critics would argue that using the State Department's own words as a metric would show clear bias in favor of the list being effective. In this vein, however, it is interesting to note that in its public announcements of the delisting of groups from the FTO list, the State Department has not implicitly or explicitly cited the designation itself as having played a role leading to the group's removal. Instead, the delisting announcements themselves, published by law in the *Federal Register*, consist of formulaic language regarding the statutory authority of the Secretary of State to delist organizations and a particular group's lack of operational activity over the preceding time period. Public press releases following the delisting of certain organizations have highlighted three things: (1) the legal consequences of delisting; (2) the fact that the delisting has occurred based on a review of the group and a determination that it no longer meets the criteria; and (3) a recognition that delisting does not excuse the group's past actions.<sup>59</sup>

Another potential metric of success related to delisting could be to use the number of delistings themselves as a proxy for the list's effectiveness. There are three reasons that the number of delistings may not be the best metric of success. First, although the total number of groups delisted over the life of the FTO list, 13, is not insignificant, it represents just over 16% of the total number of groups listed over time. Second, of the 13 groups that the State Department has removed over the history of the FTO process, 10 were part of the cohort of groups added to the list upon its activation in 1997. Finally, four of the 13 delisted groups did not carry out a single attack in the Global Terrorism Database (GTD) between the time of their designation and removal, indicating that their operational activity may have already ceased by the time that they were added to the list. Another two groups carried out only one operation during this same time period. Taken together, these six groups represent nearly half of all delisting activity.

### *Operational Activity of FTOs Before and After Designation*

Because the number of delisted groups is small relative to the number of groups that remain on the FTO list, the authors now turn to an examination of the entire corpus of groups to see how their listing seems to have impacted their operational activity. Perhaps the most obvious place to begin is by examining the number of attacks carried out before a group's listing with the number of attacks carried out after. To do this, the authors coded the date of designation for each FTO and then merged attack data from the GTD for the five years prior to a group's listing and the five years after a group's listing. Although the five-year parameter is arbitrary, the authors felt that it would provide a relatively wide examination of the group's activities and prevent a narrow conclusion based on a limited window of data.

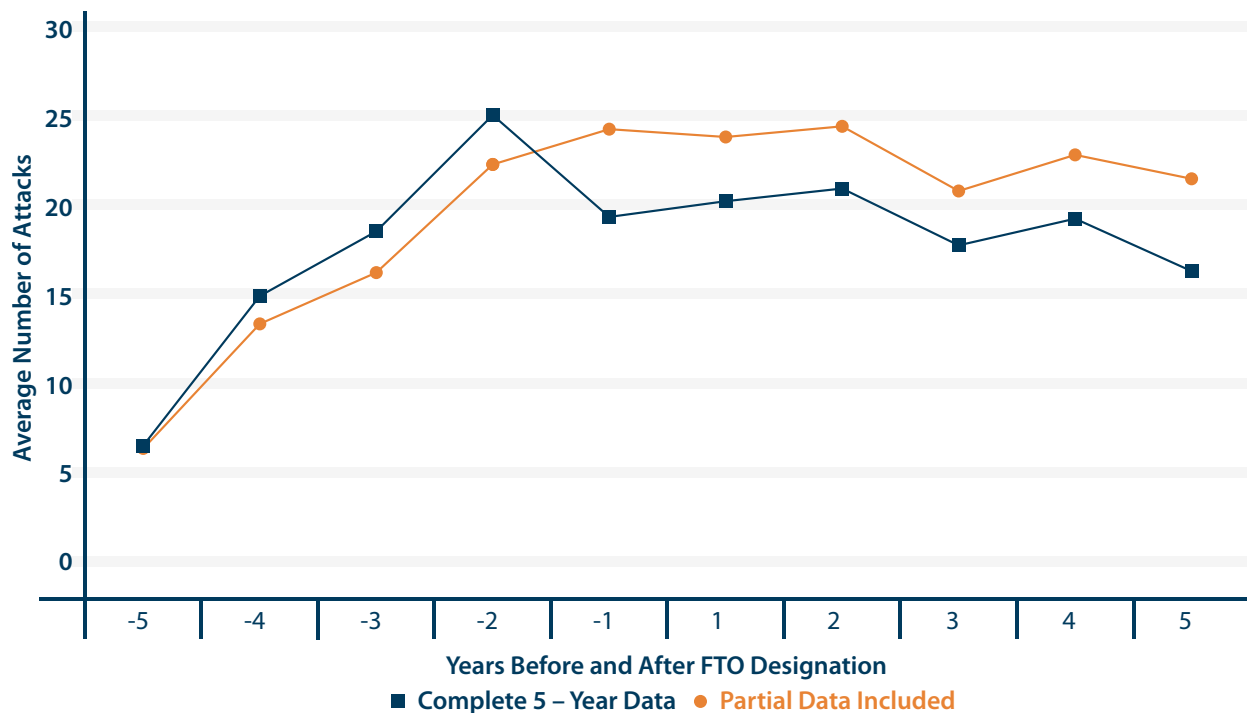
It is important to note that the authors were only able to collect a complete 10-year (five years before and after) for 42 of the 73 total groups. However, if groups for which the authors had GTD attack data at least one year before and one after the group's designation were included, the authors were able to include 68 of the 73 groups. In Figure 2, this is represented by the label "partial data included." A simple plot of the average number of attacks conducted by group's in the five years before and the five years after their designation is shown in Figure 2.

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59 The authors could only find archived press releases for two groups. See "Delisting of the Mujahedin-e Khalq," U.S. State Department, 2012, and "Delisting of the Communist Party of Nepal – Maoist," U.S. State Department, 2012.

This simple visual comparison yields a number of interesting insights. On average, there is a significant uptick in operational activity for FTOs in the years *preceding* their designation. This makes sense, as the designation process is not independent from the threat posed by a terrorist organization. Not every terrorist organization in existence makes it on the FTO list. Figure 2 seems to indicate that at least one of the criteria for listing a group may be its increasing capability as demonstrated by the frequency of its attacks.

**Figure 2: Average Number of Attacks, 5 Years Before and 5 Years After FTO Designation (1997-2018)**



The fact that the number of attacks carried out by groups prior to their designation generally increases raises an important point for considering the efficacy of the FTO list in terms of attack data. Given that most of the listed groups appear to be on an upward trajectory in terms of the number of attacks they carried in the time immediately preceding their designation, should the standard of success of the FTO list be a reduction in the overall number of attacks or should success be considered if the upward trend in the number of attacks only diminishes and the group simply maintains the status quo?

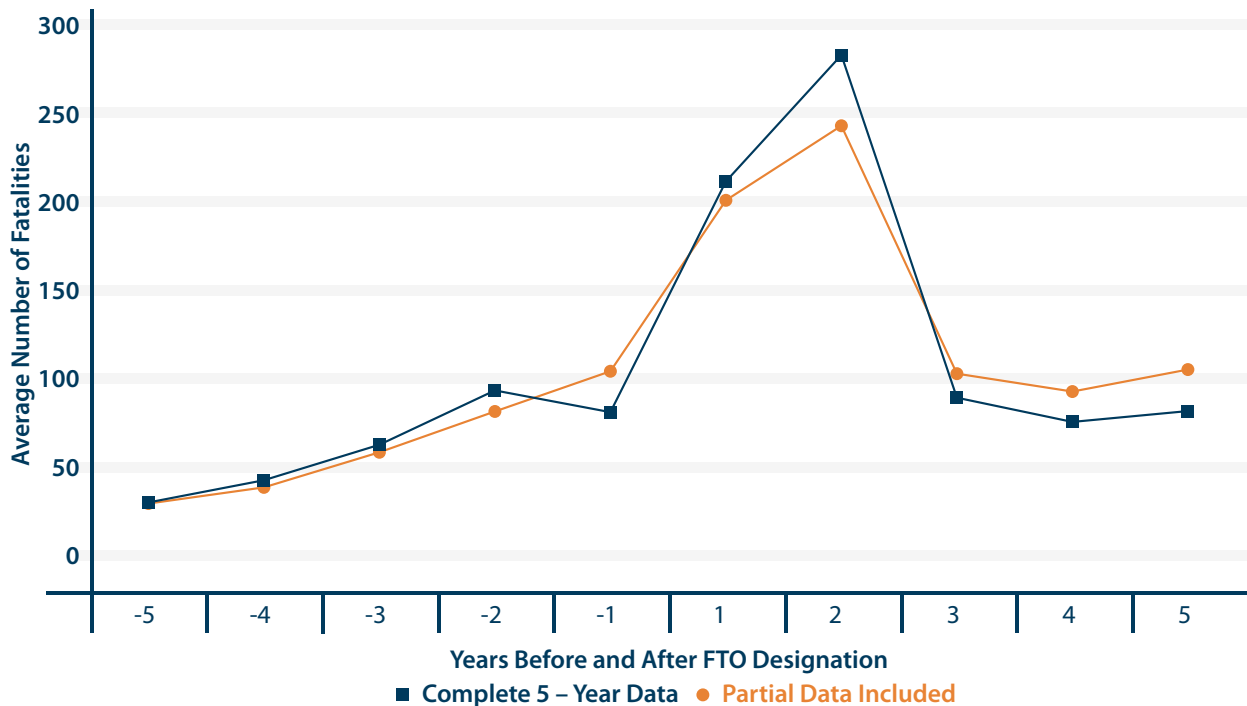
As shown by Figure 2, this question is not merely academic. On average, it appears that the operational activity of most groups does not increase after designation, but nor is there a marked decrease, at least not until at least three years after the group’s designation. In other words, evaluating a group’s activity in the immediate years after its designation may suggest the designation has no impact. Of course, it is difficult to say whether the fact that attacks do seem to decline after a number of years is connected to the FTO listing or some other intervening factors.

Another way of considering the question of FTO efficacy is to examine the number of fatalities caused by the group overall in the years prior to and following its designation. This information is presented in Figure 3. The picture painted by looking at fatalities differs quite a bit from looking at the number of attacks. As seen in Figure 3, the number of fatalities spikes quite dramatically in the first two years following designation, with an average of 280 fatalities per group the second year after designation, as opposed to the year immediately prior to designation, in which the number of fatalities in an average

group's attacks was 78.<sup>60</sup>

It is also very important to note that the highwater mark for the FTOs in this dataset in terms of fatalities caused does not appear to last very long. As seen in Figure 3, there is a very sharp decline in the average number of fatalities between the second and third years after a group has been designated. After this point, in years four and five, the number of fatalities levels off slightly.<sup>61</sup>

*Figure 3: Average Number of Fatalities, 5 Years Before and 5 Years After FTO Designation (1997-2018)*



These results suggest that although there is not an increase in the number of attacks in the time after a group's designation, there does seem to be a temporary increase in the number of fatalities caused by the group. As noted above with regard to the number of attacks carried out by the group (Figure 2), there does seem to be a rising number of operations immediately prior to a group's designation. At least two explanations may explain these findings.

First, taken together with the information presented on fatalities in Figure 3, perhaps the ferocity of violence is simply a lagging indicator that only manifests after a group has developed its operational capacity. If this were the case, the rise in fatalities has less to do (in terms of a possible causal relationship) with the designation than with the lifecycle of the terrorist group itself. The designation may simply come after a significant increase in the number of attacks, but prior to the group coming into its own in terms of the lethality of its attacks. This interpretation would also open the door to the possibility that State-CT, by proactively seeking to assess which organizations are increasing their attacks, is designating groups before they achieve their full lethal capability. Without being privy to discussions or having documents to examine the universe of groups that have been considered by State-CT, the authors cannot confirm this possibility.

60 One obvious concern is that al-Qa`ida, which carried out the 9/11 attacks within the second year after its designation, is driving these results. Even excluding al-Qa`ida, the number of fatalities in the second year after the FTO listing is 213, still much higher than the pre-designation fatality listing.

61 This finding of a 'leveling off' was also consistent even when al-Qa`ida was excluded from the data.

Second, it is also possible that the designation creates a change in a group’s targeting mentality and overall strategy. Perhaps the designation creates a desire in groups to retaliate through higher-lethality attacks in the hopes of garnering more publicity or in an effort to show that the group will remain resilient in the face of outside threat. This might also explain why the number of fatalities decreases after the second year, as maintaining that high level of ferocity may be a drain on the organization. Unfortunately, the authors were not able to find any information to suggest that this line of thinking was consistent with how groups reacted to being designated.

Regardless of which of these explanations is correct, or whether the findings shown here are the result of a different mechanism, it does seem clear from the data that the act of designating groups should be accompanied by increased vigilance on the part of security services regarding their capability and operations.

*Attacks Against Americans by FTOs Before and After Designation*

While attacks and fatalities are obvious candidates when it comes to looking at the efficacy of the FTO designation, there are other options. The legislation that created the legal foundation for the designation program also stipulates that part of the rationale for designating a group is that, in addition to being a foreign group that engages in terrorism, it “threatens the security of United States nationals or the national security of the United States.”<sup>62</sup> This suggests that the designation of groups should be somehow tied to a threat to Americans, although the act does not define or otherwise discuss the factors under which such a condition would be satisfied. Within the Global Terrorism Database, one of the variables coded for each attack counts how many Americans die as a result of terrorist activity.<sup>63</sup> Using this variable, the authors created a simple count for each designated group that counts how many Americans died at the group’s hand in the five years prior to its designation and compared that with the same count for the five years after designation.

Before proceeding, it is important to recognize one major challenge with comparing the number of U.S. deaths before and after designation: there is one massive outlier. The nearly 3,000 deaths caused by al-Qa`ida on September 11, 2001, occurred nearly two years after the U.S. State Department designated the group. Clearly, the inclusion of that incident sways the average number of individuals killed by a large margin. Because of that, the authors provide calculations for the various descriptive statistics both including and excluding al-Qa`ida.

**Table 1: Americans Killed by Foreign Terrorist Organizations, Pre- and Post-Designation (1997-2018)<sup>64</sup>**

	Mean Number of Americans Killed		% of Groups with No Americans Killed	
	5 Years Prior to Designation	5 Years After Designation	5 Years Prior to Designation	5 Years After Designation
Including al-Qa`ida	1.088	43.824	76.47	77.94
Excluding al-Qa`ida	0.925	0.687	77.61	79.1

62 See also 8 USC 1189.

63 One of the challenges in conducting an analysis based strictly on information available in the open-source is that there is often not as much information available about a group’s clandestine intentions. Such information may be available through a wide variety of classified sources, which the Immigration and Nationality Act of 1965 specifically states can be used in determining whether or not to make a designation. Such information can offer additional insight into the threat posed by a group, regardless of whether it has actually been able to successfully harm U.S. citizens prior to its designation. This is clearly a limitation to the approach pursued here.

64 Note: Due to the number of individuals (85) found to have distinct membership in more than one FTO, the total number of SDGT designations represented (703) is greater than the total number of individuals found to have been a member in an FTO (607 individuals). Despite their limited jihadi-salafi Islamist pedigree and focus on the Afghanistan insurgency, the Tehrik-i-Taliban Pakistan (TTP) and the Haqqani Network have been included as salafi jihadist groups based on their desire to establish an Islamic state and their linkages with al-Qa`ida.

Table 1 contains the comparison between before and after designation, and the findings in this simple comparison are intriguing. In the five years prior to designation, approximately 76% of FTOs had not killed a single American. The number for the five years following designation is slightly higher at 78%. In other words, although a few groups start and stop killing Americans after the designation, on average the vast majority of FTOs do not do so at all.

One should be cautious, as the fact that Americans have not been killed by some of these groups is likely not independent of the counterterrorism pressure placed on these groups by security services. That said, the fact that so many groups on the FTO list do not kill Americans before being designated raises a question about the purpose and impact of the list. If, at least based on the number of Americans killed by FTOs, the activities of these groups do not appear to have a tangible impact on American citizens either before or after being designated, then this might call into question the purpose of the list. Alternatively, it may suggest that the use of the number of Americans targeted is not a particularly useful metric of impact of an FTO designation.

There are a variety of reasons that suggest that this particular line of evaluation should not lead to a rejection of the FTO list as a counterterrorism tool. Academic research has shown the targeting decisions of terrorist groups are subject to a variety of pressures.<sup>65</sup> The targeting of Americans, though potentially related to a foreign-policy action such as a designation, is certainly subject to these myriad pressures as well.<sup>66</sup> The value of the list, even if it does not directly or concretely impact these targeting decisions, should not be discounted. The list may serve other purposes, notably to designate groups that pose broader threats to allies and friends (even if they have not directly harmed American citizens). The FTO list could also be seen as a signaling mechanism intended to convey redlines to terrorist organizations.

### *Geographic Spread of FTO Attacks Before and After Designation*

In any case, the lack of convincing evidence regarding the use of the targeting of American citizens as a metric suggests that exploring other metrics is important to understanding the impact of the FTO list. One such metric might examine the possibility of changes to the geographic spread of a group's attacks because of the designation. Moreover, the FTO designation process, by definition, specifically deals with international groups, thus it seems important to ask whether a designation results in a reduction of their ability to carry out attacks across borders—in other words, if the inability of a transnational group to operate transnationally might be one way to examine whether an FTO designation impacts group behavior. In the analysis that follows, the authors do this by counting the number of countries in which each organization has carried out attacks before and after being designated using information from the Global Terrorism Database.

Before doing this, an important bit of context should be discussed. Although the Immigration and Nationality Act of 1965 (from which the State Department derives its authority to designate groups) requires that the organizations be foreign, it is not necessarily the case that a designated group must operate in multiple foreign countries to be listed. To be eligible for a designation, the only geographic requirement is that it operates outside of the United States and poses a threat to the United States or its interests abroad. Consequently, it is not clear whether the groups listed generally operate in multiple countries (such as al-Qa`ida) or seem to be more limited in scope (such as the United Self-Defense Force of Colombia).

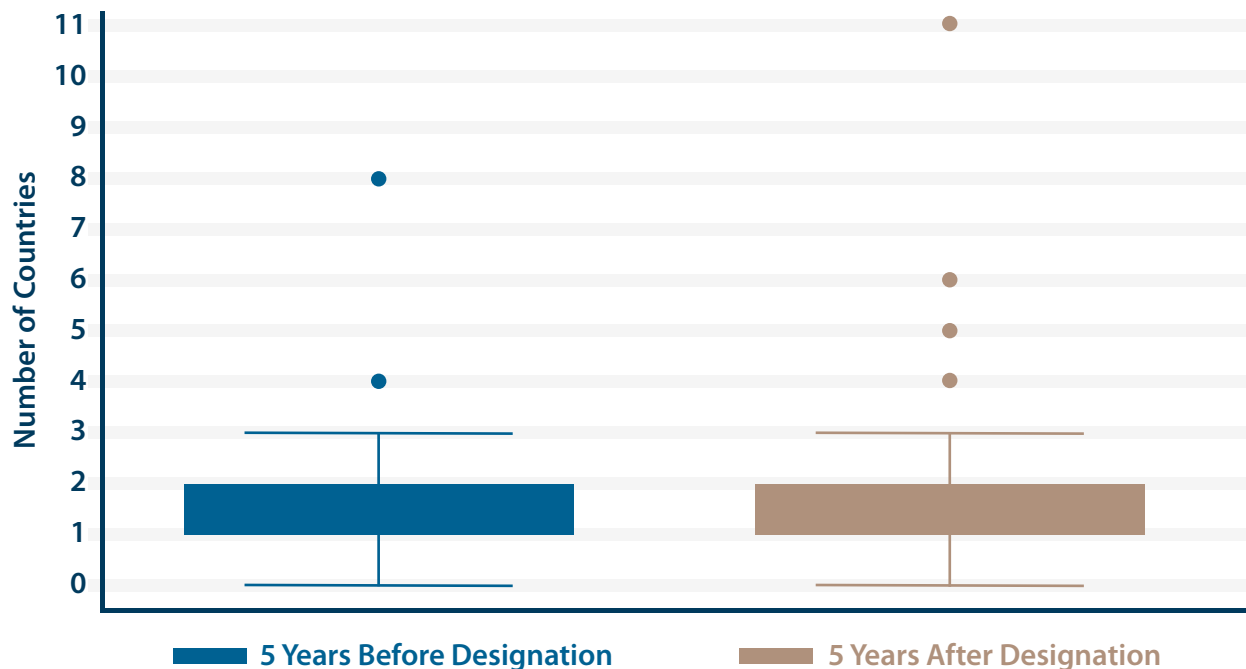
65 Victor H. Asal, R. Karl Rethemeyer, Ian Anderson, Allyson Stein, Jeffrey Rizzo, and Matthe Rozea, "The Softest of Targets: A Study on Terrorist Target Selection," *Journal of Applied Security Research* 4:3 (2009): pp. 258-278; Gabriel Koehler-Derrick and Daniel Milton, "Choose Your Weapon: The Impact of Strategic Considerations and Resource Constraints on Terrorist Group Weapon Selection," *Terrorism and Political Violence* (2017); Sara M.T. Polo, "The Quality of Terrorist Violence: Explaining the Logic of Terrorist Target Choice," *Journal of Peace Research* (2019).

66 Eric Neumayer and Thomas Plümper, "Foreign terror on Americans," *Journal of Peace Research* 48:1 (2011): pp. 3-17.

Turning to the dataset, of the 68 groups for which there is data, approximately 59% have carried out operations in no more than one country prior to being designated. That number increases to 83% when considering groups that have carried out operations in two or fewer countries. In other words, most of the groups designated under the State Department’s authorities are not necessarily operating in multiple theaters but seem to be relatively localized.

Given that context, Figure 4 provides an illustration of how the geographic spread of FTOs’ activity changes in the five years prior to and following their designation. The figure itself is a box-and-whiskers plot, in which the colored box shows where 50% of the data fall in terms of the number of countries in which groups operate. The “whiskers” generally represent the upper and lower 25th percentiles of the data, unless some of the observations are extreme outliers. In this case, there are outliers, which are represented by the dots. In the five years before designations, the two outliers represent the Kurdistan Workers Party (PKK), which carried out attacks in eight separate countries, and Boko Haram, which carried out attacks in four countries. The five outliers in the side of the figure representing five years after designation are as follows: al-Qa`ida (11), Boko Haram (6), PKK (5), and al-Qa`ida in the Arabian Peninsula (AQAP – 5), and the Revolutionary Armed Forces of Colombia (FARC – 4).<sup>67</sup>

**Figure 4: Comparison of the Number of Countries in Which FTOs Carried Out Operations, Pre- and Post-Designation (1997-2018)**



What it shows is actually a lack of change between the two periods of time. Indeed, the mean number of countries in which groups have carried out terrorist attacks prior to designation is 1.60. The mean number for the post-designation time period is 1.66. In other words, there seems to be very little evidence using these basic descriptive statistics that, on average, the overall geographic orientation of designated groups’ operations changes in any systematic way as a result of the designation.

67 There are only four dots on the right side of the graph because PKK and AQAP are both represented by the one dot marking groups that have carried out attacks in five countries.

*FTO Use of Suicide Attacks Before and After Designation*

Aside from the geographic impact of designation, it may be the case that the designation has other impacts on the tactical choices of terrorist groups. To that end, the authors identified one other metric for examination in the pre- and post-designation period: the use of suicide attacks. Whether focusing on the demographics of individual participation in such activities or the rationale behind group adoption of the tactic, few subjects have received as much attention within terrorism studies as suicide terrorism.<sup>68</sup> The reason for focusing on this tactic is that suicide bombing has been shown, among other things, to attract public attention, which is one of the reasons groups choose to employ it.<sup>69</sup> This particular feature of suicide bombing makes it a good metric for examining designations for two reasons. First, if a group carries out suicide attacks, it may increase its chance of being designated because of its higher public profile. If this is the case, it is possible that a designation could be seen as a punitive measure designed to reduce such tactical choices by terrorist groups. The second reason involves almost the opposite scenario and logic. If a group does not use suicide terrorism, and gets designated, then a group might begin employing the tactic as a signaling mechanism to express anger or displeasure. Either way, there are conceivable reasons that suicide terrorism might be a good metric of the success or failure of a designation.

The Global Terrorism Database contains a variable that indicates whether a terrorist incident including a suicide terrorism component. The authors collected that data for the five years prior to and after each organization’s designation and counted the number of suicide attacks that each group carried out during this time period. As noted previously, the goal is to use this data to see if there appears to be any change in how groups use this tactic.

**Table 2: Suicide Attacks by Foreign Terrorist Organizations, Pre- and Post-Designation (1997-2018)<sup>70</sup>**

	Mean Number of Americans Killed		% of Groups with No Americans Killed	
	5 Years Prior to Designation	5 Years After Designation	5 Years Prior to Designation	5 Years After Designation
All Groups	4.5	16.529	54.41	52.94
Excluding BH & TTP	3.53	9.272	56.06	54.55

The first tendency in looking at this data may be to wonder whether the designation process is actually counterproductive when it comes to reducing the use of suicide terrorism: it appears that there is a large increase in the use of suicide terrorism by FTOs in the years following their designation. This conclusion, however, would be erroneous (or at least, premature) without considering the greater context when it comes to the global diffusion of suicide terrorism as a tactic of choice.

According to the Global Terrorism Database, the use of suicide terrorism has increased rapidly following 2001, reaching triple digits for the first time in 2004 with 122 suicide attacks worldwide. Suicide

68 The literature on suicide terrorism is much larger than can be covered in a footnote. Only a few key pieces are cited here. Robert A. Pape, *Dying to Win: The Strategic Logic of Suicide Terrorism* (New York: Random House, 2005); Ami Pedhazur ed., *Root Causes of Suicide Terrorism: The Globalization of Martyrdom* (London: Routledge, 2006); Martha Crenshaw, "Explaining Suicide Terrorism: A Review Essay," *Security Studies* 16:1 (2007): pp. 133-162; Assaf Moghadam, *The Globalization of Martyrdom: Al Qaeda, Salafi Jihad, and the Diffusion of Suicide Attacks* (Baltimore: Johns Hopkins University Press, 2008); Warner and Matfess.

69 Bruce Hoffman and Gordon H. McCormick, "Terrorism, Signaling, and Suicide Attack," *Studies in Conflict & Terrorism* 27:4 (2004): pp. 243-281.

70 Note: Due to the number of individuals (85) found to have distinct membership in more than one FTO, the total number of SDGT designations represented (703) is greater than the total number of individuals found to have been a member in an FTO (607 individuals). Despite their limited jihadi-salafi Islamist pedigree and focus on the Afghanistan insurgency, the Tehrik-i-Taliban Pakistan (TTP) and the Haqqani Network have been included as salafi jihadi groups based on their desire to establish an Islamic state and their linkages with al-Qa`ida.

terrorism as a tactic reached its highest point during the height of the Syrian civil war and the conflict in Iraq in 2016 with a total of 985 suicide attacks. A majority of the groups on the FTO list, 40 to be precise, have been added since 2003. In other words, while the number of suicide attacks carried out by groups following designation increases significantly as compared to before designation, there has been an increase in the use of the tactic in general, making any causal claim using the data that populates this report dubious.

Perhaps more telling along these lines is that the percentage of groups using suicide terrorism changes very little before and after designation. While some groups in the data do stop using suicide after a designation, others start. In other words, there does not seem to be any discernible trend related to suicide terrorism when using the listing of a group as an FTO as an intervention.

### *FTOs Designations from an International- and Individual-Level Perspective*

The metrics discussed above have focused on the impact of a designation on various indicators of group activity. The results have been mixed, at best, when it comes to what these metrics say about the impact of an FTO designation. However, beyond these metrics that focused on outcomes strictly at the group level, there are at least two other ways of conceptualizing the benefit of the FTO list. The first is by looking at how it coordinates with international action. The second is by looking at how it enables law enforcement action against individuals in the United States.

Because the problem of fighting FTOs (by definition) reaches beyond U.S. borders, another metric of success is whether the United States is engaged in meaningful coordination with international partners regarding the threats posed by these organizations. Even if the timing of the U.S. designation does not appear to have great impact on observable group level metrics, if the United States and other countries are focused on the same terrorist groups, the chance of defeating or at least mitigating the threat posed by these groups is increased.

The first non-U.S. list examined here is the one maintained by the United Nations. This list is important for several reasons. First, the listing of a terrorist group by the United Nations is an important signal of international resolve and determination against it. Second, many countries around the world have made it their designation policy to simply mirror what appears on the U.N. list, while others use the U.N. list but then add other organizations beyond what the United Nations may have designated. In short, examining the United Nations list offers a useful metric of whether the United States and the international community share the same vision of threats when it comes to terrorist groups.

The authors collected information on all of the organizations that had been designated by both the United Nations and the United States.<sup>71</sup> The evidence here is not particularly strong in favor of a promising effort, least at the United Nations, to gain international acceptance and agreement on the terrorist threat. Of the 67 groups on the U.S. FTO list for which the authors could find a date, the United Nations' counterterrorism sanctions regime included only 25 of these groups, or about 37%.

Though seemingly disappointing as a metric for international agreement on the terrorist threat, such a low number is understandable on a variety of levels. The agreed-upon mandate that governs the listing of groups and individuals under the U.N. sanctions regime is relatively narrow, limiting the breadth of groups against which the United Nations can apply sanctions.<sup>72</sup> Thus far, the United Nations' list-based terrorism-related sanctions program has focused on individuals and entities associated with

71 The United Nations' sanctions list can be found here: [https://www.un.org/securitycouncil/sanctions/1267/qa\\_sanctions\\_list/](https://www.un.org/securitycouncil/sanctions/1267/qa_sanctions_list/)

72 This limited focus has not gone unobserved by member states, with at least one of them (Peru) noting in a recent discussion that events suggest the possible need for expanding the types of ideologically motivated terrorism covered by the United Nations' counterterrorism regime. See "Security Council Members Call for Updating Sanctions Lists to Ensure Constant Vigilance against Threat of Terrorist Attacks," United Nations, May 20, 2019.



al-Qa`ida, the Taliban, and the Islamic State.<sup>73</sup> Additionally, while the United States can designate groups unilaterally, the U.N. designations process has a number of other veto points at which a group can be removed from consideration. Finding agreement among countries with different perspectives and equities when it comes to the terrorist threat in general is a very complicated matter, much less to come to agreement on the specific groups and individuals that require a designation.

Outside of the United Nations, the European Union also maintains a list of sanctioned organizations. All of the organizations on the E.U. list become subject to financial restrictions, but are also subject to additional pressure by police and other legal authorities well.<sup>74</sup> In January 2019, the authors gathered the names of the organizations targeted by the European Union website, which came to a total of 21 organizations. It is important to note that this list is in addition to those already listed by the United Nations, as the European Union is obligated to implement the U.N. sanctions (including terrorism designations) as well. Of the 21 organizations, 10 can be found on the U.S. FTO list. Including the number already designated by the United Nations, a total of 35 of the groups on the U.S. FTO list, or about 52%, are also covered by the European Union.

Although these numbers reveal that there has been some progress when it comes to international cooperation on the designation of terrorist groups, it also seems clear that there is plenty of growth potential when it comes to multilateral agreement related to terrorist designations.<sup>75</sup> This is not to suggest that a goal of 100% agreement among countries should be the standard for success. Indeed, in some cases, having a particular country join with the United States in designating a group (say, the country in which the group has its main base of operations) will be far more valuable than having 10 unconnected countries on board. Indeed, the importance of finding the right partner in the designations process is one of the main results of Phillips' (2019) empirical work on the efficacy of FTO designations.<sup>76</sup>

The second way in which the efficacy of the FTO list might be considered comes to how the U.S. government is able to leverage the FTO designation to take action against individuals who support those groups, including against individuals who live in the United States.<sup>77</sup> The legal application of the terrorism label to individuals for the specific purpose of enabling law enforcement actions and criminal prosecutions has been one of the most significant innovations in the non-kinetic fight against terrorism since the September 11th attacks.<sup>78</sup>

In this regard, there is one other impact of an FTO designation that appears relatively incontrovertible in its value: the ability to charge individuals with material support to an FTO. As discussed above, when a group is placed on the FTO list, individuals who provide support to those groups become subject to criminal penalties, including the possibility of lengthy incarceration periods depending

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73 In its first iteration, the United Nations' sanctions effort was handled by the AQ and Taliban committee. In 2011, the decision was made to separate the AQ and Taliban committees into separate bodies. Louis Charbonneau, "U.N. council splits U.N. Taliban, Qaeda sanctions list," Reuters, June 17, 2011. Then, in U.N. Security Council Resolution 2170, adopted on August 15, 2014, it was reaffirmed that sanctions against ISIL were part of the AQ committee's mandate, effectively creating the ISIL and AQ committee. See "Resolution 2170," United Nations Security Council, August 15, 2014.

74 More on the European Union's designation process can be found at "EU terrorist list," European Council, last reviewed January 14, 2020.

75 While the authors were able to collect information on a number of lists held by a number of other countries, compiling an exhaustive list was beyond the purview of this report.

76 Phillips.

77 For more discussion of this point, see comments made by then Director at the Office of Counterterrorism Finance and Designations at the U.S. Department of State – Bureau of Counterterrorism Jason Blazakis as quoted in "The Relatively Little-Known Role of the U.S. State Department in Sanctioning Terrorists and its Consequences," Association of Certified Sanctions Specialists, December 5, 2017.

78 While the next section of the report examines the use of Executive Order 13224 to designate individuals as Specially Designated Global Terrorists (SDGTs), it is important to recognize that the statutory purpose of E.O. 13224 designations is financial, not criminal. The focus in this section is on enabling law enforcement action.

on the nature of the support provided. In the United States, the material support charge has been used against approximately 500 American citizens since September 11 for their support to a range of terrorist organizations.<sup>79</sup> According to one State-CT official, “More than 50% of all counter terrorism prosecutions in the U.S. track back to some kind of link between an individual who is trying to provide material support and an FTO.”<sup>80</sup> In other words, the FTO designation has become a potent prosecutorial tool in going after those who support terrorist organizations.

However, while the ability to charge individuals supported FTOs with terrorism-related crimes is a valuable CT tool when it comes to incapacitating terrorists, it does not necessarily mean that the organization as a whole will buckle. Indeed, the majority of FTO arrests have been directed at individuals affiliated with al-Qa`ida and the Islamic State, yet both of those groups have managed to weather this pressure. As a result, although the ability to charge individuals (both within the United States and abroad) with material support to an FTO is valuable, it is important not to overstate its impact. It is a critical tool and an important mark in favor of the continued use of the FTO list, but when it comes to impacting the core activities of a group itself, most of which play out overseas, its impact remains less clear.

## Conclusion

The section of the report provided an overview of the State Department’s Foreign Terrorist Organization list. It also endeavored to provide an examination of how the behavior of designated groups changes after being placed on the FTO list. To accomplish this, the authors collected information on the date on which FTO organizations were designated. Given that no single consensus metric exists for evaluating the impact of an FTO designation, the authors combined this information with data from the GTD on different metrics that could plausibly be seen as evaluating the impact of the list. These metrics included information before and after the group’s designation on the number of attacks and fatalities caused by groups, the targeting of Americans, the geographic spread of their attacks, the use of suicide terrorism, and the coordination of the FTO list with international efforts to designate groups.

At best, the results were mixed in terms of efficacy. While there appears to be some downward change in the frequency of terrorist attacks perpetrated by FTOs in the years after their designation, the opposite is true of the number of fatalities attributed to FTOs in the wake of their designation. These seemingly contradictory results should not be seen as determinative toward one conclusion or the other regarding the FTO list. Rather, it simply emphasizes the importance of considering different metrics of success as well as the importance of time in potentially seeing (or not) the results.

Taking the point about examining different metrics of success seriously, the authors then looked at a variety of factors pre- and post-FTO listing to see if there were any marked changes in where groups attacked, what tactics they used, or whether they killed more or fewer Americans. Just as in the case of the number of attacks or the lethality of groups, there were few clear indications. While any conclusion based upon such a descriptive examination must remain tentative, the authors ultimately did not see any clear evidence that being listed has a discernible impact on the behavior of terrorist groups.

However, this lack of a clearly articulated metric or set of metrics does not necessarily mean that there is no value in the FTO process. One reason is that the impact of the list ultimately may be more contingent on the U.S. government’s ability to work with other nations and international organizations to make sure the targeted terrorist groups face a multilateral front of pressure, rather than a unilateral one. In this report, the authors examined the amount of correlation between U.S. FTO listings and

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79 Peter L. Bergen, *United States of Jihad: Investigating America’s Homegrown Terrorists* (New York: Crown Publishers, 2016); Heather J. Williams, Nathan Chandler, and Eric Robinson, *Trends in the Draw of Americans to Foreign Terrorist Organizations from 9/11 to Today* (Santa Monica, CA: RAND Corporation, 2018).

80 “The Relatively Little-Known Role of the U.S. State Department in Sanctioning Terrorists and its Consequences.”

those of the United Nations and European Union. While progress has been made, there is more work to be done, especially with groups other than the ‘main’ actors: al-Qa`ida and the Islamic State.

Yet another reason there is value in the FTO listing process is what one might conceive of as the ‘spillover’ effects of the designation process. One potential spillover effect is the value that comes from ‘naming and shaming’ terrorist organizations. Such an effect is very difficult (or impossible) to quantify, but there is an argument to be made that the designation performs an important signaling function. By designating terrorist organizations, regardless of the ultimate impact on the group itself, the United States is signaling its stance on the group’s activities. It sends a message regarding what the country does or does not find to be acceptable. Of course, one challenge is that this signal works in the other direction as well: by not designating certain groups, the United States risks sending unintended signals.

Another ‘spillover’ effect comes through the ability of individuals to be criminally charged with providing material support to a designated FTO. As discussed above, while it is difficult to assess the impact that charging individuals has on the FTO itself, this tool has proven to be one that is widely used in the fight against homegrown violent extremists (HVEs). Finally, there is a potential deterrent impact to FTO designations that is incredibly difficult to measure. The fear of being designated may motivate groups to avoid undertaking actions that they perceive will result in increased scrutiny by the United States.

This section of the report examined the FTO list, which targets terrorist organizations. These organizations, however, are made up of individuals who may or may not be overtly connected to the main group. Bringing material support charges is a way to bring individuals to court who have already formed connections and acted upon them at some level in order to present them at trial. But there are also other tools available to target individuals and entities that fall short of a formal listing or criminal indictment. In the next section, the authors examine the use of Executive Order 13224, which granted the U.S. government the ability to sanction entities and individuals for their role in terrorist groups.

### Chapter 3: The Specially Designated Global Terrorist List

Although the FTO designation process had been available since 1997 for the U.S. government to target terrorist groups, in the weeks following the September 11, 2001, terrorist attacks, the U.S. government took steps to increase its efforts at applying the non-kinetic tool of designations to individuals. As will be discussed below, although the use of designations to target specific individuals linked to terrorism was not completely new on September 11, the magnitude of these efforts after September 11 far outpaces any prior attempts to utilize this tool. Despite the frequency of the use of individual designations, to the best of the authors' knowledge, there have not been any systematic efforts to examine and evaluate this tool.

This chapter proceeds in a pattern similar to the previous section on FTO designations. First, the authors provide a brief historical background of the use of individual designations. This section is intended to provide the reader with a primer of sorts for understanding the circumstances that led to the widespread use of individual designations as a tool after the September 11 terrorist attacks. It also highlights the rationale for the use of individual designations.

Second, the authors transition to an examination of the U.S. government's list of Specially Designated Global Terrorists (SDGTs). This list, which is publicly available, contains basic information on the individuals involved in terrorism that the United States has targeted using individual-level designations. CTC researchers collected this information, coded it, and supplemented it with extensive open-source collection on each individual. All of this information together allows for a descriptive analysis of who is on the list, where they come from, and what roles they performed in the terrorist organizations of which they were a part. Although descriptive, this analysis identifies important trends in when, who, and how the SDGT program has operated.

Third, this coding of the U.S. government's list of individual designations also included an open-source collection of information regarding key events in each individual's experience as a terrorist, including whether they were ever arrested, continued to engage in terrorism, or ultimately died. Using this information, the authors also explore what has happened to the individuals who have been designated as terrorists by the U.S. government and offer a rudimentary analysis of what seems to happen to those listed as SDGTs. Much like in the case of the examination of the FTO list, the results suggest that the impact of an SDGT designation is far from a perfect tool, as many of the individuals on the list continue to operate as terrorists.

Finally, the authors offer some concluding remarks regarding this tool as well as potential directions for future research.

#### *Designating Individuals: Background of the Specially Designated Global Terrorist (SDGT) List*

While the creation of the SDGT list occurred in the wake of the September 11th attacks in the fall of 2001, the concept of individual counterterrorism sanctions had a historical precedent. In the 1990s, the U.S. government passed a variety of legislative actions that criminalized the provision of material support for certain terrorist offenses and for designated terrorist organizations.<sup>81</sup> These laws, however, represented an "ad hoc" system of legislation and provided statutes that were generally used to prosecute individuals who had participated in "international terrorism" rather than seeking to prevent individuals from funding or supporting terrorist organizations.<sup>82</sup>

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81 Charles Doyle, "Terrorist Material Support: An Overview of § 2339A and § 2339B," Congressional Research Service, December 8, 2018, pp. 1-2; Anne L. Clunan, "U.S. and International Responses to Terrorist Financing," in Jeanne K. Giraldo and Harold A. Trinkunas eds., *Terrorism Financing and State Responses: A Comparative Perspective* (Stanford, CA: Stanford University Press, 2007), pp. 269-271.

82 Waide E. Said, "The Material Support Prosecution and Foreign Policy," *Indiana Law Journal* 86:543 (2011): pp. 543-593.

This changed in January 1995 when President Bill Clinton issued Executive Order 12947 (E.O. 12947), which prohibited transactions with individuals and groups who had “committed, or pose a significant risk of committing, acts of violence that have the purpose or effect of disrupting the Middle East peace process.”<sup>83</sup> E.O. 12947 represented the first terrorism-related application<sup>84</sup> of the president’s authority to regulate and prohibit transactions associated with “any unusual and extraordinary threat” found under the International Emergency Economic Powers Act (IEEPA).<sup>85</sup> In addition to blocking transactions with 12 designated foreign terrorist organizations, E.O. 12947 prohibited transactions with a list of 18 individuals known as Specially Designated Terrorists (here referred to as the “SDT list”).<sup>86</sup> E.O. 12947 remained in force until 2019, when it was terminated by President Trump at the same time he revised E.O. 13224.<sup>87</sup>

While E.O. 12947 was the conceptual precursor to E.O. 13224 in many ways, there are at least two significant differences between the programs. First, the SDT list was far more limited in scope than E.O. 13224’s SDGT list would eventually become. While the SDGT list incorporates individuals and groups from a variety of countries and ideological affiliations, the SDT list created by E.O. 12947 focused primarily on terrorist groups and individuals participating in the Israeli-Palestinian conflict. This focus was reflected in the individuals initially designated by the Clinton administration as SDTs, as the majority were tied to Palestinian and Israeli extremist groups actively participating in or supporting violence in the Israeli-Palestinian conflict.<sup>88</sup>

The second noticeable difference between the programs was the purpose of the designations themselves. In contrast with E.O. 13224’s focus on disrupting foreign terrorist organizations and preventing their access to global financial markets, E.O. 12947’s SDT list was largely focused on preventing private U.S. funding for Palestinian terrorist organizations, a point of friction in U.S. relationships with the Israeli government.<sup>89</sup> With increasing violence in the Palestinian Territories posing a risk to the implementation of the peace process,<sup>90</sup> allegations that U.S. citizens were funding the groups responsible for the violence killing Israeli citizens created strain between the U.S. and Israeli governments.<sup>91</sup> E.O. 12947’s designation of specific individuals as SDTs provided the U.S. government the ability to prosecute alleged Hamas and Palestinian Islamic Jihad supporters raising funds within the United States,

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83 “Executive 12947: Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process,” The White House, January 25, 1995.

84 Prior to E.O. 12947, the President’s IEEPA powers had been used to block property of the government of Iran, Libya, and Iraq, and prevented transactions with individuals associated with the proliferation of weapons of mass destruction. See “Executive Order 12170 – Blocking Iranian Government Property (1979);” “Executive Order 12544 – Blocking Libyan Government Property in the United States of Held by U.S. Persons (1986);” “Executive Order 12722 – Blocking Iraqi Government Property and Prohibiting Transactions with Iraq (1990);” “Executive Order 12938 – Proliferation of Weapons of Mass Destruction (1994);” and “Executive Order 12735 – Chemical and Biological Weapons Proliferation (1990);” Steve Kiser, *Financing Terror: An Analysis and Simulation for Affecting Al Qaeda’s Financial Infrastructure* (Santa Monica, CA: RAND Corporation, 2004), pp. 111-112; Robert E. O’Leary, “Improving the Terrorist Finance Sanctions Process,” *International Law and Politics* 42:549 (2009): pp. 549-590.

85 “50 U.S. Code Chapter 35 – International Emergency Economic Powers,” Legal Information Institute, Cornell Law School.

86 Office of Foreign Assets Control, “List of Specially Designated Terrorists Who Threaten to Disrupt the Middle East Peace Process,” *Federal Register* 60:16 (1995): pp. 5,084-5,086.

87 It is worth noting that President Trump’s revision of E.O. 13224 occurred during the final writing stages of this report. For a broader discussion of the changes in President Trump’s update to E.O. 13224, see Jason M. Blazakis, “What’s The New Terror Financing Executive Order All About?” *Just Security*, September 17, 2019.

88 Martin Indyk, “The Clinton Administration’s Approach to the Middle East,” Keynote Address, Soref Symposium, Washington Institute for Near East Policy, May 18-19, 1993; Steve Coll, *Ghost Wars: The Secret History of the CIA, Afghanistan, and Bin Laden, From the Soviet Invasion to September 10, 2001* (New York: Penguin Books, 2004). Only two of the 18 individuals designated as SDTs (Ayman al-Zawahiri and Shaykh Umar Abd al-Rahman) and one group (Islamic Gama’at) were not substantially linked to the Israeli-Palestinian conflict.

89 Yossi Melman, “War and Peace Process,” *Washington Post*, January 29, 1995; Kenneth Katzman, “Hamas’s Foreign Benefactors,” *Middle East Quarterly*, June 1995, pp. 33-38.

90 Clyde Haberman, “Suicide Bombs Kill 19 in Israel; Shadow Cast Over Peace Talks,” *New York Times*, January 23, 1995.

91 Katzman.

signaling support to the Israeli government.<sup>92</sup> Despite the application of sanctions against individuals associated with some terrorist organizations and limited success prosecuting fundraisers domestically, the effort represented by the SDT list did not develop into a holistic mechanism to aggressively target terrorism-related finance.<sup>93</sup>

Small changes began to occur that would herald a broader approach against a wider range of adversaries. One example of this is the addition of Usama bin Ladin and two of his lieutenants to the SDT list in September 1998,<sup>94</sup> a month after the August 1998 bombings of U.S. Embassies in Kenya and Tanzania. However, the lack of focus on and information about terrorist financing limited the impact of these designations.<sup>95</sup> On July 4, 1999, President Clinton issued E.O. 13129, prohibiting transactions with the Taliban, which was more successful in blocking Taliban funds held in U.S. banks, but only the Taliban's leader, Mullah Mohamed Omar, received an individual designation.<sup>96</sup> It is important to note that Omar's designation, however, was not included under the SDT list. Instead, it was a stand-alone designation. These designations authorized the Department of the Treasury to freeze al-Qa`ida and Taliban funds within U.S. banks, but lacked "multilateral mechanisms to ensure other countries' financial systems were not used as conduits for terrorist financing."<sup>97</sup>

The ability to create multilateral effects instead came from a different presidential directive, Executive Order 12978 (E.O. 12978). Issued in October 1995, E.O. 12978 created the Specially Designated Narcotics Traffickers (SDNT) program and barred U.S. businesses from dealing with Colombian drug trafficking organizations.<sup>98</sup> E.O. 12978 applied to U.S. jurisdictions, but also sought to leverage the U.S. position in the financial market to achieve greater impact. It did this by extending the reach of the directive's implementation to Latin American banks, which were compelled to monitor the list in order to avoid being shut out from U.S. financial markets.<sup>99</sup> When the time later came to create a new tool to leverage in the effort to "starve terrorists of funding," Treasury officials took advantage of the concepts employed in the Office of Foreign Asset Control's (OFAC) counternarcotic effort.<sup>100</sup> In this sense, from a procedural perspective, E.O. 12978 created the framework that would later be used to implement E.O. 13224.<sup>101</sup>

The Specially Designated Global Terrorist (SDGT) list was created because of a recognition that in order to prevent terrorist attacks such as the September 11, 2001, attacks perpetrated by al-Qa`ida, it would be necessary to bring all elements of national power to bear not just on the groups responsible, but also against specific individuals outside of the United States who worked for, and affiliated with, those groups. State and Treasury answered this call in a myriad of ways, working with foreign governments and multilateral institutions to strengthen the international anti-money-laundering

92 Tally Helfont, "The Palestinian Islamic Jihad's U.S. Cell [1988 – 1995]: The Ideological Foundations of its Propaganda Strategy," Foreign Policy Research Institute, December 2009; James C. McKinley Jr., "U.S. Charges a Palestinian in Terror Case," *New York Times*, August 9, 1995; Katzman.

93 Jimmy Gurulé, *Unfunding Terror: The Legal Response to the Financing of Global Terror* (Northampton, MA: Edward Elgar Publishing Limited, 2008), p. 4; 9/11 Commission.

94 "Executive Order 13099: Prohibiting Transactions With Terrorists Who Threaten To Disrupt the Middle East Peace Process," The White House, August 20, 1998.

95 Thomas H. Kean and Lee H. Hamilton, *The 9/11 Report: The National Commission on Terrorist Attacks Upon the United States* (New York: St. Martin's Press, 2004), p. 267.

96 "Executive Order 13129: Blocking Property and Prohibiting Transactions With the Taliban," The White House, July 4, 1999; Kean and Hamilton, p. 267.

97 Kean and Hamilton, p. 267.

98 "Executive Order 12978: Blocking Assets and Prohibiting Transactions With Significant Narcotics Traffickers," The White House, October 21, 1995; Clunan, p. 273.

99 Juan Zarate, *Treasury's War: The Unleashing of a New Era of Financial Warfare* (New York: PublicAffairs), p. 25.

100 "President Freezes Terrorists' Assets: Remarks by the President, Secretary of the Treasury O'Neill and Secretary of State Powell on Executive Order 13224," The White House, September 24, 2001; Zarate, *Treasury's War*, p. 26.

101 Matthew Levitt, "Navigating the U.S. Government's Terrorist Lists," Washington Institute for Near East Policy, November 30, 2001.

regime, creating new tools for financial intelligence, and employing regulatory pressure and targeted sanctions among them.<sup>102</sup>

The SDGT list, created by Executive Order 13224 (E.O. 13224) on September 23, 2001, by President George W. Bush, was one of the manifestations of these efforts. It provided a new counterterrorism finance tool, one that leveraged individual counterterrorism designations and the importance of the U.S. position in the global financial system to deny terrorist groups access to the formal financial system and to isolate them from sources of funding.<sup>103</sup> In short, the SDGT designation provided a way to block an individual's access to the global financial system. Additionally, as will be discussed in more detail later in this section, the SDGT list was also designed to have important consequences beyond the scope of limiting the financial activities of terrorists, but also sought to serve as a deterrent to terrorists, a warning to those who might associate with them, and as a naming-and-shaming mechanism.

Despite relying somewhat on these previously described Executive Orders issued by President Clinton, OFAC officials changed them in significant ways in order to craft E.O. 13224. In particular, they sought to expand the coverage of counterterrorism designations from the Middle East to global terrorism, decoupling counterterror finance from the Israeli-Palestinian conflict, but also to expand the scope of group association. While it retained the ability to prosecute domestic supporters of these groups, E.O. 13224 also broadened the remit of counterterrorism sanctions to disrupting terrorist organization fundraising abroad, expanding designations to "all those who provide financial or material support to, or who are 'associated with,' designated terrorist groups."<sup>104</sup> Finally, E.O. 13224 provided a way to deny "the bankers of terrorism" access to U.S. markets, going beyond specific terrorists to target the financial infrastructure of the networks themselves.<sup>105</sup> With these expanded authorities, the SDGT list is now the U.S. government's primary tool for disrupting terrorist financing.<sup>106</sup>

Then, in September 2019, President Trump issued a new version of E.O. 13224, specifically designed to expand the network of targets against which SDGT designations could be applied.<sup>107</sup> More specifically, the newly revised E.O. 13224 expanded the designations program in two ways.<sup>108</sup> First, it allowed the U.S. government to target leaders of terrorist entities, removing the requirement that those leaders had to be shown to play an active role in planning attacks or other operational activities. Second, it allowed the Department of the Treasury to target financial entities, such as banks, for allowing SDGT designees to conduct significant financial transactions.

### *SDGT Designation Process*

Having discussed the historical evolution of efforts by the U.S. government to target individual terrorists through designations, the authors now turn to a discussion of the process for SDGT designations as it exists today. While both the Secretary of State and the Secretary of the Treasury are authorized

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102 Zarate, *Treasury's War*, pp. 9-10.

103 Zarate, *Treasury's War*, p. 29.

104 "Contributions by the Department of the Treasury to the Financial War on Terrorism," U.S. Department of the Treasury, September 2002, p. 7.

105 Zarate, *Treasury's War*, p. 27; "Contributions by the Department of the Treasury to the Financial War on Terrorism," p. 7.

106 While the SDT list remains an active program, having been continued by Presidents George W. Bush, Barak Obama, and Donald Trump, 14 of the individuals currently on the SDT list (70%) have since been placed on the SDGT list. Those individuals remaining only on the SDT list are either deceased, incarcerated, or are no longer perceived to present a significant threat to U.S. interests. See "Continuation of the National Emergency With Respect to Terrorists Who Threaten to Disrupt the Middle East Peace Process," The White House, January 18, 2007; "Continuation of the National Emergency With Respect to Terrorists Who Threaten to Disrupt the Middle East Peace Process," The White House, January 19, 2012; "Text of a Notice on the Continuation of the National Emergency with Respect to Terrorists Who Threaten to Disrupt the Middle East Peace Process," The White House, January 16, 2019.

107 "Executive Order on Modernizing Sanctions to Combat Terrorism," The White House, September 10, 2019.

108 Both of these points were raised in a recent piece analyzing the new E.O. 13224. See Blazakis.

to designate individuals as SDGTs, E.O. 13224 specifies which department is responsible for designating particular types of individuals involved in terrorist activity. The State Department, led by the Secretary of State, is charged with designating individuals (and entities) who have “committed or have attempted to commit, pose a significant risk of committing, or have participated in training to commit acts of terrorism that threaten the security of United States nationals or the national security, foreign policy, or economy of the United States; or ... to be a leader of an entity.”<sup>109</sup> Department of State designations are managed by the Office of Counterterrorism Finance and Designations within the Bureau of Counterterrorism. The requirement for Department of State designations to be connected to the commission of acts of terrorism or leaders of entities constrains its ability to designate low-level or peripheral individuals, resulting in the designation of primarily leadership figures and operatives.<sup>110</sup>

The Treasury Department, led by the Secretary of the Treasury, is charged with designating those who are determined:

“(A) to be owned, controlled, or directed by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this order;

(B) to own or control, directly or indirectly, any person whose property and interests in property are blocked pursuant to this order;

(C) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, an act of terrorism as defined in section 3(d) of this order, or any person whose property and interests in property are blocked pursuant to this order;

(D) to have participated in training related to terrorism provided by any person whose property and interests in property are blocked pursuant to this order;

(E) to be a leader or official of an entity whose property and interests in property are blocked...”<sup>111</sup>

Together, State-CT and OFAC, within the Office of Terrorism and Financial Intelligence, manage their respective parts of the SDGT program, but work in close coordination with each other. It is important to note that because one of the primary results of an SDGT designation is the blockage of assets, OFAC has significant discretionary powers in the SDGT process.<sup>112</sup> OFAC’s authority to designate individuals, however, is not unchecked. The broad, discretionary mandate is limited to individuals (and entities) who are either linked to “an act of terrorism” (as defined in E.O. 13224) or individuals and groups already designated under E.O. 13224.<sup>113</sup>

As was the case with FTO designations, interagency equity checks are conducted with other U.S. government departments to ensure that a designation will not impact ongoing diplomatic, law enforcement, or intelligence collection activities.<sup>114</sup> The State or Treasury Department then creates an administrative record, similar to that created for an FTO designation.<sup>115</sup> These records are circulated through the Department of State, OFAC, the Department of Justice, and the Department of Home-

109 White House, “Executive Order on Modernizing Sanctions,” 2019.

110 Louisa C. Slocum, “OFAC, The Department of State, and the Terrorist Designation Process: A Comparative Analysis of Agency Discretion,” *Administrative Law Review* 65:2 (2013): pp. 387-425.

111 White House, “Executive Order on Modernizing Sanctions,” 2019.

112 Slocum, p. 390.

113 White House, “Executive Order on Modernizing Sanctions,” 2019.

114 The specific language in E.O. 13224 is that each department can only designate “in consultation with the Secretary of Treasury/ State and the Attorney General.” See also Jimmy Gurulé, “Unfunding Terror – Perspective on Unfunding Terror (Panel One),” *Journal Articles*, Paper 469 (2004): pp. 113-118.

115 “Terrorism Designation FAQs: Fact Sheet,” U.S. Department of State, February 27, 2018.



land Security for concurrence.<sup>116</sup> Once the Department of State or the Treasury SDGT designation is finalized, OFAC notifies U.S. and international financial institutions to block the designee's assets. The designation is publicly published in the *Federal Register*, and the designee's name and basic demographic information is added to OFAC's list of Specially Designated Nationals, available on OFAC's website, under the SDGT program. The designation is also publicly announced by a Department of the Treasury and/or Department of State press release.

The U.S. government is not required to provide individuals being considered for an SDGT designation any formal notification prior to the implementation of the designation. This procedural step was a deliberate decision, based on the idea that individuals notified of an impending designation would rapidly transfer funds outside U.S. jurisdiction.<sup>117</sup>

### SDGT Listings and Delistings

Having discussed the history and process of the SDGT list, the authors now provide a basic description of the information collected by CTC researchers regarding additions and removals from the SDGT list. What this information shows is that although designating individuals involves a significant amount of intra-government coordination, it has been a frequently used process.

As seen in Figure 5, since the inception of the SDGT program in September 2001, 718 individuals have been listed as SDGTs. The greatest burst of activity came in the years immediately following the September 11th terrorist attacks, during which the U.S. government designated no fewer than 60 SDGT individuals per year, reaching a maximum of 76 individuals designated in 2003. Over the next few years, the rate of designation slowed considerably. For example, in 2007 and 2009, the U.S. government added only 14 individuals in each year to the SDGT list. The reasons for the slowdown in the use of designations are not entirely clear, although it is worth noting that the decrease begins at the same time that the U.S. government as a whole was very much focused on managing the conflicts in Iraq and Afghanistan.<sup>118</sup>

By 2010, the number of designations began to climb again, reaching a high of 72 individuals designated in 2015 (the highest number designated in a single year since 2003). This climb continued through the end of data collection in 2016 and appears to have continued beyond this time period. Indeed, public testimony by OFAC officials suggested that the number of individuals designed in 2018 was the largest added to the SDGT list since it was created.<sup>119</sup> This reinvigoration of the use of individual designations fits within a broader emphasis within the U.S. government to leverage all instruments of power in trying to fight against the variety of terrorist threats. This emphasis has only been strengthened by the rise of groups such as the Islamic State and the increased focus on the Iranian threat network.

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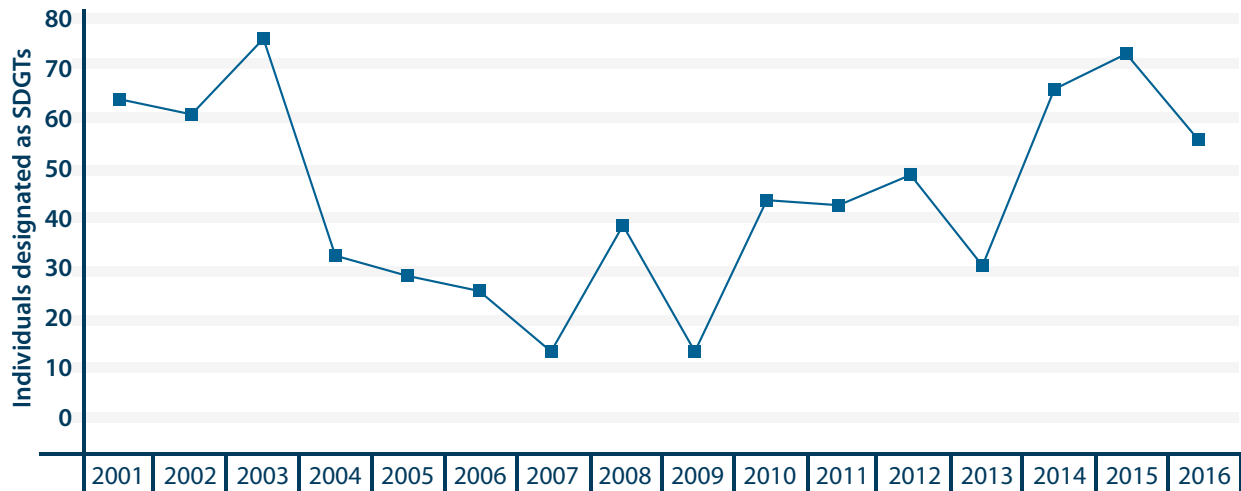
116 Although this process can take some time, E.O. 13224 provides the Department of the Treasury with the authority to block a potential designee's assets during the investigation process. Slocum, p. 399.

117 Zarate, *Treasury's War*, p. 28.

118 For a discussion of the breakdown of SDGT designations conducted by the Department of the Treasury and the Department of State, see the "SDGT Designations by U.S. Government Department" section later in this chapter.

119 Sigal Mandelker, Statement Before the Subcommittee on Financial Services and General Government, United States House of Representatives, Committee on Appropriations, One Hundred Sixteenth Congress, First Session, March 12, 2019.

*Figure 5: Individuals Designated under Executive Order 13224 (2001-2016)*



A SDGT designation is not designed to be permanent, and individuals may be removed from the list. Unlike the FTO list,<sup>120</sup> however, there is no U.S. requirement for a periodic review of the individuals designated under the SDGT program, meaning that it is possible for an individual to remain on the SDGT list indefinitely.<sup>121</sup> The two general mechanisms for the removal from the SDGT list are (1) through a U.S. government agency’s action or (2) an administrative appeal by the designated individual.

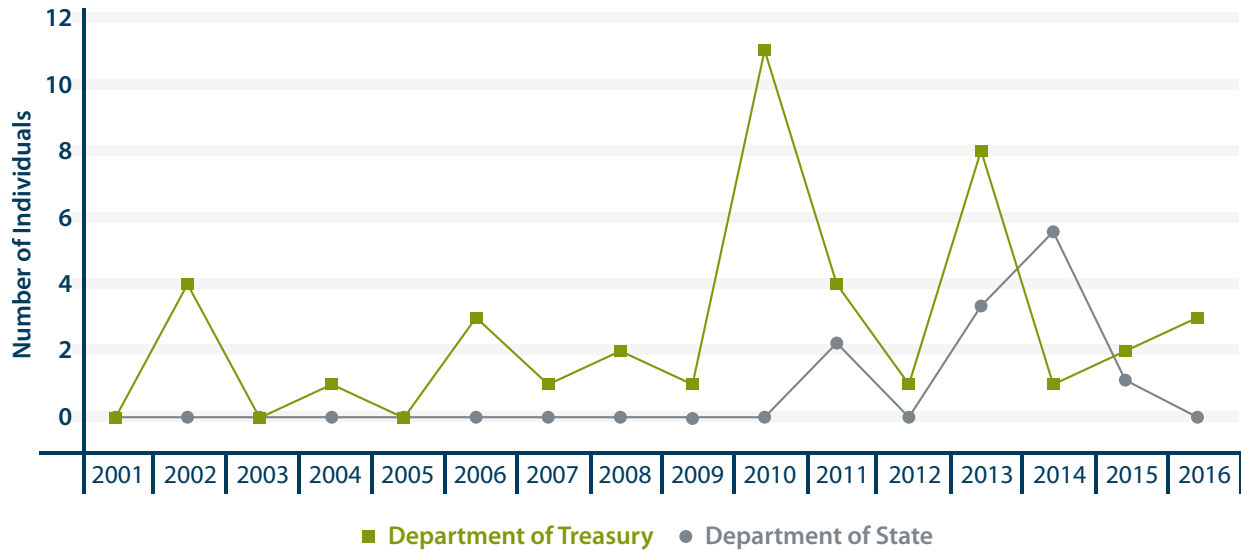
The majority of individuals removed from the list have been removed through U.S. government action, most after their deaths. From the beginning of the program through 2016, 53 individuals were removed from the SDGT list. Of these, the majority (54%, 29 individuals) were removed after their deaths. The U.S. government began removing deceased designees from the SDGT list in 2010. This period of maintenance continued for the next four years through 2014 (Figure 6).<sup>122</sup>

120 8 USC §1189. Designation of foreign terrorist organizations. “If in a 5-year period, no review has taken place [as part of a designated organization’s petition], the Secretary [of State] shall review the designation of the foreign terrorist organization in order to determine whether such designation should be revoked.”

121 The United States did, however, support the passage of U.N. Security Council Resolution 1904 in 2009. This resolution committed member states to some amount of periodic review of individuals specifically designated by the United Nations under the authority of U.N. Security Council Resolution 1267. It also created the position of ombudsperson specifically to handle the United Nations’ delisting process. See “Resolution 1904,” United Nations Security Council, December 17, 2009.

122 During this period, the majority of removals were for previously deceased designees.  
 2010: Total Removals – 11; Deceased Removals – 7    2013: Total Removals – 11; Deceased Removals – 9  
 2011: Total Removals – 6; Deceased Removals – 6    2014: Total Removals – 6; Deceased Removals – 5  
 2012: Total Removals – 1; Deceased Removals – 0

Figure 6: Number of Individuals Delisted (2001-2016)



A designee’s death, however, does not automatically guarantee removal from the SDGT list. As previously mentioned, individuals and entities can remain on the list indefinitely. In fact, this phenomenon is not uncommon. According to the authors’ data, of the 102 SDGT individuals who have died, only 29 (28%) have been removed from the SDGT list. Usama bin Ladin and Anwar al-Awlaki, for instance, remain on the list despite their deaths during counterterrorism operations in 2011.<sup>123</sup> Although this may seem puzzling, there are likely several reasons for the continued designation of deceased individuals.

The first, most practical consideration revolves around the certainty of a terrorist’s death. Confirming terrorist deaths is a complex and uncertain endeavor in most cases. Several terrorist leaders have been “killed” multiple times. It is understandable then that the U.S. government would retain individuals on the list if they were uncertain of their deaths. The deaths of bin Ladin and al-Awlaki, however, were both confirmed and certain to have taken place. Why then do they, and others like them, remain on the list?

One reason may involve the blockage of financial assets. Keeping deceased SDGT designees on the list after their death ensures that their assets remain frozen, preventing them from being passed to friends, family, and associates who might continue the designee’s militant activity.

A more intriguing potential reason for the continued designation of deceased individuals is the concept of “derivative designations.”<sup>124</sup> E.O. 13224 gives the Department of the Treasury the authority to designate individuals or entities or individuals “associated with certain individuals or entities” who are already designated as SDGTs.<sup>125</sup> In practice, this means that individuals could be placed on the SDGT list because of their association with someone like al-Awlaki (dead or alive). However, once they were placed on the list, removing al-Awlaki himself after his death would have removed the keystone or linchpin to the other individual’s designation, potentially causing a cascading delisting effect.<sup>126</sup> This ability to use an individual’s designation on the SDGT list as a tool to continue to target their associates may explain why some individuals without significant financial resources remain designated well past

123 “Press Briefing by Senior Administration Officials on the Killing of Osama bin Laden,” The White House, May 2, 2011; Mark Thompson, “al Qaeda’s al-Awlaki Reportedly Killed in Yemen,” *Time*, September 30, 2011.

124 “Terrorism Designations Fact Sheet,” Bureau of Counterterrorism and Countering Violent Extremism, U.S. Department of State, January 21, 2017.

125 Executive Order 13224

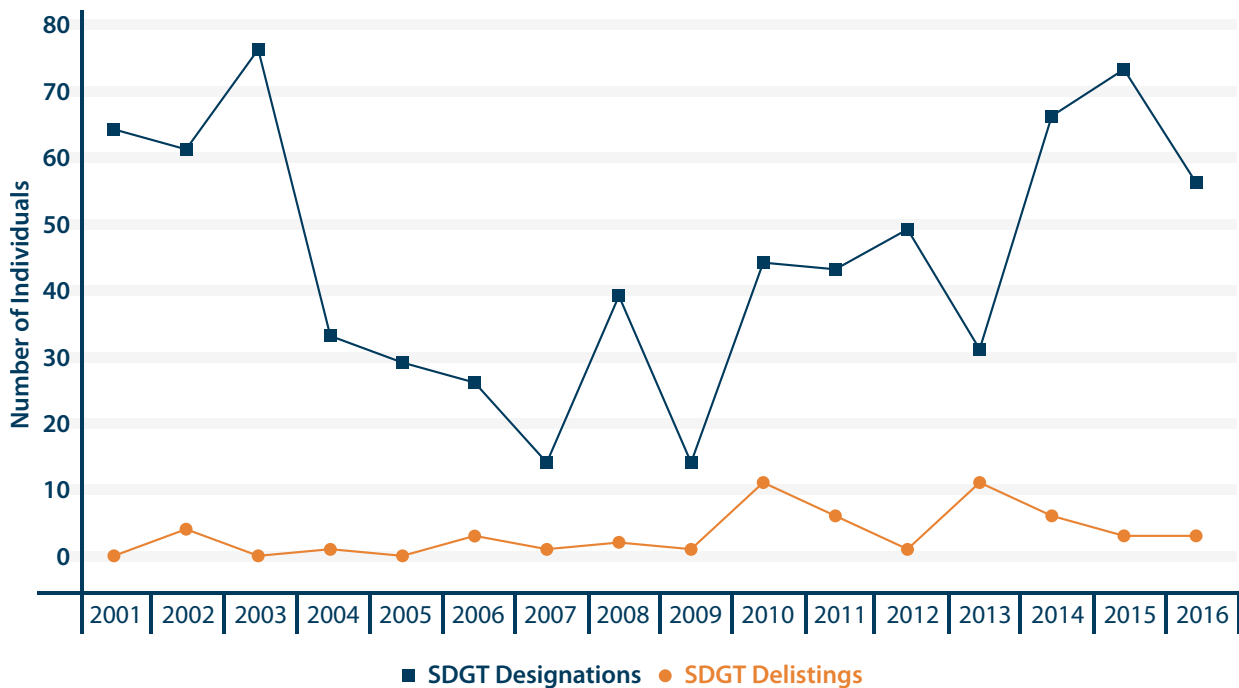
126 Author interview, former State Department official.

their deaths.

In addition to removing designees after their deaths, the U.S. government may elect to remove designees when they are deemed no longer a threat to the United States (or its allies) or have separated themselves meaningfully from their former networks. The removal of Sajid Mohammed Badat by the U.S. Department of State, for instance, occurred after his 13-year prison sentence in the United Kingdom, his testimony in U.S. Federal Court against Abu Hamza al-Misri, and his participation in a British de-radicalization program.<sup>127</sup>

The other mechanism for removal from the SDGT list is for the designated individual to challenge. This, however, is exceptionally difficult to do. From a U.S. government perspective, challenging the validity of a SDGT designation is the responsibility of the designee,<sup>128</sup> however, OFAC's procedures provide few avenues for administrative appeals.<sup>129</sup> E.O. 13224 provides OFAC near total control over a designation with little oversight of its handling of the case.<sup>130</sup> Since the SDGT program does not impose criminal penalties, standard due process procedures, such as the right to confront witnesses or see evidence of alleged wrong-doing, are not attached to the program.<sup>131</sup> Challenging an SDGT designation requires legal action on the part of the designee to prove that they have been listed in error or that the individual has changed their behavior, although U.S. courts have tended to uphold OFAC's discretion in these cases.<sup>132</sup>

**Figure 7: Comparison of Listings and Delistings with the SDGT Program (2001-2016)**



127 Samuel Cutler, "SDGT Removal Highlights EO 13224 Designation Responsibilities," SanctionLaw blog, April 27, 2015; "Counter Terrorism Designation; Counter Terrorism Designation Removal," Office of Foreign Assets Control, August 25, 2015; Karen McVeigh, "Former al-Qaida operative turned informant testifies in Abu Hamza trial," *Guardian*, April 28, 2014; Mark Hughes, "Secret life of shoe bomber Saajid Muhammad Badat funded by the taxpayer," *Telegraph*, April 23, 2012.

128 Zarate, *Treasury's War*, p. 38.

129 Slocum, p. 399; Rudolph Lehrer, "Unbalancing the Terrorists' Checkbook: Analysis of U.S. Policy in Its Economic War on International Terrorism," *Tulane Journal of International and Comparative Law* 10:333 (2002): pp. 341-344.

130 O'Leary, p. 589.

131 Zarate, *Treasury's War*, p. 28; Jamila Trindle, "Stuck on a U.S. Government Blacklist?" *Foreign Policy*, December 18, 2018.

132 Slocum, p. 407.

Since the SDGT program's creation in 2001, a total of 25 individuals have been delisted while still alive. This amounts to 45% of those delisted, but only 3% of the total number of individuals designated under E.O. 13224. It is unclear if these removals have come as a result of a governmental reassessment of the threat posed by a designee or through a designee's administrative challenges to their designation.

While the specific reason for delisting is not known, one can surmise from who was delisted that most of the individuals removed from the list were the result of designations made early in this life of the SDGT list that proved to be unsustainable in the long run. In the immediate aftermath of the September 11th attacks, the Department of the Treasury felt pressure to aggressively target terrorism financiers and wanted to bring a "notable terrorist financier" to justice.<sup>133</sup> In doing so, Treasury Secretary Paul O'Neil directed those working to combat terrorist financing to use a standard of 80% certainty that individuals were associated with terrorist financing, or a "reasonable basis to believe standard," in order to support designation.<sup>134</sup> Of the 25 individuals delisted while alive, most (56%) were designated in the seven months immediately after September 2001. Despite their eventual removal from the list, the legal actions required to challenge these designations were often drawn out; those individuals removed from the SDGT list while alive remained designated, on average, for more than six years.

Moving beyond the specific data, there are three important considerations raised by this examination of the delisting data and the challenges associated with removing individuals from the list. The first is that due to the relative lack of judicial review or outside involvement in the listing process, these designations have led to conflicts with European partners, some whose citizens were the targets of these early designations.<sup>135</sup> That the U.S. government's non-criminal standard for a designation could have such significant impacts on a person's life caused a great deal of friction with European governments who, having not been the target of the 2001 attacks, likely did not feel the same urgency to aggressively combat terrorist financing. Ultimately, while the U.S. government-maintained discretion in its delisting procedures, it supported a more transparent delisting process within the United Nations' designation processes, leading most European states to follow the United Nations' lead in their own designations.<sup>136</sup>

The second point is related more to the theory of sanctions and designations. In order to induce behavioral change or deter future actions, it is important to pair some form of 'carrot' together with the 'stick.' In the case of sanctions, the form this tends to take is that when (if) the target of a sanctions regime becomes compliant, the sanctions are reduced. If, however, the sanctions are never removed, they take on more of a punitive character. As seen by the length of the delisting process for SDGTs and the infrequency of its use, there does not seem to be as much emphasis on the removal aspect when it comes to the SDGT process, reducing potential incentives for those listed to change their behavior. To be clear, a significant part of the SDGT program is preventive in nature, and the U.S. government, understandably, appears to err on the side of designating individuals and maintaining individuals on the list who may continue to finance terrorist groups. The fact that so few individuals are delisted may simply be a result of the SDGT's continued malfaisance or of increased rigor within the listing process itself. However, if the sanctions are intended to not only be punitive but also serve as a potential behavioral change mechanism, more attention needs to be given to the delisting process.

The third consideration has to do with the legitimacy of the SDGT program itself. A fair amount of controversy has followed other listing programs such as the no-fly list.<sup>137</sup> Much of this controversy surrounds the difficulty of knowing that one is on the list and figuring out how to remove oneself if

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133 Zarate, *Treasury's War*, p. 35.

134 Zarate, *Treasury's War*, pp. 35-37.

135 Zarate, *Treasury's War*, p. 38.

136 Clunan, p. 267.

137 Martin de Bourmont, "Who Can Challenge the No-Fly List?" *Foreign Policy*, May 1, 2018.

incorrectly listed. In the case of the SDGT list, there is a more public notification process than what occurs in the case of other listing programs. However, when it comes to the removal process, the SDGT program shares some similarities with these other programs. Given the relatively narrow use of the list as compared to other listing programs, the margin of error may not be of significant concern. That said, if the scope of the SDGT program were to be increased in an attempt, for instance, to impact propagandists and recruiters, more robust delisting mechanisms would be advisable to facilitate the delisting of individuals wrongly listed in order to maintain the legitimacy of the program.

### Correlation Between SDGT and International Designations

In creating the SDGT program, the U.S. government recognized the need to enlist the support of the international community. For counterterrorism finance designations to be effective, the sanctions program would require a “global reach.”<sup>138</sup> As discussed above in the FTO section, in 1999, the United Nations passed United Nations Security Council Resolution (UNSCR) 1267, establishing a sanctions regime against al-Qa`ida and the Taliban.<sup>139</sup> In 2011, the United Nations split the one single committee into two separate committees, one for al-Qa`ida and the other for the Taliban.<sup>140</sup> Finally, in 2014, the al-Qaeda Sanctions Committee was amended with the passage of UNSCR 2170 to include the Islamic State in Iraq and the Levant (ISIL). These committees played an important role in the U.S. government’s efforts to “internationalize” the freezing of terrorist assets.<sup>141</sup>

In addition, shortly after the publication of E.O. 13224, the United Nations adopted the U.S.-sponsored UNSCR 1373, which criminalized the financing of terrorism and required states to “freeze without delay funds and other financial assets or economic resources” of individuals participating in terrorist activity.<sup>142</sup> UNSCR 1373 also created the United Nations’ Counter-Terrorism Committee charged with overseeing the implementation of the resolution.<sup>143</sup> While this later resolution expanded the scope of required counterterrorism finance support beyond al-Qa`ida and the Taliban, it did not create its own designation program.<sup>144</sup> As such, the best measure of the international adoption of U.S. designations are those individuals designated under the al-Qaeda and Islamic State in Iraq and the Levant (ISIL) Sanctions Committee and the Taliban Sanctions committee.

To examine whether there has been any overlap between individuals designated by the United States and the international community, the authors collected information on whether the SDGT individuals had also been designated by the United Nations as described above. Of the 718 individuals designated as SDGTs, 418 (58%) have also been designated by the United Nations. In fact, with the exception of significant designations of SDGTs affiliated with groups other than al-Qa`ida, the Islamic State, and the Taliban, SDGT and U.N. designations generally track together on a yearly basis.<sup>145</sup>

Figure 8 illustrates this information by showing the total SDGT designations over time. The line for the United Nations shows how many of the SDGTs were also designated by the United Nations. To be clear, the United Nations line does not represent the total number of U.N. designations. As can be

138 Gurulé, “Unfunding Terror – Perspective on Unfunding Terror (Panel One),” p. 115.

139 In 2011, the United Nations adopted UNSCR 1988 and 1989, splitting the program into two programs, a Taliban sanctions committee and an al-Qa`ida sanctions committee (later al-Qa`ida and Islamic State in Iraq and the Levant).

140 Charbonneau.

141 Zarate, *Treasury’s War*, p. 33.

142 Zarate, *Treasury’s War*, p. 33; “United Nations Security Council Resolution 1373 - Threats to international peace and security caused by terrorist acts,” United Nations Security Council, September 28, 2001.

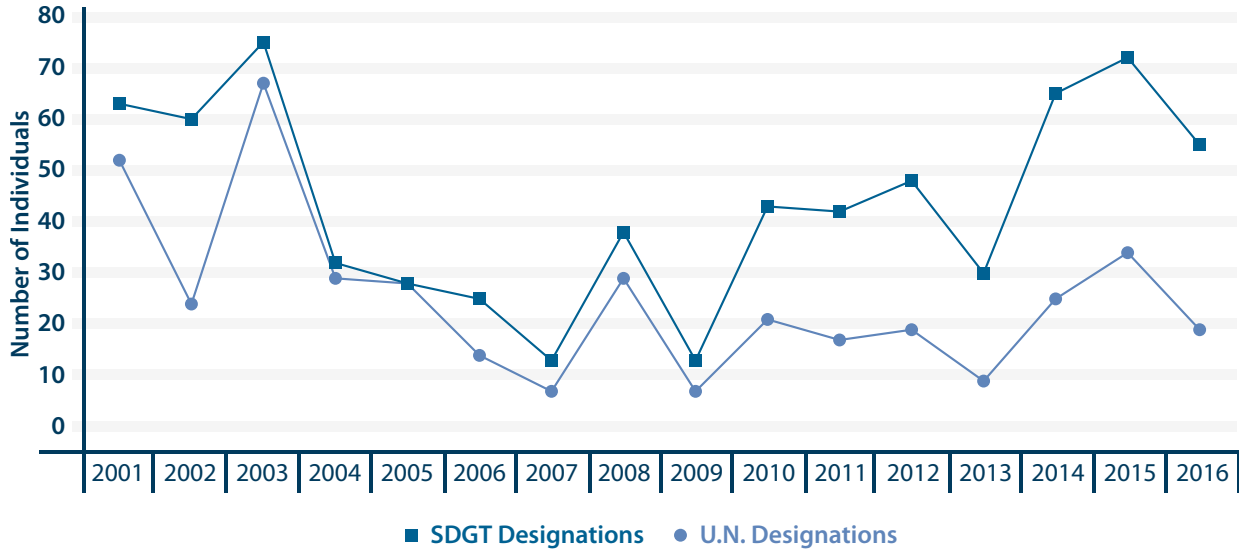
143 Clunan, p. 266.

144 *Ibid.*, p. 266.

145 In 2002, for instance, the United States designated more than 30 members of the Basque separatist group ETA, which are not represented in the U.N. designations.

seen in Figure 8, it is noticeable, from 2009 onward, that the United States has begun to diversify the groups whose members it designates as SDGTs, incorporating more terrorist groups whose designation the United Nations does not necessarily support.

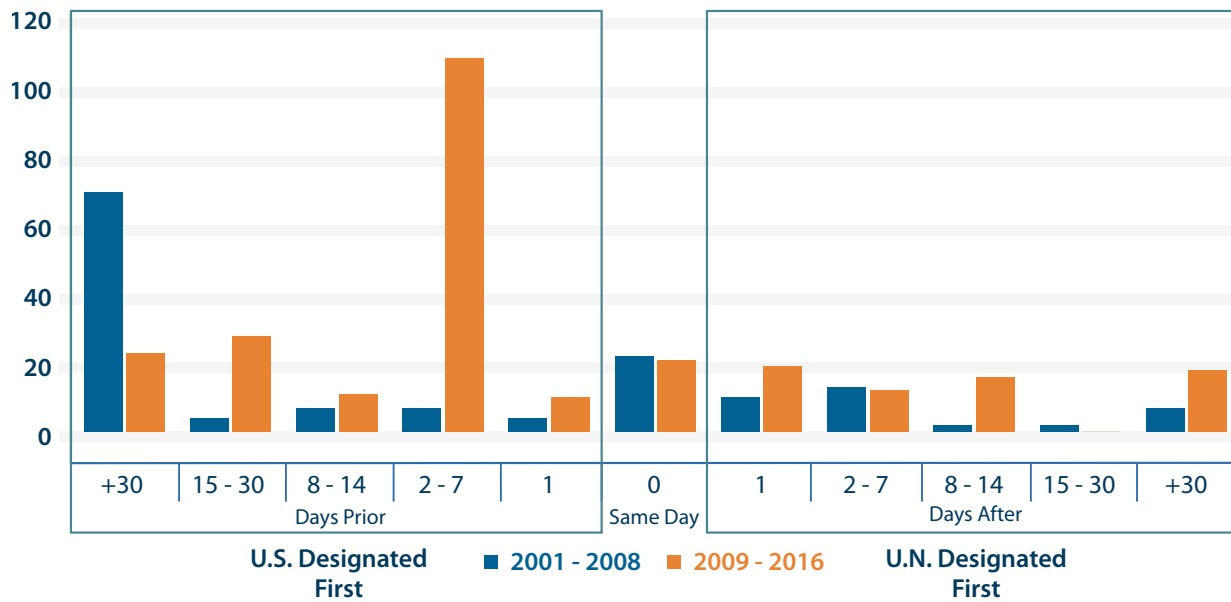
*Figure 8: U.N. Listings of SDGT Designees (2001-2016)*



Beyond the mutual listing of individuals, the timing of U.S. and U.N. designations is also an important aspect to consider. To be as effective as possible, U.S. and U.N. designations should occur as closely as possible from a timing perspective to prevent either a U.S. or U.N. designation from alerting a designee of their impending designation, allowing them to potentially rapidly move their funds.<sup>146</sup> On this front, there has been a steady improvement over time in the coordination between the United States and United Nations. Figure 9 displays the time between a U.S. designation and a U.N. designation, showing changes in the implementation timelines between 2001-2008 (blue) and 2009-2016 (orange). On the left side of Figure 9 are the number of cases in which the U.S. designated an SDGT ahead of a U.N. designation. On the right side are the number of cases in which the U.S. designated an SDGT after a U.N. designation. As can be seen from the data, from 2001 to 2008, there was a greater disparity in the coordinated timing of the designations, with the United States designating individuals more than a month before the United Nations in 47% of the cases. In more recent years, this gap has closed, ostensibly increasing the effectiveness of the designations, with U.N. implementation of the designation now coming between two and seven days after the United States designates an SDGT in approximately 41% of the cases in the dataset.

146 Gurulé, "Unfunding Terror – Perspective on Unfunding Terror (Panel One)," p. 116.

*Figure 9: Number of Days between U.S. and U.N. Designations (2001-2016)*



Despite this improvement, it is clear that more work can be done to coordinate sanctions in such a way that the lead time and disparity are reduced. The burden of making these improvements, as is the case with all cooperative ventures, lies with both parties. Because the U.N.’s designation procedure involves allowing other nations to have a voice, all the information used in the designation process must not be classified. For the U.S. government’s intelligence agencies, this is no small feat. Writing intelligence products so that they can be shared and released, or utilizing information that is generally unclassified, such as captured enemy material obtained from the battlefield by U.S. military forces, will greatly enhance the ability of the United Nations to designate individuals in a timely fashion.

In the preceding section, the authors have discussed how the SDGT program has been developed to bring significant financial pressure to bear against individuals accused of supporting terrorist groups via regulatory pressure, administrative powers, and international cooperation. This report now turns to a discussion of the individuals who have been designated as SDGTs, providing biographical information, a discussion on group membership, and descriptions of the organizational roles of the SDGT designees.

**Demographics of SDGT Designees: Nationality, Age, Gender**

The previous section discussed some of the macro-level details of the SDGT list, including trends in listing and delisting over time, as well as an examination of coordination between U.S. and U.N. designations. This section shifts away from the macro-level perspective to focus more on three characteristics of the individual designees themselves: nationality, age, and gender. While the U.S. government provides some limited biographical data for the individuals designated as SDGTs in its public listings of the designees, some categories, such as gender, are not included in the OFAC list. To this end, CTC researchers examined the biographical data provided and conducted supplemental research using publicly available sources, such as government reports, academic studies, and newspapers, to verify and attempt to identify missing data.

One of the goals of examining this information is to identify trends and gaps in who the United States is targeting for designations. The terrorism threat is constantly evolving and requires that our counterterrorism policies evolve as well. Understanding how counterterrorism policies need to change is



difficult to do without understanding how the current tools are being applied and, where possible to discover, what they have achieved. To the best of the authors’ knowledge, the SDGT has not previously been the subject of systematic study. This section, together with subsequent analyses, provides the first step in redressing that deficiency.

Two data-related concerns that apply specifically to the individual-level data are worth mentioning. First, the authors are not attempting to paint a picture a terrorist ‘profile’ or to suggest that these individuals are necessarily representative of the broader population of terrorist members, supporters, and sympathizers. Indeed, as will be shown through this analysis, the individuals on the SDGT list are anything but representative of the broader terrorist population. This is, in part, by design as the SDGT list is not intended to include all terrorists. The second concern has to do with missing data. Through extensive efforts at collecting information on each of these individuals, researchers identified the country of birth for 610 individuals (85%) and the nationality for 645 individuals (90%). For the remainder of the individuals, the countries of birth and their nationalities were either missing or conflicting. The authors are unable to speculate about who was missed or what potential impact that has on the conclusions discussed below.

A first look at the data provides a regional breakdown of the origins of the SDGT individuals. As seen in Table 3, the Middle East accounts for the single greatest regional concentration of countries of birth (188 individuals; 31% of the total) and nationalities (200; 32%). However, although individuals from the Middle East have been the target of the majority of designations activity, there is a surprising amount of diversity in the origins of targeted individuals. Africa, for example, yields a high proportion of designated individuals in terms of both country of birth (184; 30%) and nationality (173; 26%). The numbers for Europe are also relatively high in terms of country of birth (75; 12%) and nationality (97; 15%). This geographic diversity serves as an important reminder that the individuals who populate the SDGT list are not predominantly from one part of the world. Moreover, as will be discussed later, the geographic diversity has implications for ideological diversity as well. For example, while some jihadis in Europe appear on the list, there are also a range of more secular groups as well, including members of the now defunct Spanish group ETA.

**Table 3: Country of Birth and Nationality of Designated Individuals, by Region (2001-2016)**

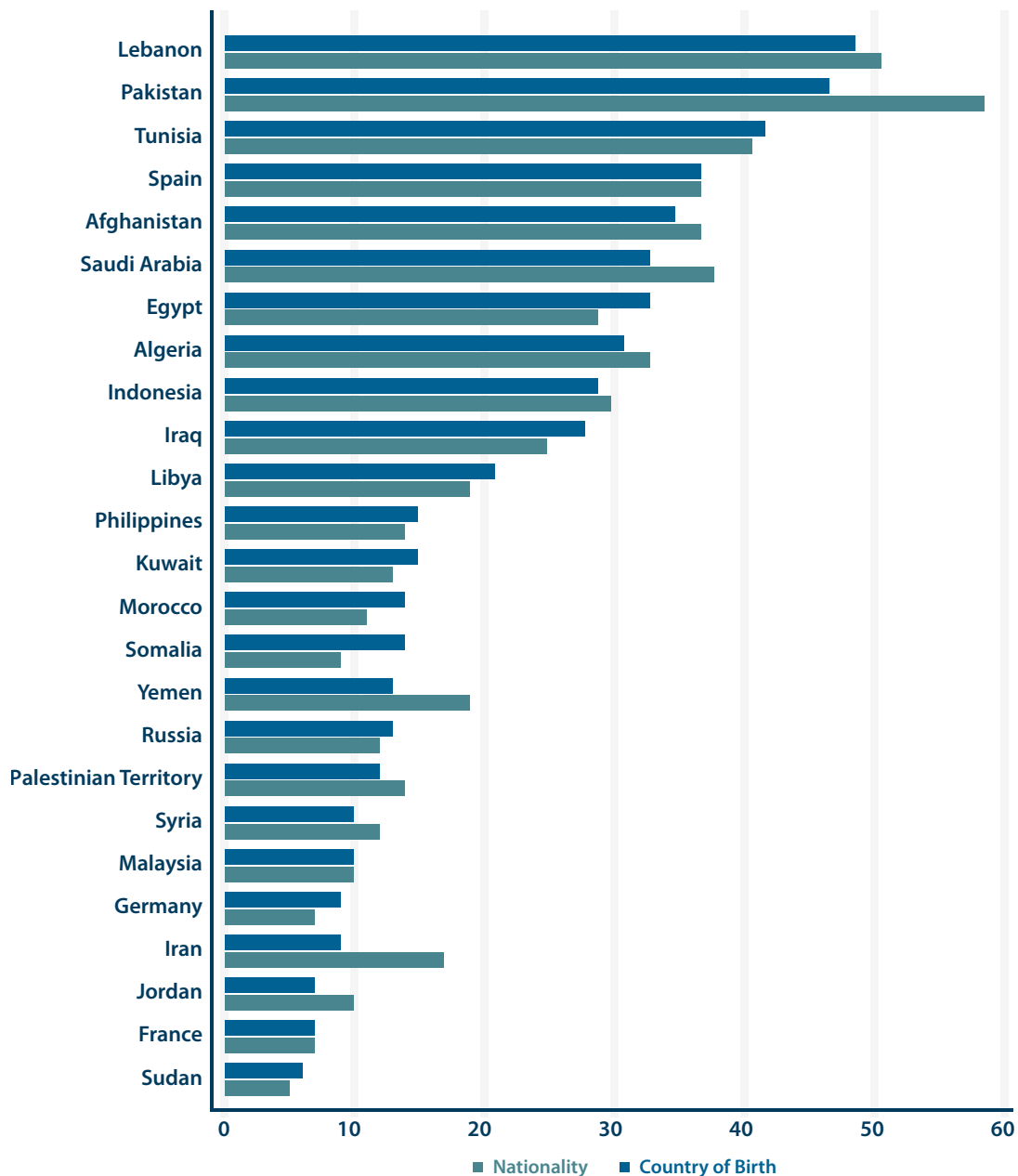
Region	Country of Birth	% of Total	Nationality	% of Total
Middle East	188	30.8	200	30.3
Africa	184	30.2	173	26.3
Asia	102	16.7	121	18.4
Europe	75	12.3	97	14.7
Southeast Asia	54	8.9	54	8.2
Americas	7	1.1	12	1.8
Oceania	0	0	2	0.3
<b>Total</b>	<b>610</b>		<b>659</b>	

The regional diversity serves as a good precursor to the country-level examination of the data, as the diffusion of the designees across countries is evident. Overall, individuals found on the SDGT list represented a total of 63 nationalities. Because such a large number of countries would make a visual representation difficult, Figure 10 shows the top 25 countries where identified SDGT designees were born, with the corresponding number of identified nationalities for each country. Lebanon (highest in country of birth and second-highest in nationality) provides the densest population of Middle Eastern designees, the majority of whom are members of Hezbollah. The rest of the Middle Eastern designees

are spread across a variety of countries, including Saudi Arabia, Iraq, and Kuwait.

Pakistan’s position is perhaps unsurprising for a country within whose borders a significant number of terrorist organizations operate, many of whom, including al-Qa`ida, the Islamic State, the Haqqani Network, Jaish-e-Mohammed, and Lashkar-e-Taiba, the United States views as threats to its national security.<sup>147</sup> The significant number of Pakistani citizens and nationals who have been designated as SDGTs represent an acknowledgment that the U.S. government’s kinetic activities alone in Pakistan are not enough to address the country’s terrorism problem. It is possible that these designations represent an effort to induce the government of Pakistan to act against these citizens and, failing that, work to mitigate their ability to operate by separating them from the international system.

**Figure 10: Top 25 Countries of Birth and Corresponding Nationalities (2001-2016)**



147 Brian Dodwell and Don Rassler, “A View from the CT Foxhole: General John W. Nicholson, Commander, Resolute Support and U.S. Forces – Afghanistan,” *CTC Sentinel* 10:2 (2017): pp. 12-15.

Tunisia's position at number three bears further discussion. Its appearance this high on the list might seem less surprising given developments over the past several years. For example, by some estimations, Tunisia led Africa with regard to its citizens joining the Islamic State, and the country suffered significant ISIS-led or inspired terrorist attacks in 2015.<sup>148</sup> However, the fact that the majority of these designations (93%) took place prior to the 2011 fall of President Zine el-Abidine Ben Ali's regime as part of the Arab Spring seems to signal that the country's radicalization problem predates the Arab Spring.<sup>149</sup> It is also a reminder that given the significant amount of upheaval that has taken place in the country since 2011, additional steps need to be taken to ensure that Tunisia remains a focal point of potential designations.

The top European country on the list is Spain, which has the fourth-largest number of designations. As noted above, this serves as a useful reminder that the SDGT list spans beyond just jihadi groups. While Spain has been the target of attacks by jihadi terrorist groups itself and has waged its own campaign against jihadi networks,<sup>150</sup> none of the SDGT designees born in Spain or found to have Spanish nationality are tied to jihadi groups. Instead, Spain's inclusion in the data is entirely driven by designations of members of Basque Fatherland and Liberty (ETA).

Finally, one other thing that stands out is the overlap between the kinetic and non-kinetic use of power shown in Figure 10. More specifically, Iraq, Syria, and Afghanistan are countries where the United States is greatly concerned about terrorist activity and where the U.S. military is actively engaged in military operations against these organizations and individuals. That this military engagement is paired by a focus using the non-kinetic tool of designations is one small positive example of a whole-of-government approach.

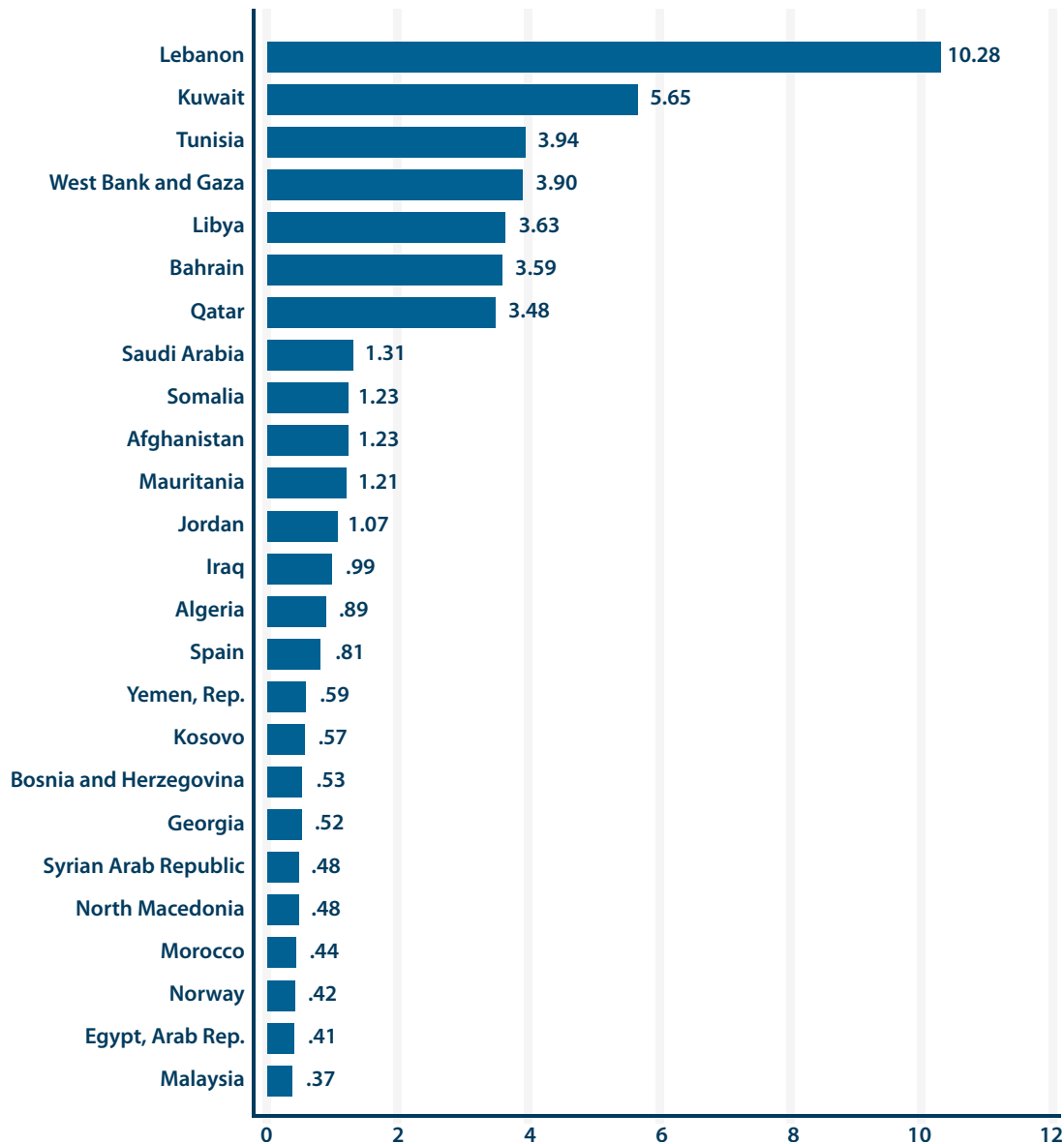
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148 Brian Dodwell, Daniel Milton, and Don Rassler, *The Caliphate's Global Workforce: An Inside Look at the Islamic State's Foreign Fighter Paper Trail* (West Point, NY: Combating Terrorism Center, 2016), p. 11.

149 Aaron Zelin, "Tunisian Foreign Fighters in Iraq and Syria," Washington Institute for Near East Policy, November 2018, pp. 3-4.

150 Javier Jordan, "Anatomy of Spain's 28 Disrupted Jihadist Networks," *CTC Sentinel* 1:11 (2008): pp. 10-11; Fernando Reinales, Carola García-Calvo, and Álvaro Vicente, "Differential Association Explaining Jihadi Radicalization in Spain: A Quantitative Study," *CTC Sentinel* 10:6 (2017): pp. 29-34.

*Figure 11: Designees per 1,000,000 Citizens, Top 25 Countries of Birth (2001-2016)*



When countries of birth are examined in a per-capita basis, there are significant shifts in rankings. Lebanon, with its high number of SDGT designees, remains first and Tunisia remains at number three. Several Gulf States, for which terrorist funding continues to be a problematic area, increase significantly in rank, most notably Kuwait, Bahrain, and Qatar. Kuwait moves from 13th place to second, and Bahrain and Qatar, which did not feature in the top 25 countries of birth in gross numbers, jump up to six and seven, respectively.

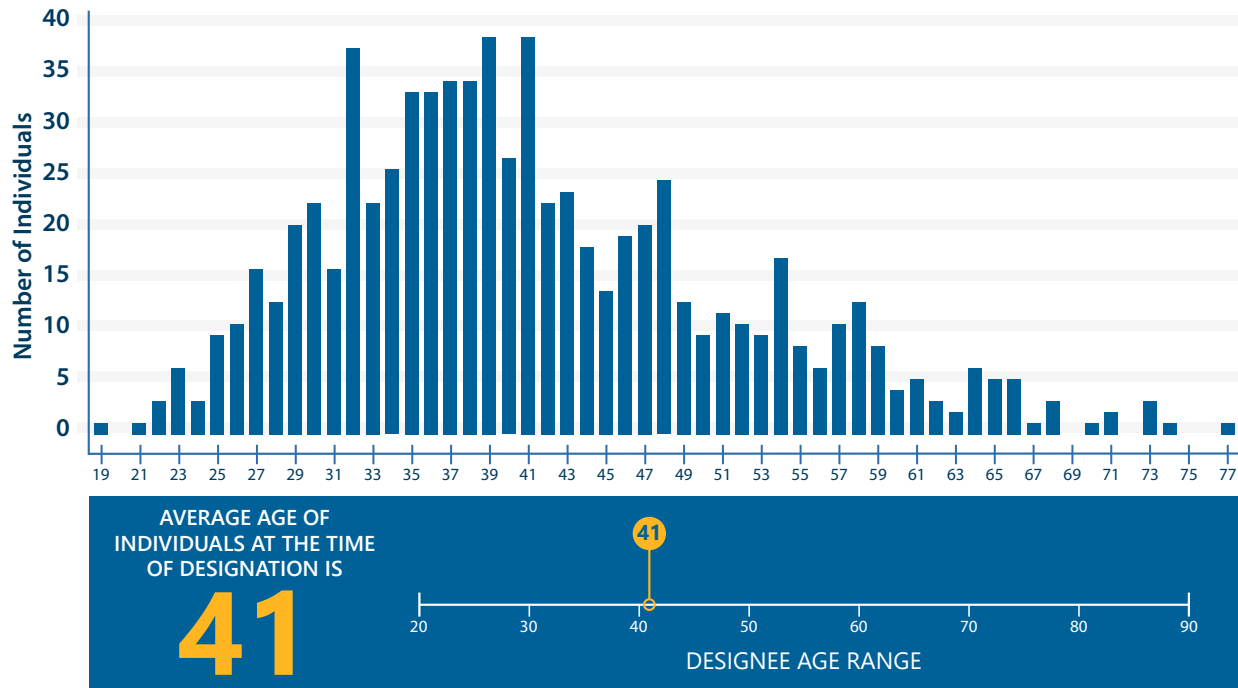
The next category the authors examine in this section is the age of SDGT designees.<sup>151</sup> The average

<sup>151</sup> In addition to countries of birth and nationality, OFAC often provides dates of birth for SDGT designees. In some cases, however, either ranges of dates or multiple dates of birth were present. Coders conducted subsequent research to attempt to confirm the dates of birth, although in 206 cases, they were unable to do so. In these cases, the authors opted to use the earliest year of birth in the subsequent analyses. While there are a significant number of cases with a level of uncertainty (29%), the uncertainty is often very low with most cases having a range of one to two years. The authors are confident that the following analysis, while not perfect, is still worth conducting. Using this method, researchers were able to find a year of birth for 668 (93%) of the designated individuals.

birth year across the dataset was 1967, making the average designee about 54 years old in 2020. Figure 12 displays the number of SDGT designees born each year, showing both the relatively standard distribution, but also an intriguingly wide range of dates.

The oldest individual at the time of designation in the dataset was Muhammad Hussein Gill, a Pakistani citizen born in 1937, making him 77 years old when he was designated in 2014 by the Department of the Treasury. He was accused of being a founding member of Lashkar-e-Taiba and serving as the group’s “chief financial officer.” The youngest individual, British citizen Aseel Muthana, was 19 when he was designated by the Department of State in October 2015 for traveling to Syria to fight on behalf of the Islamic State.<sup>152</sup> These two individuals represent two ends of the spectrum of SDGT designees: one (Gill), a leader charged with managing revenues and expenses, designated by the Department of the Treasury to prevent the financing of terrorist groups; the other (Muthana), an operative and fighter designated by the Department of State in a coordinated action with international partners to highlight “the ramp-up in U.S. and international efforts to aggressively target and destroy ISIL.”<sup>153</sup>

**Figure 12: Estimated Age at SDGT Designation (2001-2016)**



The last demographic category to discuss in this section is gender. Despite an increasing focus in the counterterrorism community on issues related to gender, it is clear when it comes to the SDGT list, there is a lack of diversity. The overwhelming majority of individuals designated as SDGTs are men, with approximately 98% of the list being male. This, perhaps, is unsurprising given the dominant role that men have traditionally played in jihadi terrorist organizations, which have been a focal point of much of the United States’ counterterrorism efforts.<sup>154</sup>

However, there are two important reasons that suggest a need to reevaluate the lack of women on the

152 “Counter Terrorism Designation” Office of Foreign Assets Control, October 2, 2015; “Narrative Summaries of Reasons for Listing - QDi.357 Aseel Muthana,” United Nations ISIL (Da’esh) & Al-Qaida Sanctions Committee, September 30, 2015.

153 “Treasury Sanctions Individuals Affiliated With Islamic State of Iraq and the Levant, and Caucasus Emirate,” U.S. Department of the Treasury, October 5, 2015.

154 Nelly Lahoud, “The Neglected Sex: The Jihadis’ Exclusion of Women From Jihad,” *Terrorism and Political Violence* 26:5 (2014): pp. 780-802.

SDGT list. The first is that a large amount of research shows that women have been active participants in terrorist groups since at least the 1970s.<sup>155</sup> Sometimes this has occurred more in groups of diverse ideologies. For example, some research has shown that women have been much more well-represented in left-wing groups, which tend to have more of an emphasis on equality in general.<sup>156</sup> This alignment with left-wing groups is represented in the SDGT data as well. Although the overall number is small, more than half (61%) of the women designated as SDGTs are affiliated with Basque Fatherland and Liberty (ETA) and the Shining Path, both left-wing terrorist organizations.<sup>157</sup>

The second reason for the need to consider gender dynamics in the designation process is that in recent years, women have been found to have increasing representation even among jihadi terrorist groups.<sup>158</sup> The Islamic State, in particular, has been increasingly appealing to and employing women within its organization.<sup>159</sup> In contrast with the typical narrative of women traveling to the Islamic State duped into marrying Islamic State fighters,<sup>160</sup> the three women designated as SDGTs were active participants in the Islamic State's efforts. All three designated women were Western citizens who actively recruited other women from their home countries to join the Islamic State. However, while three of the women designated as SDGTs are affiliated with the Islamic State, research has shown a much larger contingent on females participating with the group.<sup>161</sup>

In sum, given the small number of women on the SDGT list, yet the growing focus in scholarly research and the policy community on the role of women in terrorist organizations, careful analysis needs to focus on the issue of gender and designations moving forward. The question of whether there should be more designations of women is an open one. Women play varying roles in terrorist groups and at times have been selected for certain roles because they raise less suspicion than their male counterparts.<sup>162</sup> There is also some evidence to indicate that women have received less attention and lighter sentences from government counterterrorism efforts and prosecutions.<sup>163</sup> If women become increasingly involved and they are less likely to be the focus of counterterrorism efforts, there may be opportunities to improve tools such as designations to counter this challenge.

### Group Affiliation of SDGTs

While, as noted above, both the Treasury Department and the State Department have the ability to designate individuals, their authorities differ slightly when it comes to the connection of individuals to groups. For the Department of the Treasury, individuals must be connected to a previously designated group in order to be eligible for designation. For the State Department, however, E.O. 13224 does not

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155 Leonard Wienberg and William Lee Eubank, "Italian Woman Terrorists," *Terrorism An International Journal* 9:3 (1987): pp. 241-262; Mia Bloom, *Bombshell: Women and Terrorism* (Philadelphia: University of Pennsylvania Press, 2011); Jessica Davis, *Women in Modern Terrorism* (London: Rowman & Littlefield, 2017); Rachel Yon and Daniel Milton, "Simply Small Men? Examining Differences Between Females and Males Radicalized in the United States," *Women & Criminal Justice* 29:4-5 (2019): pp. 188-203.

156 Paige Whaley Eager, *From Freedom Fighters to Terrorists: Women and Political Violence* (New York: Routledge, 2008); Gus Martin, *Essentials of Terrorism: Concepts and Controversies* (Thousand Oaks, CA: SAGE Publications, 2008).

157 Seven of the women were associated with ETA, all designated in 2002. One, Tarcela Loya Vilchez, is a leader in the Shining Path, designated in 2016.

158 David A. Makin and Season Hoard, "Understanding the Gender Gap in Domestic Terrorism Through Criminal Participation," *Criminal Justice Policy Review* 25:5 (2014): pp. 531-552.

159 Charlie Winter and Devorah Margolin, "The Mujahidat Dilemma: Female Combatants and the Islamic State," *CTC Sentinel* 10:7 (2017): pp. 23-28; Vera Mironova, "Is the Future of ISIS Female?" *New York Times*, February 20, 2019.

160 Daniel Milton and Brian Dodwell, "Jihadi Brides? Examining a Female Guesthouse Registry from the Islamic State's Caliphate," *CTC Sentinel* 11:5 (2018): pp. 16-22; Joana Cook and Gina Vale, *From Daesh to 'Diaspora': Tracing the Women and Minors of Islamic State* (London: International Centre for the Study of Radicalization, 2018).

161 Anita Perešin, "Fatal Attraction: Western Muslimas and ISIS," *Perspectives on Terrorism* 9:3 (2015): pp. 21-38.

162 Mia Bloom, *Bombshell: Women and Terrorism* (Philadelphia: University of Pennsylvania Press, 2011).

163 Audrey Alexander and Rebecca Turkington, "Treatment of Terrorists: How Does Gender Affect Justice," *CTC Sentinel* 11:8 (2018): pp. 24-29.

require than an individual designated as a SDGT be affiliated with a group, but instead focuses on the individual’s role in terrorist attacks or their support of such attacks. As a result, it is theoretically possible for an individual on the SDGT to not necessarily have a group affiliation.

That said, theory and practice differ widely in the case of the SDGT list. Indeed, the types of activities targeted by the authorities granted under E.O. 13224 tend to occur in the context of terrorist group activity as opposed to the activities of solitary figures interested in carrying out acts of terrorism.<sup>164</sup> However, there are different categories of classes of groups that work their way into the designations of SDGT individuals. This section will briefly explore two such categories. The first are SDGT designees with FTOs. The second type are SDGT affiliations with “SDGT entities,” which are groups targeted under the authority of E.O. 13224 because involvement and support to terrorism, but that are not listed on the FTO list. To round out the discussion, the authors also examine the small number of SDGT individuals who are unaffiliated with any such groups.

*The Affiliation of SDGT Individuals with FTOs*

Most individuals (607; 85%) designated as an SDGT were found to have been members of one or more groups designated as an FTO. Despite the fact that most individuals on the SDGT list were affiliated with an FTO organization, the converse was not necessarily true. In other words, not all of the organizations designated as an FTO ended up having individuals represented on the data SDGT list. More specifically, 28 of the 73 organizations (38%) designated as FTOs through the end of data collection (December 2016) did not have any of their members designated as SDGTs. This suggests that the SDGT list is not used broadly against all FTOs, but rather that it is a tool that is used against a smaller subset of the groups the United States targets with its non-kinetic toolkit.

Another interesting point that emerges from the analysis is that while most designees (522 individuals; 73%) were found to be a member of only one FTO, 85 individuals (12%) were found to have membership in multiple, distinct FTOs, indicating a level of fluidity between terrorist organizations for some of these individuals.<sup>165</sup> The result, as captured in Table 4, shows that there are 703 total FTO memberships across 607 individuals. The following discussion will focus on these 703 memberships.

**Table 4: SDGT Membership in Multiple Foreign Terrorist Organizations (2001-2016)<sup>166</sup>**

	One	Two	Three	Four
SDGT Designees	522	74	10	1

Which FTOs have the highest number of SDGTs? Perhaps unsurprisingly for a list created in the aftermath of the September 11th attacks, of the five groups with the most SDGTs, four are salafi jihadi terrorist organizations. Al-Qa`ida and the Islamic State (and its predecessor organizations) are the top two groups represented by 175 and 77 SDGT designees, respectively (Table 5). They are followed by Hezbollah, al-Qa`ida in the Islamic Maghreb, and Jemaah Islamiya. Of the 45 FTOs represented in

164 Using open sources, including information contained in an individual’s SDGT record, the authors were able to associate the overwhelming majority (699 individuals; 97%) of SDGT individuals with either an FTO or SDGT entity.

165 Lennart van Leeuwen and Daan Weggemans, “Characteristics of Jihadist Leaders: A Quantitative Approach,” *Perspectives on Terrorism* 12:4 (2018): pp. 55-67.

166 This does not include individuals whose membership changed as groups changed names, merged, and split. In these cases, 70 of which are represented in the data, while the previous organizations were captured and coded only the individuals’ “terminal group” were counted.

the data, 35 (78%) are salafi jihadi groups, with 583 individuals (83% of the coded FTO memberships) affiliated with such organizations.<sup>167</sup>

**Table 5: Number of SDGT Designees with Foreign Terrorist Organizations (2001-2016)<sup>168</sup>**

Group Designated as a Foreign Terrorist Organization	Number of SDGT Designees (Designated Prior to Group's FTO Designation)	Salafi Jihadist Group?
Al-Qa'ida (AQ)	175	Yes
Islamic State of Iraq and the Levant (formerly al-Qa'ida in Iraq)	79 (1)	Yes
Hezbollah	57	No
Al-Qa'ida in the Islamic Maghreb (AQIM)	43	Yes
Jemaah Islamiya (JI)	41	Yes
Basque Fatherland and Liberty (ETA)	37	No
Lashkar-e-Taiba (LeT)	33	Yes
Al-Nusra Front	29	Yes
Ansar al-Islam (AAI)	24 (1)	Yes
Al-Qa'ida in the Arabian Peninsula (AQAP)	23	Yes
Armed Islamic Group (GIA)	18	Yes
Hamas	16	No
Abu Sayyaf Group (ASG)	15	Yes
Haqqani Network (HQN)	15 (10)	Yes
Libyan Islamic Fighting Group (LIFG)	14	Yes
Al-Shabaab	10	Yes
Islamic Jihad Union (IJU)	9	Yes
Tehrik-i-Taliban Pakistan (TTP)	7	Yes
Ansar al-Shari'a in Tunisia	6	Yes
Jemmah Anshorut Tauhid (JAT)	6	Yes
Boko Haram	5 (3)	Yes
Islamic Movement of Uzbekistan (IMU)	5	Yes
Harakat ul-Jihad i-Islami (HUJI)	3	Yes
Harakat ul-Mujahidin (HUM)	3	Yes
Jaish-e-Mohammed (JEM)	3	Yes
Kata'ib Hezbollah (KH)	3	No
Lashkar i Jhangvi (LJ)	3	Yes
Moroccan Islamic Combatant Group (GICM)	3	Yes
Shining Path (SL)	3	No
Abdallah Azzam Brigades (AAB)	2	Yes
Mujahidin Shura Council in the Environs of Jerusalem (MSC)	2	Yes
Al-Mulathamun Battalion	1	Yes
Al-Qa'ida in the Indian Subcontinent (AQIS)	1	Yes
Ansar al-Dine (AAD)	1	Yes
Ansar al-Shari'a in Benghazi	1	Yes
Ansar al-Shari'a in Darnah	1	Yes
Ansaru	1	Yes
Army of Islam (AOI)	1	Yes
Communist Party of the Philippines/New People's Army (CPP/NPA)	1	No
ISIL Sinai Province (formally Ansar Bayt al-Maqdis)	1	Yes
ISIL-Khorasan (ISIL-K)	1	Yes
Palestine Liberation Front (PLF)	1	No
Palestinian Islamic Jihad (PIJ)	1	No
Revolutionary People's Liberation Party/Front (DHKP/C)	1	No
Revolutionary Struggle (RS)	1	No

167 Researchers examined each group to identify if they have espoused jihadi-salafi Islamist beliefs. Groups identified as such have published material and videos allowing researchers to make this determination.

168 Due to the number of individuals (85) found to have distinct membership in more than one FTO, the total number of SDGT designations represented (703) is greater than the total number of individuals found to have been a member in an FTO (607 individuals). Additionally, despite their limited jihadi-salafi Islamist pedigree and focus on the Afghanistan insurgency, the Tehrik-i-Taliban Pakistan (TTP) and the Haqqani Network have both been coded as a "Salafi Jihadist Group" based on their desire to establish an Islamic state and their linkages with al-Qa'ida.



Although predominantly affiliated with jihadi organizations, the 10 remaining non-jihadi FTOs represent a variety of ideological persuasions, including nationalist groups (ETA, Palestine Liberation Front), Marxist organizations (Revolutionary Struggle, Shining Path), and other Islamists (Palestinian Islamic Jihad). These 10 groups account for 121 SDGT individuals and can represent threats equal to jihadi organizations, as evidenced by Hezbollah's place as the FTO with the third-highest number of designated members. That Hezbollah ranks this high is unsurprising considering the long history of attacks perpetrated by the group against U.S. citizens, including the 1983 bombing of the Marine barracks in Beirut and the kidnapping and murder of the CIA chief of station in Beirut, William Buckley.<sup>169</sup> It also demonstrates the long-standing counterterrorism focus on the activities of this group, notably in the financial arena.

It is interesting to note that in 18 of the cases in which an SDGT designee was found to be affiliated with an FTO, the FTO had not actually been designated as such at the time of the individual's SDGT designation. In some cases, these designations prior to a group's FTO designation appear somewhat ad hoc.<sup>170</sup> In other cases, the individual designations seem to precede a group's FTO designation as part of an effort to pressure militant groups without listing them as FTOs. Because E.O. 13224 grants much more discretionary authority than the legislation governing the FTO process, the SDGT list provides the U.S. government with a more flexible and responsive vehicle to designate individuals and groups<sup>171</sup> when debates about their inclusion on the FTO list arise or when a subtler approach may be more useful.

Consider the debate surrounding the designation of Boko Haram, which was mentioned in the opening of this report. That debate began publicly in May 2012 when Rep. Patrick Meehan introduced the Boko Haram Terrorism Designation Act of 2012, calling for the State Department to discuss whether Boko Haram met the criteria of an FTO.<sup>172</sup> A month later, the Department of State, working with the Departments of Justice and Treasury, used Executive Order 13224 to designate three leaders of Boko Haram (Abubakar Shekau, Abubakar Adam Kamar, and Khalid al-Barnawi) as Specially Designated Global Terrorists.<sup>173</sup> Politically, this seemed effective. During the ensuing debate about whether Boko Haram should be listed as an FTO, these SDGT designations were cited by some as evidence that the United States was already "investing in counterterrorism to help Nigeria combat [the Boko Haram] threat."<sup>174</sup> A relatively similar process also played out with the Haqqani Network. Of the 15 SDGTs affiliated with the Haqqani Network, 10 had been placed on the SDGT prior to the group's formal

169 Matthew Levitt, "The Origins of Hezbollah," *Atlantic*, October 23, 2013; Christopher Dickey, "The Master Terrorist Behind America's Blood Feud with Iran," *Daily Beast*, November 23, 2018.

170 For example, Iyad Ag Ghali was the leader of the jihadi group Ansar Dine, which, with backing from al-Qa`ida in the Islamic Maghreb (AQIM), took control of northern Mali in 2012. He was designated as an SDGT in February 2013, a month after the French deployed troops to Mali as part of Operation Serval and a day after his designation by the United Nations' 1267 Committee. Ag Ghali's group, Ansar Dine, was not designated as an FTO until almost a month later. His designation, which was sponsored by the U.S. State Department, was done in support of the French government, whose diplomats were actively pushing the United Nations toward a "more assertive approach towards the crisis in Mali," for the purpose of preventing ag Ghali and his organization from participating in peace talks. See "US Designated Ansar Dine Chief a Terrorist," VOA News, February 26, 2013; "Narrative Summaries of Reasons for Listing - QDi.316 Iyad ag Ghali," UN ISIL (Da'esh) & Al-Qaida Sanctions Committee, February 25, 2013; "Terrorist Designations of Ansar al-Dine," U.S. Department of State Bureau of Counterterrorism, March 21, 2013; "Terrorist Designations of Iyad ag Ghali," U.S. Department of State Bureau of Counterterrorism and Countering Violent Extremism, February 26, 2013; Sergei Boeke and Bart Schuurman, "Operation 'Serval': A Strategic Analysis of the French Intervention in Mali, 2013 - 2014," *Journal of Strategic Studies* 38:6 (2015): pp. 801-825; and Susanna D. Wing, "French intervention in Mali: strategic alliances, long-term regional presence?" *Small Wars & Insurgencies* 27:1 (2016): pp. 59-80.

171 See the following section for more detail about group designations as SDGT "entities."

172 Kessler; Morgan Lorraine Roach, "Designate Boko Haram a Foreign Terrorist Organization," Heritage Foundation, May 22, 2012; John Campbell, "Why NOT to Designate Boko Haram a Foreign Terrorist Organization," Council on Foreign Relations, May 24, 2012.

173 "Terrorist Designations of Boko Haram Commander Abubakar Shekau, Khalid al-Barnawi and Abubakar Adam Kamar," U.S. Department of State Bureau of Counterterrorism and Countering Violent Extremism, June 21, 2012.

174 Mwangi S. Kimenyi and Zenia Lewis, "Why Designating Boko Haram as an FTO could be Counterproductive," Brookings, September 28, 2012.

designation as an FTO in 2012.<sup>175</sup>

### *The Affiliation of SDGT Individuals with SDGT “Entities”*

The United States has a variety of mechanisms for designating groups as being involved with terrorism, such as the FTO list (discussed previously in this report). However, E.O. 13224 offers another approach that allows the U.S. government to list groups as SDGT “entities.”<sup>176</sup> The U.S. government’s FTO designation can be used only against organizations that directly carry out terrorist activities. This leaves out certain types of organizations, such as businesses, banks, and charities, which may provide auxiliary support to terrorist groups short of participating in attacks.<sup>177</sup> Even if a group does engage in terrorist attacks, labeling it as an FTO is in some sense the ‘last resort’ when it comes to sanctioning a terrorist actor, leading to elevated levels of public scrutiny, increased financial restrictions, and added political implications. In some cases, the U.S. government may not want to single out a terrorist group in this way. In these circumstances, another mechanism is needed.

To address these challenges, E.O. 13224 allows for the designation of a wider class of organizations as SDGT “entities.” To provide additional context for the group affiliations of SDGT designees, researchers captured all SDGT “entities” that SDGT designees were affiliated with. The authors placed them into four broad categories: militant, corporate/financial, charitable, and religious organizations. For simplicity, the authors further collapsed these four categories into two smaller categories: militant groups and financial organizations. The primary purpose of the former is to carry out acts of terrorist violence, while the primary purpose of the latter is to raise funds and provide financial support to terrorist groups.<sup>178</sup>

Of the 718 individuals designated as SDGTs, 147 (20%) were affiliated with an SDGT “entity.” Of these, 92 individuals were affiliated only with an SDGT “entity” while 55 were affiliated with both an FTO and an SDGT “entity.”<sup>179</sup> Table 6 displays the SDGT “entities,” broken down by militant groups and financial entities, that SDGT designees were found to have been affiliated with. Of the 146 individuals affiliated with an SDGT “entity,” 82 were affiliated with one or more militant groups, 54 were affiliated with one or more financial organizations, and 10 were affiliated with both types of SDGT “entities.” Within the data, there were 20 militant groups,<sup>180</sup> with the Taliban (32 SDGT designees) and the IRGC-QF (17 individuals) having the largest number of SDGT designees. Researchers found a larger number of financial organizations (44 SDGT “entities”), though relatively few SDGT designees were affiliated with each individual financial organization. It is interesting to note that for a list created specifically to “stop payment”<sup>181</sup> for terrorist groups, only 64 designees (9% of the total SDGT list) were

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175 It is interesting to note that in all of these cases, the State Department had to be the designating authority for these SDGT designations because the groups to which these individuals belonged had not yet been designated either as FTOs or entities under E.O. 13224.

176 Executive Order 13224 defines an entity broadly as “a partnership, association, corporation, or other organization, group, or subgroup.”

177 The language of E.O. 13224 specifically references “financial, material, or technological support for, or financial or other services to or in support of, such acts of terrorism.”

178 These broad categories are, of course, not perfectly mutually exclusive. In addition to creating political pressure, designating militant groups as SDGTs also blocks their access to U.S. financial markets. The same works in reverse; designating financial entities applies political pressure as well as cutting off financial access.

179 It is important to note that all organizations designated as FTOs are all automatically entered into the SDGT program, but for purposes of this discussion, they will be considered “SDGT entities.”

180 This does not include affiliation with a militant group that is an alias for an FTO. For example, Egyptian Islamic Jihad has been designated by OFAC as an alias for al-Qa`ida. As such, individuals who were found to have been members of EIJ were classified, for the purposes of this report, as being members of an FTO. There were no instances of an individual being designated for activity as a member of EIJ without an association with al-Qa`ida as well. The same applies to those designated as members of Jamaat-ud-Dawa (JuD) or Falah-i-Insaniat Foundation (FIF), both of which have been designated as an alias for LeT.

181 “President Freezes Terrorists’ Assets.”

found to be members of financial entities.<sup>182</sup>

**Table 6: Number of SDGT Designees Associated with SDGT Entities (2001-2016)**

Financial Organizations		Militant Organizations	
Al Haramain Islamic Foundation (AHF)	6	Taliban	32
Al Taqwa Bank	4	Iranian Revolutionary Guard Quds Force (IRGC QF)	17
Islamic African Relief Agency (IARA)	4	Caucasus Emirate	8
Mahan Air	3	Rajah Solaiman Movement (RSM)	8
Abdul Hameed Shahab-ud-din	2	Al-Itihaad al-Islamiya (AIAI)	4
al-Akhtar Trust International	2	Eastern Turkistan Islamic Movement (ETIM)	3
al-Rashid Trust	2	Movement for Unity and Jihad in West Africa (MUJAO)	3
Car Care Center	2	Tunisian Combatant Group	3
Global Relief Foundation, Inc.	2	Ummah Tameer E-Nau (UTN)	3
Haji Khairullah Haji Sattar Money Exchange (HKHS)	2	Commander Nazir Group (CNG)	2
Hilal Ahmar Society Indonesia (HASI)	2	Islamic State of Iraq and the Levant – Caucasus Province	2
Liner Transport Kish (LTK)	2	Jaish al-Muhajireen wal-Ansar (JAMWA)	2
Martyr's Foundation	2	Jund al Aqsa	2
Rahat Ltd	2	Conspiracy of Fire Nuclei (SPF)	1
Revival of Islamic Heritage Society (RIHS)	2	Fatah al-Islam (FAI)	1
Sanabel Relief Agency (SRA)	2	Islamic Army of Aden	1
Stars Group Holding	2	Islamic International Brigade (IIB)	1
Aaran Money Wire Service, Inc	1	Moro Islamic Liberation Front (MILF)	1
Aircraft, Avionics, Parts & Support Ltd	1	Muhammad Jamal Network (MJN)	1
Al-Barakaat Group of Companies Somalia Limited	1	Riyadus-Salikhin Reconnaissance and Sabatage Battalion of Chechen Martyrs	1
Al-Inmaa Engineering and Contracting	1		
Al-Inmaa for Entertainment and Leisure Projects	1		
Al-Inmaa Group for Tourism Works, LLC	1		
Avia Trust FZE	1		
Aviation Capital Solutions LTD	1		
Barakaat International Foundation	1		
Barakaat North America, Inc.	1		
Benevolence International Foundation (BIF)	1		
Blue Sky Aviation Co FZE (BSA FZE)	1		
Ganj Madrassa	1		
Haji Basir and Zarjamil Company Hawala	1		
Imam Khomeini Relief Committee (IKRC) - Lebanon Branch	1		
International Islamic Relief Organization (IIRO)	1		
Iranian Committee for the Reconstruction of Lebanon	1		
Kyrgyz Trans Avia (KTA)	1		
Mahan Air	1		
Movement for Islamic Reform in Arabia (MIRA)	1		
Nia International	1		
Rabita Trust	1		
Roshan Money Exchange (RMX)	1		
Sky Blue Bird Aviation	1		
Stars International Ltd.	1		
Ukrainian Mediterranean Airlines (UM Air)	1		
Unique Stars Mobile Phones LLC	1		

182 It is worth reiterating that this study does not focus on the entities themselves that have been placed on the SDGT list, but rather the memberships of the individual SDGT designees. There are certainly more commercial, charitable, and political organizations designated as SDGT entities than are referenced in Table 6.

*SDGT Individuals Unaffiliated with FTOs or SDGT Entities*

Despite the fact that most designees are associated with either an FTO or SDGT entity, this was not the case with 19 of the individuals on the SDGT list, which represents just under 3% of the total number of SDGT list. Rather than a lack of information about the individuals on the list, the non-membership in SDGT entities or FTOs is generally driven either by support for, but not membership in, groups designated as a terrorist organization by the U.S. government or by membership in a group not designated as such. Of these 19 individuals, the authors were able to ascertain some level of group members for 18 of them, representing two types: (1) individuals who may have supported FTO and SDGT entities without being official members; and (2) individuals who supported militant groups that were never designated as FTOs or SDGT entities.

**The Functional Roles of SDGT Individuals Within Terrorist Groups**

Having placed the individuals designated as SDGTs in the context of the groups that they support, this discussion will now turn to the individual roles that designees play within these terrorist organizations. In order to better understand the militant activity of those individuals designated as SDGTs, CTC researchers coded the SDGT individuals into nine potential organizational roles (Leadership, Operative, Logistical/Material Support, Financer, Criminal Facilitation, Recruiting, Explosives Expert, Spiritual Leader, and Propagandist). In coding these roles, the researchers coded as many roles as possible for each individual, meaning that individuals may have more than one role assigned to them.

As can be seen in Table 7, of the 718 individuals designated as SDGTs, researchers were able to find an organizational role for 711 individuals (99%). Interestingly, most (75%) of the SDGT designees held multiple roles within their organizations. This understanding underscores the importance of examining the roles that individual actors play within terrorist organizations.

*Table 7: Number of Roles per SDGT Designee (2001-2016)*

Number of Organizational Roles	Number of SDGT Individuals	Percentage
0	7	1%
1	176	25%
2	278	39%
3	158	22%
4	81	11%
5	13	2%
6	5	1%

Turning to examine the total number of roles identified through this research (which includes multiple roles for each individual), it is perhaps unsurprising that for a list created to disrupt the support being provided to terrorist organizations, the most identified role for an SDGT designee was that of logistical and material support. More than half of the individuals on the list (397 individuals; 55% of total population) were associated with this type of activity (Table 8). However, it is interesting to note that the people being designated were not all non-leadership or support personnel. Indeed, the second most prevalent role among the SDGTs is that of leaders within their organization, which accounted for half (360 individuals; 50%) of SDGT designees. The presence of financers (277 individuals; 38%) is relatively unsurprising given the financial purpose of the SDGT program, but there is also a clear core of individuals who were actually involved in carrying out terrorist activity, which the authors labeled as operatives (264 individuals; 37%).

*Table 8: Total Organizational Roles of SDGT Designees (2001-2016)<sup>183</sup>*

Role	Number of Roles (Multiples Allowed)	Percentage
Logistical/Material Support	397	55%
Leadership	360	50%
Financer	277	39%
Operative	264	37%
Recruiting	140	19%
Explosives Expert	63	9%
Propagandist	54	8%
Criminal Facilitation	42	6%
Spiritual Leader	28	4%
<b>Total</b>	<b>1,625</b>	

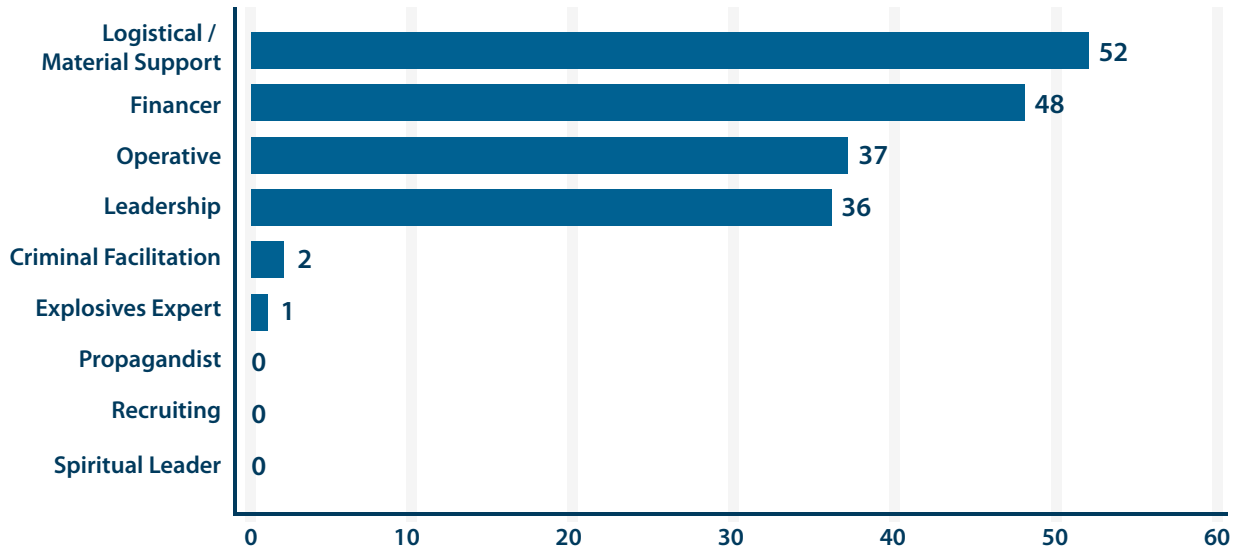
Even though the focus on leadership figures and financers is consistent with the original intent behind E.O. 13224, this examination of organizational roles highlights some potential shortcomings in the use of designations. This is especially the case for individuals who perform roles within groups outside of planning and preparing for specific attacks. For example, even though recruitment and propaganda are critical functions with terrorist groups, they are not necessarily skills that permeate the list of SDGTs.<sup>184</sup> When the authors examined the roles of SDGT designees and coded them based on multiple roles, 140 SDGT designees were found to have participated in recruitment and 54 designees in the production or dissemination of propaganda (Table 8). This accounts for 19% and 8% of the total number of designees, respectively. This suggests some focus on individuals in these roles.

However, when the authors restructure the data so that it only takes into account individuals with only one organizational role, these respective percentages for recruiters and propagandists drop to zero. No designees involved in recruitment or whose primary role was the production or dissemination of militant propaganda were designated on the basis of that activity (Figure 13). In other words, if a terrorist has a primary role in recruitment or propaganda, their chances of being designated drop quite precipitously. It seems that designation based on recruitment and propaganda alone is less frequent and that more tangible linkages to terrorist groups are required to support the designation of those involved in recruitment and propaganda production. This may be because the legal bar for designating propagandists is high due to legitimate concerns over the freedom of speech. However, given the prominent role propagandists played in the case of the Islamic State's drive to establish a caliphate in 2014 in Iraq and Syria, this is an issue worth looking at for potential improvements.

183 SDGT designees are viewed here as associated with multiple roles. When discussing these multiple roles, the numbers and percentages discussed and represented in charts will exceed the 718 individuals who have been designated. The correct interpretation of the percentage in these cases is that it indicates the number of individuals coded as having performed this role (among their other roles) as part of the total number of designees.

184 Peter R. Neumann, *Joining Al-Qaeda: Jihadist Recruitment in Europe* (London: International Institute for Strategic Studies, 2008); Daniel Milton, *Communication Breakdown: Unraveling the Islamic State's Media Efforts* (West Point, NY: Combating Terrorism Center, 2016).

**Figure 13: Organizational Roles of SDGT Designees with One Identified Role (2001-2016)**



Take, for instance, the case of Abdessamad Fateh, the first Danish citizen to be placed on the SDGT list. From 2008 to 2013, Fateh was a preacher at the Grimhøj Mosque in Aarhus, Denmark.<sup>185</sup> More than 20 of the approximately 30 Danish citizens from Aarhus who when to fight in Syria frequented Grimhøj Mosque, well known for its militant stance, and Fateh was allegedly responsible for the recruitment of Westerners.<sup>186</sup> Fateh was also alleged to have been involved in funding terrorist groups through a VAT (value-added tax) fraud scheme worth \$460,000, linked to a company he ran in Denmark.<sup>187</sup> Yet Fateh was only designated by the U.S. Department of State in 2014 for his membership in a “Scandinavia-based network of extremists allegedly linked to al-Qa’ida” after his travel to Syria.<sup>188</sup> While the U.S. Department of State, in response to the Danish Broadcasting Company, indicated that Fateh’s fundraising was “not the primary reason why he has been [designated],”<sup>189</sup> it is unlikely that his recruitment efforts alone, in the absence of his financing or travel to Syria, he would have enough to get him designated as an SDGT.

What explains the fact that recruiters and propagandists are designated at such lower rates in comparison to other organizational roles? Four possible explanations seem pertinent.

The first factor that explains why so few recruiters or propagandists appear on the list touches on the purpose of the SDGT list itself. As noted above, the SDGT list is more geared toward operational-level individuals, those who undertake activities directly in support of terrorist activity either by providing the funds, weapons, or leadership necessary to carry these attacks out. The rationale is that removing the ability of operational individuals to travel or access finances will be the best way to hamper terrorist activity. However, propagandists and recruiters provide new personnel and maintain the morale of those already in the organization. If they are not being designated because they are simply one step removed from involvement in kinetic activities, a reevaluation of this approach may be needed. It is also possible that designating recruiters may not be the most effective means of disrupting their

185 “Kapitel 2: Danske direktører i hellig krig,” Danish Broadcasting Corporation, January 25, 2016.

186 Anthony Faiola and Souad Mekhennet, “Denmark tries a soft-handed approach to returned Islamist fighters,” *Washington Post*, October 19, 2014.

187 Magnus Ranstorp, “Microfinancing the Caliphate: How the Islamic State is Unlocking the Assets of European Recruits,” *CTC Sentinel* 9:5 (2015): pp. 11-15; Philip Tees, “Danish companies implicated in fraud schemes to finance terror in Syria,” *Copenhagen Post*, January 25, 2016.

188 “Designations of Foreign Terrorist Fighters,” U.S. Department of State, September 24, 2014.

189 “Kapitel 2: Danske direktører i hellig krig.”

activity and that not designating them is a pragmatic policy decision. After all, the U.S. government has a variety of tools at its disposal, including sharing intelligence, that may better support the goal of disrupting a terrorist group's recruitment and propaganda operations.<sup>190</sup>

The second potential explanation for the relative scarcity of recruitment and propaganda-based SDGT designations is that recruitment and propaganda are sensitive ground, because they deal with activities, assembly, and speech, that have found protection under both U.S. and international law. Targeting individuals solely for their speech has always been challenging for the United States when it comes to domestic terrorists, but these debates often find their way into conversations about international targets as well. When an August 2015 airstrike targeted Junaid Hussain, a British member of the Islamic State noted for his involvement in recruitment and hacking, there was a deliberate effort by the U.S. government to highlight that he was more than a propagandist.<sup>191</sup>

A third possible explanation has to do with the level of evidence required to designate an individual. As previously discussed, E.O. 13224 requires that an individual have "committed, or to pose a significant risk of committing, acts of terrorism" or "assist in, sponsor, or provide financial, material, or technological support" for terrorism. Both of these requirements require a relatively direct link between an individual and the commission of a terrorist act. If, however, an individual simply serves as a recruiter for a terrorist organization, it is often more difficult to prove the direct links to a terrorist group required to secure their designation.<sup>192</sup> Additionally, there are also international concerns related to the concreteness of the evidence. State Department officials indicate that concrete and provable ties to terrorist groups are important to maintain the integrity of U.S. designations. Without such ties, other countries might begin to designate political opponents as terrorists, citing the fungibility of the U.S. government's own definition of a terrorist as justification for repressive actions.

The fourth and final potential explanation is that there may not be individuals who are only propagandists or only recruiters. Many members of terrorist organizations function in more than one role. For example, Anwar al-Awlaki first came to notoriety as a propagandist and recruiter. But he also provided leadership and operational skills to al-Qa`ida in the Arabian Peninsula's efforts to carry out terrorist attacks against the United States. The same could be said of Abu Mohammed al-Adnani. He was best known for his propaganda role as spokesperson for the Islamic State, which was the main reason discussed in the State Department press release on his designation as a SDGT.<sup>193</sup> It was only later that he was also publicly recognized as also serving an important role in the Islamic State's efforts to inspire and plan terrorist attacks around the world.<sup>194</sup> If this is the reason that so few propagandists and recruiters become SDGTs, then there would be no cause for concern in their lack of frequency as stand-alone designees.

Ultimately, this analysis has suggested that there is a potential gap in designations when it comes to propagandists and recruiters, even if the reason is unclear. As a result, discussion about the use of the SDGT list should consider this issue. Such conversations have been more prominent as of late, given that the rise of the Islamic State has been nearly synonymous with an increased use of the internet for recruitment, propaganda dissemination, and to a lesser recognized extent, financing. Despite the

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190 Miles Hidalgo, "Beyond the Conflict Zone: U.S. HIS Cooperation with Europol," *CTC Sentinel* 11:2 (2018): pp. 25-27; "Islamic State Propaganda Machine Hit by Law Enforcement in Coordinated Takedown Action," Europol, April 27, 2018.

191 Greg Miller, "U.S. launches secret drone campaign to hunt Islamic State leaders in Syria," *Washington Post*, September 1, 2015; James Gordon Meek, "'Annoying' But Deadly? The Debate Over Killing ISIS's 'Twitter Tough Guys,'" ABC News, September 8, 2015.

192 Author interview, U.S. Department of State officials, February 2016; Mariya Y. Omelicheva, "Russia's Counterterrorism Policy: Variations on an Imperial Theme," *Perspectives on Terrorism* 3:1 (2009): pp. 3-11.

193 "Terrorist Designation of Abu Mohammed al-Adnani," U.S. Department of State, August 18, 2014.

194 Nahal Toosi and Bryan Bender, "Pentagon says it targeted ISIL foreign ops chief," *Politico*, August 30, 2016; Dan de Luce, Elias Groll, and John Hudson, "Going After the ISIS Propaganda Mastermind," *Foreign Policy*, August 31, 2016.

focus on the Islamic State's online recruitment of fighters,<sup>195</sup> terrorist groups have actively targeted donors online as well.<sup>196</sup> Then Under Secretary for Terrorism and Financial Intelligence David Cohen discussed the important role of social media for terrorist financing in a 2014 address. "Constraining this flow of funds is particularly challenging in an era when social media allows anyone with an Internet connection to set himself up as an international terrorist financier," he commented. Cohen acknowledged that these "innovations in traditional modes of terrorist fundraising" would continue to "pose new challenges" for U.S. government efforts to constrain terrorist financing.<sup>197</sup> As the U.S. government examines how best to disrupt these networks and collaborate between social media companies, law enforcement, and financial institutions,<sup>198</sup> it may be worth considering whether there is a role for increasing the scope of SDGT designations to encompass a greater number of recruiters and propagandists.

### Roles of SDGT Individuals by Terrorist Group

In the previous section, the authors examined the macro-level components of the SDGT data as they related to time, demographics, groups, and individual roles. They now turn to an examination of some of these categories, specifically time and individual roles, across different terrorist organizations. Such an understanding will highlight how the U.S. government's effort to impact the financing and operations of individual terrorist groups has shifted over time, as well as what the relevant emphasis points have been in targeting each group using this particular counterterrorism tool.<sup>199</sup> Additionally, the examination of the roles of individual SDGT designees can reveal differences in the groups' funding mechanisms and, as far as can be understood, the policy goals served by designating these actors.

In examining the roles of SDGT individuals by different groups, the authors took an additional step in coding the roles in order to enhance the simplicity of their analysis. Whereas the analysis above allowed each individual to be coded into multiple roles, here they coded each individual to a single, "significant functional role." To do this, they rank-ordered the organization roles by their relevance to the function of the SDGT list, assigning each individual to a single organizational role.<sup>200</sup> These signification function roles were then combined into five functional areas: Financing, Leadership, Operations, Media/ Recruiting, and Facilitation.<sup>201</sup> The following analysis will use these functional roles.

### *Al-Qa`ida*

Given that the program emerged in the wake of the September 11th attacks, it is unsurprising that the tool has been employed quite frequently against al-Qa`ida. Indeed, as discussed earlier, 24% of the total number of SDGT individual designations target members of the group. As shown in Figure

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195 J.M. Berger, "Tailored Online Interventions: The Islamic State's Recruitment Strategy," *CTC Sentinel* 8:2 (2015): pp. 19-23.

196 "Financing of Recruitment for Terrorist Purposes," Financial Action Task Force, January 2018; "Financing of the Terrorist Organisation Islamic State in Iraq and the Levant (ISIL)," Financial Action Task Force, February 2015.

197 David S. Cohen, "Confronting New Threats in Terrorist Financing," Remarks Before the Center for a New American Security, March 4, 2014.

198 Tom Keatinge and Florence Keen, "Social Media and (Counter) Terrorist Finance: A Fund-Raising and Disruption Tool," *Studies in Conflict and Terrorism* 42:1-2 (2018): pp. 178-205.

199 This discussion assumes that the U.S. government's designation of individuals is designed to impact the effectiveness of the groups that they are associated with, rather than being punitive measures focused on specific individuals.

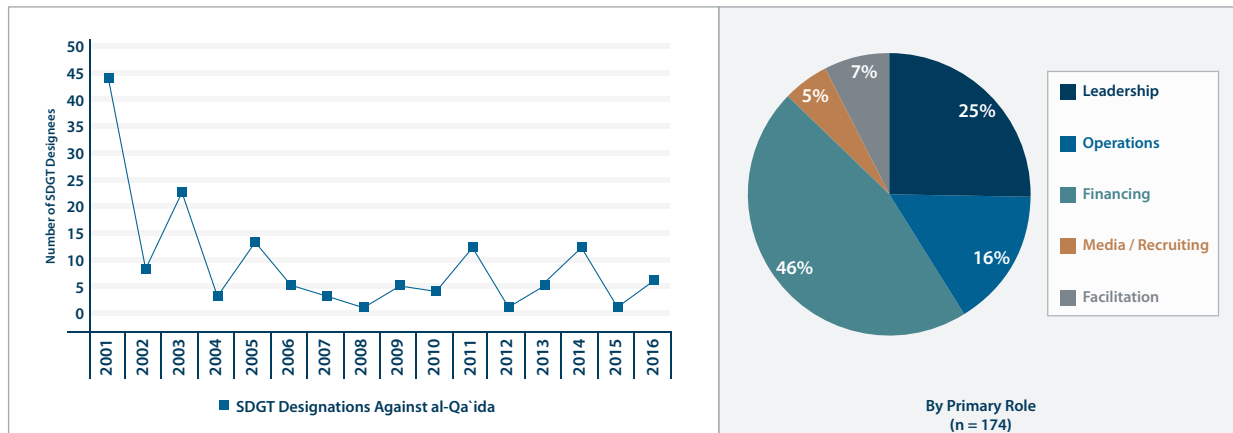
200 Roles were ordered as follows: (1) Financer, (2) Leadership, (3) Operative, (4) Propagandist, (5) Spiritual Leadership, (6) Recruiting, (7) Criminal Facilitation, (8) Explosives Expert, and (9) Logistical/Material Support. While it may seem that—due to the function of the list—Logistical/Material support should be higher in the ranking, because so many individuals provided ancillary support in addition to other roles, placing Logistical/Material Support higher in the ranking would obfuscate those other roles.

201 The Financing function role consists of only the Financer organizational role. The Leadership function area consists of the Leadership and Spiritual Leadership roles. The Operations functional area consists of the Operative and Explosives Expert roles. The Media/ Recruiting functional area consists of the Propagandist and Recruiter roles. The Facilitation functional area consists of the Criminal Facilitation and Logistical/Material Support roles.



15, efforts to take on al-Qa`ida resulted in a large number of designations immediately following the creation of the SDGT list in 2001, but its use against al-Qa`ida steadily declined and has remained infrequent over the rest of the history of the list. On one hand, this suggest a diminished focus against employing SDGT designations against the group, but it is worth noting that not a single year has passed since 2001 without an SDGT designating targeted at an al-Qa`ida member.

**Figure 14: SDGT Designations Against al-Qa`ida, Over Time and By Primary Role (2001-2016)**



The use of designations against al-Qa`ida is designed to be part of a “whole of government” effort by the United States to defeat<sup>202</sup> the group.<sup>203</sup> Given the desire to implement all elements of U.S. national power, including military, law enforcement, and financial tools, the authors would expect to see that members of al-Qa`ida have been designated across the group’s spectrum of functional efforts.

Upon examining the data, this expectation is met. The U.S. government has generally designated a range of types of members for al-Qa`ida, with leadership figures, financiers, and operatives being most often targeted (Figure 14). The highest concentration of al-Qa`ida designees is financiers (46%), which is consistent with the role external donors and the abuse of charities have played in financing al-Qa`ida, both initially and more recently.<sup>204</sup> Leadership figures (25%) represent the second-most designated role within al-Qa`ida.

Given al-Qa`ida’s position as the first target of the counterterrorism tool created by E.O. 13224, it can serve as a potential base against which to examine other terrorist groups targeted by SDGT designations. In the next section, the authors examine the same breakdown for the most recent and prominent rival to al-Qa`ida’s leadership of the global jihadi movement, the Islamic State.

202 There can, and have been, debates about whether the ‘defeat’ of either group is possible, and U.S. government officials have described the U.S. policy toward these groups in a variety of terms, including “disrupt,” “dismantle,” “degrade,” and “destroy.” The 2018 National Strategy for Counterterrorism makes clear, however, the U.S. policy to “defeat radical Islamist Terrorism.”

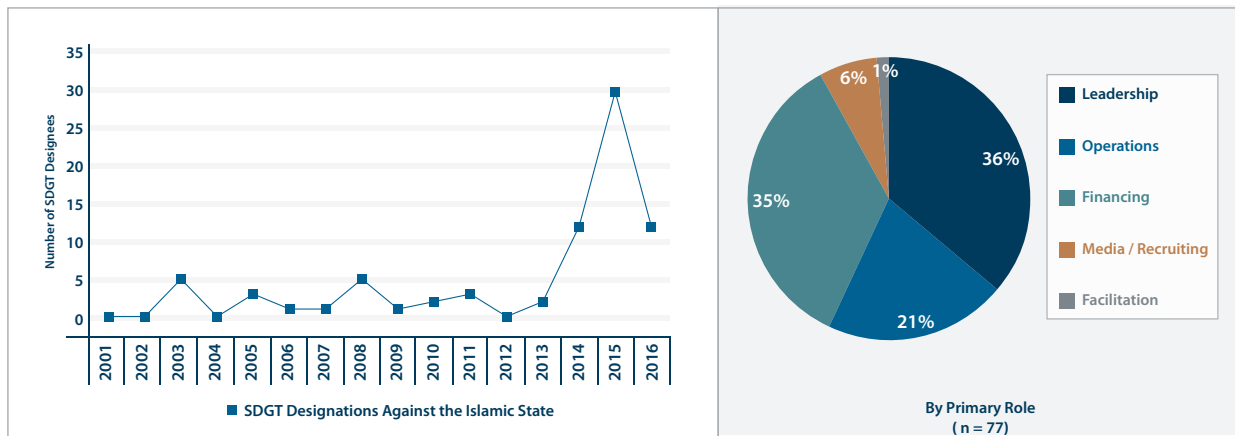
203 Julia McQuaid, Jonathan Schroden, Pamela G. Faber, P. Kathleen Hammerberg, Alexander Powell, Zack Gold, David Knoll, and William Rosenau, “Independent Assessment of U.S. Government Efforts against Al-Qaeda,” CNA, October 2017; Clayton Thomas, “Al Qaeda and U.S. Policy: Middle East and Africa,” Congressional Research Service, February 5, 2018.

204 Jimmy Gurulé, “Written Testimony of Jimmy Gurulé,” Testimony Before the Task Force to Investigate Terrorism Financing, United States House of Representatives, One Hundred Fourteenth Congress, June 23, 2016; Nic Robertson, “Saudis discover new funding channels for Taliban, al Qaeda,” CNN, January 27, 2011; Katherine Baur and Matthew Levitt, “Al-Qaeda Financing: Select Issues,” in Aaron Y. Zelin ed., *How al-Qaeda Survived Drones, Uprisings, and the Islamic State: The Current State of the Threat* (Washington, D.C.: Washington Institute for Near East Policy, 2017).

*Islamic State*

The Islamic State, along with its predecessor organizations, has existed in some form or fashion ever since the invasion and occupation of Iraq by U.S. troops in 2003. However, despite the deployment of over 100,000 military troops, there was not a commensurate focus in terms of the number of designations targeting the organization. Although 11% of the total number of individual SDGT designations are against the Islamic State, Figure 15 makes clear that the bulk of these designations have occurred in the time since the Islamic State began to surge in Iraq and Syria in 2013. Although there was some designations activity taking place before, this finding potentially suggests a recency or publicity bias when it comes to designations, although which of these reasons might hold true is unclear.

**Figure 15: SDGT Designations Against the Islamic State, Over Time and By Primary Role (2001-2016)**



In terms of the organization roles targeted, leadership figures (36%) and financiers (35%) represent the Islamic State’s most designated categories. The contrast with the above discussed breakdown of designations against al-Qa`ida is interesting, although the reason for this is not entirely clear. The fact that financiers have been less of a focus for the Islamic State than al-Qa`ida can be attributed in part to its emphasis on generating revenue internally from oil sales, kidnapping, and extortion.<sup>205</sup> Even though the Islamic State “does not rely heavily on external donor networks,” financiers remain a priority because the group “maintains important links to financiers in the Gulf.”<sup>206</sup>

Before moving on to examine some of the driving forces in the designations of other groups, there is a comparative point between al-Qa`ida and the Islamic State that has to do with the temporal dynamics of the designations. As seen in time charts for both groups as shown in Figures 14 and 15, there is almost something akin to a substitution effect taking place between al-Qa`ida and the Islamic State. Whereas the designations of al-Qa`ida-affiliated individuals were most prominent in the early days of the SDGT program, these designations began to taper off to lower levels by 2006. Although al-Qa`ida has remained an important target under the SDGT program, the emergence of the Islamic State in 2013-2014 clearly supplanted al-Qa`ida in terms of designations that targeted the global jihadi movement. It is important to remember that just as continued military pressure is important to keeping terrorist organizations on their heels, so too is continued non-kinetic pressure. To be fair, the decline of al-Qa`ida-focused designations as compared to the Islamic State is not just about those two groups, as recent years have seen a focus on a larger variety of terrorist groups in general.

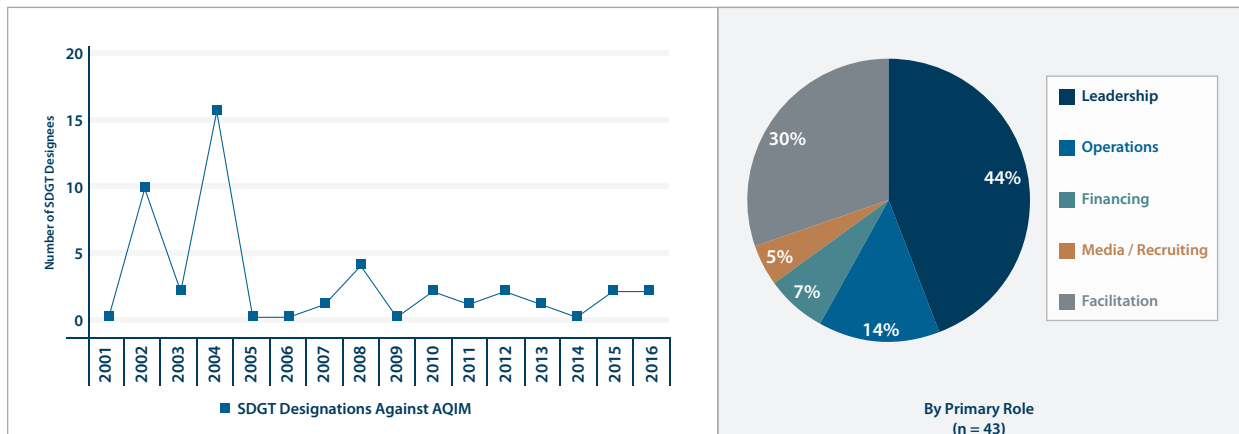
205 “Financing of the Terrorist Organisation Islamic State in Iraq and the Levant (ISIL).”

206 David S. Cohen, “The Islamic State and Terrorist Financing,” Statement Before the United States House of Representatives, Committee on Financial Services, One Hundred Thirteenth Congress, Second Session, November 13, 2014.

*Al-Qa`ida in the Islamic Maghreb (AQIM)*

What is interesting is that the trends in terms of the functional roles targeted through SDGT designations are not as prominent when looking at other salafi jihadi organizations. AQIM, for instance, has much a higher percentage of its designees with the Facilitation functional role (30%) than other groups examined and a smaller percentage of designees whose primary role was that of a Financer (7%) (Figure 16).

**Figure 16: SDGT Designations Against AQIM, Over Time and By Primary Role (2001-2016)**



AQIM has long been regarded as either facilitating or actively engaged in criminal activity to support its militant activity.<sup>207</sup> In a speech in 2012, then Under Secretary David Cohen claimed that AQIM had “collected tens of millions of dollars through [kidnapping for ransom] operations since 2008.”<sup>208</sup> Other former Treasury officials have also linked the group to facilitating the smuggling of illicit drugs into southern Europe.<sup>209</sup> This is not to say, however, that AQIM does not rely on donations. The U.S. Department of State and the Financial Action Task Force have both highlighted the role of donations in the group’s finances.<sup>210</sup> While gaining an exact accounting of the various streams of a terrorist group’s financing is exceptionally difficult to do, the preponderance of facilitators over financiers for those designated as SDGTs lends credence to the belief that much of AQIM’s funding is obtained through criminal activity rather than “limited financial assistance” from external donations.<sup>211</sup>

*Hezbollah*

Still in other cases, the policy goals of the U.S. government seem to shape the roles of the SDGTs targeted for sanctions. Take, for example, Hezbollah, the group with the third-largest number of SDGT designees, with 57 individuals listed. While the United States has designated its members since the beginning of the program, U.S. policy toward the group has never been as aggressive as it has been

207 Sergei Boeke, “Al Qaeda in the Islamic Maghreb: Terrorism, insurgency, or organized crime?” *Small Wars and Insurgencies* 27:5 (2016); Colin P. Clarke, “Drugs & Thugs: Funding Terrorism through Narcotics Trafficking,” *Journal of Strategic Security* 9:3 (2016); Yaya J. Fanusie and Alex Entz, “Al-Qaeda in the Islamic Maghreb: Financial Assessment,” Center on Sanctions and Illicit Finance, December 2017.

208 David Cohen, “Kidnapping for Ransom: The Growing Terrorist Financing Challenge,” Remarks at Chatham House, October 5, 2012.

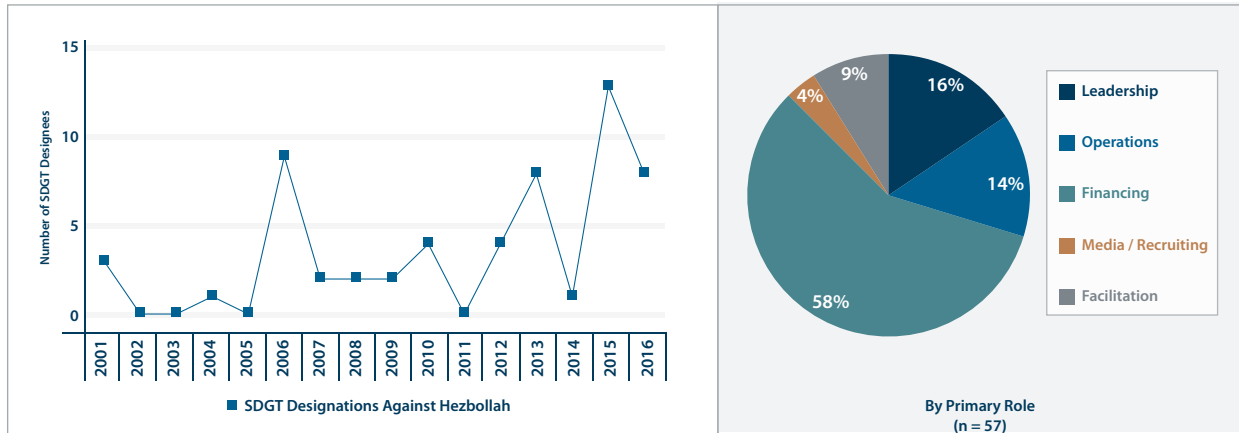
209 Juan Zarate, “A Survey of Global Terrorism and Terrorist Financing,” Statement Before the Task Force to Investigate Terrorism Financing, United States House of Representatives, Committee on Financial Services, One Hundred Fourteenth Congress, First Session, April 22, 2015.

210 “Terrorist Financing in West and Central Africa,” Financial Action Task Force, October 2016; “Country Reports on Terrorism 2017,” U.S. Department of State, September 2018.

211 “Country Reports on Terrorism 2017.”

toward al-Qa`ida, focusing on constraining the Hezbollah's activities rather than the group's complete defeat.<sup>212</sup>

**Figure 17: SDGT Designations Against Hezbollah, Over Time and By Primary Role (2001-2016)**



This policy can be seen in the types of individuals the U.S. government has designated within Hezbollah, as shown in Figure 17. The majority of the SDGT designations of Hezbollah members (56%) are for individuals who have played a role in the group's finances. In addition to receiving support from the Iranian government, Hezbollah maintains a robust fundraising capability through expatriate remittances, charities, front companies, and criminal activities.<sup>213</sup> While some leadership figures within Hezbollah have been designated,<sup>214</sup> the focus on the group's financial networks is designed to "pressure Hizballah's finances and degrade its ability to foment violence in Lebanon, Syria, and across the region."<sup>215</sup>

*Iranian Revolutionary Guards Corps' external operations group, the Quds Force (IRGC-QF)*

An examination of the members of the Iranian Revolutionary Guards Corps' external operations group, the Quds Force (IRGC-QF), highlights another use of SDGT designations: the application of political pressure. That the IRGC-QF is designated as a SDGT entity at all is an exercise in political pressure. The designation of the IRGC-QF as an SDGT in October 2007 was announced in conjunction with the designation of the Iranian Revolutionary Guards Corps, Ministry of Defense and Armed Forces Logistics (MODAFL), Bank Melli, Bank Mellat, and eight individuals under Executive Order 13382, "Blocking Property of Weapons of Mass Destruction Proliferators and their Supporters."<sup>216</sup> These designations, described as "the most important set of coordinated actions" against the Iranian regime, laid the groundwork for an intense effort to pressure the Iranian government to halt its nuclear weapons program.<sup>217</sup> Designations of members of the IRGC-QF, as well as figures within Hezbollah, Hamas, and the Taliban, served the purpose of tying the Iranian regime to support for terrorism, weapons pro-

212 Matthew Levitt, "Hezbollah Finances: Funding the Party of God," in Jeanne K. Giraldo and Harold A. Trinkunas eds., *Terrorism Financing and State Responses: A Comparative Perspective* (Stanford, CA: Stanford University Press, 2007); Daniel Byman, "Should Hezbollah Be Next?" *Foreign Affairs*, November 1, 2003.

213 Levitt, "Hezbollah Finances: Funding the Party of God."

214 "Treasury Designates Hizballah Leadership," U.S. Department of the Treasury, September 13, 2012.

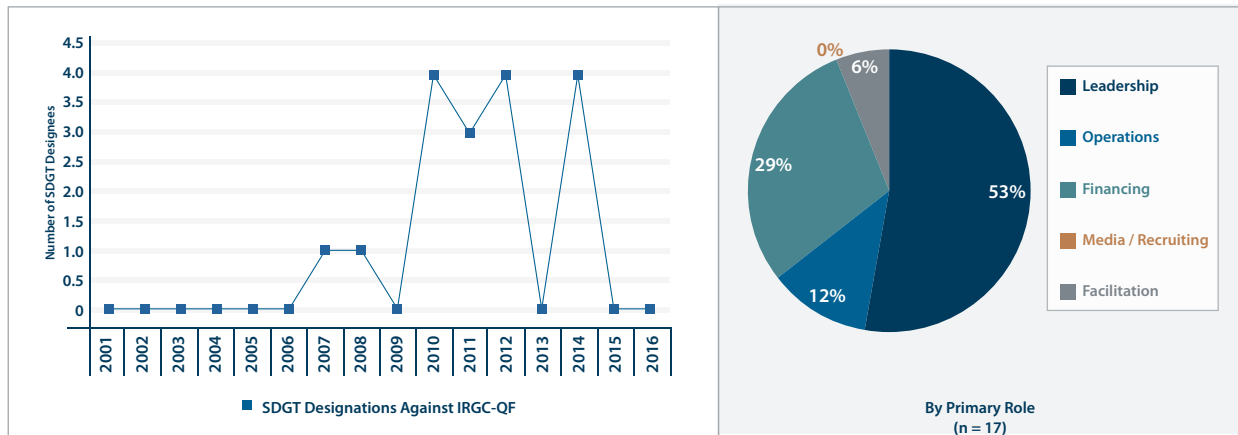
215 "Treasury Sanctions Hizballah Financier and His Company," U.S. Department of the Treasury, January 7, 2016.

216 "Designation of Iranian Entities and Individuals for Proliferation Activities and Support for Terrorism," U.S. Department of the Treasury, October 25, 2007; Zarate, *Treasury's War*, p. 307.

217 Zarate, *Treasury's War*, p. 307.

liferation, and Syrian abuses during its civil war. These links supported Treasury Department efforts to pressure financial institutions to suspend transactions with Iranian banks and businesses.<sup>218</sup> This purpose can be seen in the high percentage of leadership figures (53%) designated as SDGTs. These individuals, as military officers in Iran, are unlikely to be significantly impacted by their designation, but the public exposure of their support for international terrorism helps the United States highlight the “extraordinary risks that accompany doing business with Iran” and support U.S. and international efforts to shift Iran’s calculus regarding its nuclear weapons program.<sup>219</sup>

**Figure 18: SDGT Designations Against IRGC-QF, Over Time and By Primary Role (2001-2016)**



This, of course, is not to say that the designation of IRGC-QF is wholly devoid of purpose when it comes to constraining terrorist activity; the IRGC-QF’s support to terrorist groups has also been a concern in SDGT designations. For instance, in advance of the signing and implementation of the Joint Comprehensive Plan of Action (JCPOA), known colloquially as the Iran Deal, the Department of the Treasury increased its designations of individuals within the IRGC-QF and those affiliated with Iranian supported terrorist groups, specifically Hezbollah.<sup>220</sup> Critics of the deal argued that sanctions relief tied to the deal would result in increased funding for terrorist groups such as Hezbollah and Hamas.<sup>221</sup> Expert testimony was heard before several congressional committees, prompting the Financial Services Committee’s Task Force to Investigate Terrorism Financing to hold a hearing entitled “The Iran Nuclear Deal and Its Impact on Terrorism Financing,” which was commissioned specifically to discuss “Iran’s role in financing terrorist groups around the world” in order to provide “vital” information for “the administration, Congress, and American people when reviewing any nuclear agreement with Iran that includes sanctions relief.”<sup>222</sup>

The SDGT provided the Departments of State and Treasury with an opportunity to address these concerns among policymakers and foreign policy experts. Beyond simply Hezbollah, designations

218 Ibid., pp. 292-297, 300-301.

219 “Statement by Secretary Paulson on Iran Designations,” U.S. Department of the Treasury, October 25, 2007; Zarate, *Treasury’s War*, p. 287.

220 Magnus Ranstorp, “Hezbollah’s Calculus after the Iran Nuclear Deal,” *CTC Sentinel* 9:1 (2016): pp. 10-13.

221 Michael Eisenstadt, Simon Henderson, Michael Knights, Matthew Levitt, and Andrew J. Tabler, “The Regional Impact of Additional Iranian Money,” Washington Institute, July 28, 2015.

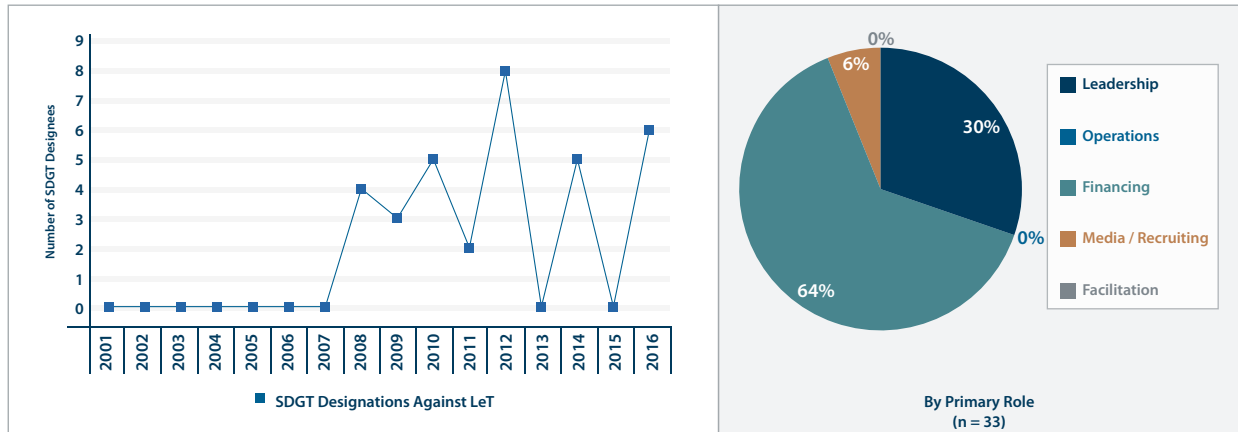
222 “Task Force to Examine Iran Nuclear Deal and Its Impact on Financing Terrorism,” Financial Services Committee, July 21, 2015.

of Iranian linked individuals, increasing since 2011, reached a peak in 2015.<sup>223</sup> This included seven individuals from Hamas, many of whom had been known to the U.S. government for years but had, until that point, not been designated.<sup>224</sup>

*Lashkar-e-Taiba (LeT)*

Despite LeT’s long history of terrorism and its place on the FTO list in 2001, the U.S. government did not begin to designate members of LeT until May 2008.<sup>225</sup> Several factors likely influenced the perception of the group’s threat. LeT was known to have the ability to recruit and operate in the West. By 2007, at least seven U.S. citizens and a British citizen had been convicted of providing material support to LeT and/or attending its training camps.<sup>226</sup> A Frenchman and an Australian citizen had been arrested for a LeT-linked terror plot as well.<sup>227</sup> Not only was LeT developing its networks against the West, but by 2006, the group expanded its militant activity into Afghanistan, creating what a June 2008 Department of Defense report termed a “complex, adaptive insurgency” in eastern Afghanistan.<sup>228</sup>

**Figure 19: SDGT Designations Against LeT, Over Time and By Primary Role (2001-2016)**



223 SDGT designations for individuals linked to Iranian-supported organizations have steadily increased since 2011.

	2011	2012	2013	2014	2015
Hezbollah	0	4	8	1	13
Hamas	1	0	0	0	7
IRGC-QF	2	4	0	4	0
Iran-linked Entities	1	0	1	8	1
Total	4	8	9	13	21

It is also worth noting that in October 2017, the entire IRGC was designated as an SDGT entity. See “Treasury Designates the IRGC under Terrorism Authority and Targets IRGC and Military Supporters under Counter-Proliferation Authority,” U.S. Department of the Treasury, October 13, 2017.

224 Of the seven Hamas individuals designated in 2015, some were long-term members of the group who had been previously arrested by Israel and were released in 2011 as part of a prisoner exchange. It is reasonable to assume that the U.S. government was aware of these individuals and their release from Israeli custody, but that prior to the potential for reinvigorated financing from Iran, their designation under E.O. 13224 had not been a priority.

225 “Treasury Targets LET Leadership,” U.S. Department of the Treasury, May 27, 2008.

226 Jim Rybicki, “Virginia Jihad’ Member Convicted of Perjury, Obstruction,” United States District Attorney’s Office Eastern District of Virginia, February 5, 2007; “Terror supplier gets nine years,” BBC, March 17, 2006.

227 Sebastian Rotella, “The Man Behind Mumbai,” ProPublica, November 13, 2010; Stephen Tankel, “The Long Arm of Lashkar-e-Taiba,” Washington Institute for Near East Policy, February 17, 2010.

228 Stephen Tankel, “Lashkar-e-Taiba in Perspective: An Evolving Threat,” New America Foundation, February 2010; “Report on Progress toward Security and Stability in Afghanistan,” U.S. Department of Defense, June 2008.

While these factors helped underscore the threat represented by LeT, they were, as long-term issues, unlikely to be the proximate cause of the U.S. government's designation of the group's top leadership in May 2008. By 2007, critics within the United States of Pakistan's perceived "weakness" and "complicity" in dealing with militants along the Afghan-Pakistan border began calling for a "new approach" toward Pakistan.<sup>229</sup> Congress withheld \$50 million in military assistance and placed restrictions on the remaining \$250 million provided to Pakistan while analysts called for stricter measures, including the imposition of targeted sanctions on Pakistani military officers.<sup>230</sup> In April 2008, a newly elected Pakistani government signaled a desire to distance itself from President Pervez Musharraf's "unpopular policy" of cooperating with the U.S. "war on terror."<sup>231</sup> In this environment, the U.S. government's May 2008 designation of LeT leaders served the operational goal of constraining a group perceived as a growing threat and applying political pressure against the Pakistani government to take a more aggressive stance toward militants within its borders.<sup>232</sup>

U.S. designations of LeT members mirror these twin realities of operational concerns and political pressures, as shown in Figure 19. The United States has almost entirely designated financiers (64%) or leadership figures (30%) within LeT. According to the U.S. government, the designation of LeT financiers aims "to expose and shut down Lashkar-e-Tayyiba's financial network" and constrain the group, which has increased its role in the insurgency in Afghanistan.<sup>233</sup> Designations of the group's leaders, in concert with U.S. and international designations of LeT-linked charities, are designed to pressure the Pakistani government to take a more robust role in constraining the activity of LeT.<sup>234</sup> While LeT leaders have often been placed under house arrest following their implication in terrorist attacks, these arrests are viewed as "more of a smokescreen than a serious counterterrorism initiative."<sup>235</sup> In other words, although the designations have happened, they seem to be oriented toward a more limited purpose. While the authors cannot say for sure, one possible purpose may be to use the designations as a mechanism to raise the priority placed on limiting and undermining LeT on the part of the Pakistani government.

Regardless of what happened to commence the designation effort against LeT, it is clear that an acceleration in this campaign occurred after 2008. This would seem to be largely attributable to the powerful events of the tragic 2008 Mumbai attacks, which occurred over a series of days in November 2008 in the Indian city of Mumbai. Likely because of the length of the attack and the amount of media coverage given to it, this attack had a powerful impact on a number of issues, including global fear regarding the possibility of terrorism.<sup>236</sup>

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229 Craig Cohen and Derek Chollet, "When \$10 Billion Is Not Enough: Rethinking U.S. Strategy toward Pakistan," *Washington Quarterly* 30:2 (2007); Daniel Markey, "A False Choice in Pakistan," *Foreign Affairs* 86:4 (2007).

230 Ashley J. Tellis, *Pakistan and the War on Terror: Conflicted Goals, Compromised Performance* (Washington, D.C.: Carnegie Endowment for International Peace, 2008); Frédéric Grare, *Rethinking Western Strategies Toward Pakistan: An Action Agenda for the United States and Europe* (Washington, D.C.: Carnegie Endowment for International Peace, 2007).

231 Barbara Plett, "Pakistan rethinks US policy on militants," BBC, April 1, 2008.

232 Michael J. Carden, "Mullen Meets with Pakistani Leaders," American Forces Press Service, July 12, 2008.

233 Doina Chiacu and Jonathan Oatis, "U.S. freezes assets of Pakistanis linked to militant group," Reuters, July 31, 2018; Tricia Bacon, "Preventing the Next Lashkar-e-Tayyiba Attack," *Washington Quarterly* 42:1 (2019); Dodwell and Rassler, "A View from the CT Foxhole: General John W. Nicholson, Commander, Resolute Support and U.S. Forces-Afghanistan."

234 Madeeha Anwar, "US: Pakistan Should Continue Ban on Terror-linked Charity Groups," VOA News, October 30, 2018; "Pakistan bans Hafiz Saeed-led JuD and its charity wing FIF," *Economic Times*, February 21, 2019.

235 Jason Blazakis, "Pakistan's Proxies: The Kashmir Attack and U.S. Policy Response," Lawfare, February 24, 2019.

236 Henning Finseraas and Ola Listhaug, "It can happen here: the impact of the Mumbai terror attacks on public opinion in Western Europe," *Public Choice* 156:1 (2013): pp. 213-228.

*Taliban*<sup>237</sup>

As shown in Figure 20, despite U.S. operations in Afghanistan since 2001, relatively few Taliban members were designated as SDGTs until 2010. This increase in the number of Taliban members designated came during a time when the U.S. government renewed its focus on the Afghan conflict, after President Obama initiated a review of the then eight-year-old war.<sup>238</sup> The review, led by Bruce Riedel, recommended an expansion of the Afghan campaign to a counterinsurgency campaign that utilized both military and civilian tools alike.<sup>239</sup> As part of this effort, the Department of the Treasury appeared to have stepped up its own activities from 2010 onward in Afghanistan. An interagency threat finance cell was created in support of the expansion of the Afghan war.<sup>240</sup> The cell, the Afghan Threat Finance Cell (ATFC), which relied heavily on E.O. 13224 authorities,<sup>241</sup> was part of the Department of the Treasury's effort to "aggressively attack the finances of the Taliban, al-Qa'ida and other terrorist groups."<sup>242</sup> SDGT designations of the Taliban were a relatively limited effort, consisting of only 4% of the total number of designees within the data, as compared to the proportions of al-Qa'ida and the Islamic State, at 24% and 11%, respectively. The designations were a Treasury-led effort restricted primarily to financiers, to constrain funds fueling the insurgency. The spike in Taliban-related SDGT designations from 2010 to 2012, for instance, is driven almost exclusively by the designation of financiers.<sup>243</sup> "These financiers and facilitators provide the fuel for the Taliban, Haqqani Network and al-Qa'ida to realize their violent aspirations," said Under Secretary David S. Cohen, announcing the designation of Taliban members in 2011. "That is why we are taking these actions today and will continue our relentless efforts to choke off streams of financial and other support to terrorists."<sup>244</sup>

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237 It is important to note that this section deals specifically with those individuals designated as SDGTs who were found to have been members of the Taliban. While there is a variety of perspectives on the organizational cohesiveness of the Taliban and the Haqqani Network, this discussion excludes the Haqqani Network for two reasons: (1) the organizations have been treated differently by the U.S. government in the application of counterterrorism sanctions; the Taliban has been designated as an SDGT entity under E.O. 13224, but not an FTO, while the Haqqani Network has been designated as an FTO. (2) The populations of individuals are generally distinct. Of the 32 individuals coded as being affiliated with the Taliban, only two were also found to have had a substantive connection with the Haqqani Network as well.

238 Steve Coll, *Directorate S: The C.I.A. and America's Secret Wars in Afghanistan and Pakistan* (New York: Penguin Books, 2018); Robert M. Gates, *Duty* (New York: Alfred A. Knopf, 2014).

239 Bob Woodward, *Obama's Wars* (New York: Simon & Schuster, 2010).

240 Zarate, *Treasury's War*; David Petraeus, "The New Strategy for Afghanistan and Pakistan and Developments in U.S. Central Command and Special Operations Command," Testimony Before the Committee on Armed Services, United States House of Representatives, One Hundred Eleventh Congress, First Session, April 2, 2009.

241 J. Edward Conway, "Analysis in Combat: The Deployed Threat Finance Analyst," *Small Wars Journal*, July 5, 2012.

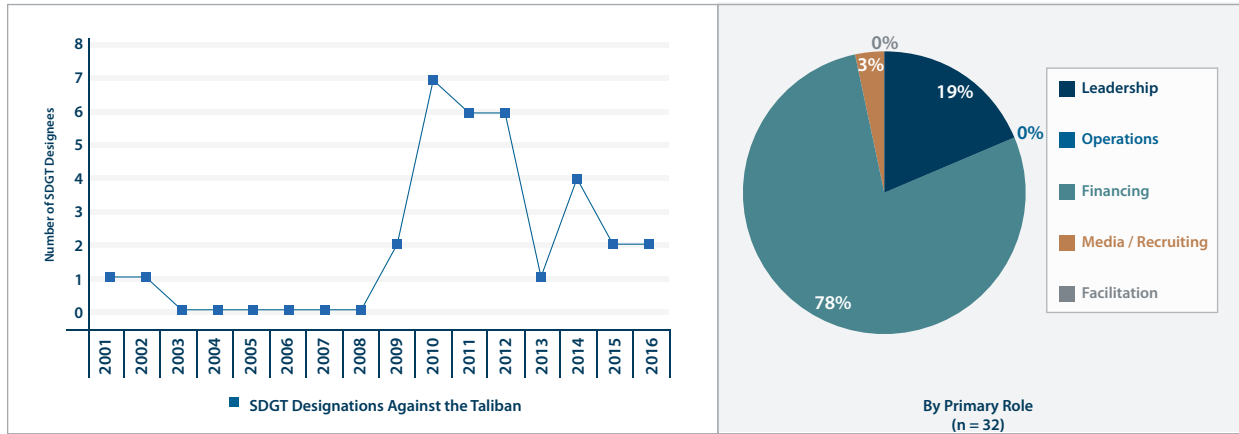
242 "Fact Sheet: Combating the Financing of Terrorism, Disrupting Terrorism at its Core," U.S. Department of the Treasury, September 8, 2011.

243 In 2010, seven members of the Taliban were designated, all of whom were coded with the primary role of financier. In 2011, six Taliban members were designated, again, all coded as financiers. In 2012, a further six Taliban members were designated. Four were coded as financiers, one as a leader, and one as a recruiter.

244 "Treasury Continues Efforts Targeting Terrorist Organizations Operating in Afghanistan and Pakistan," U.S. Department of the Treasury, September 29, 2011.



**Figure 20: SDGT Designations Against the Taliban, Over Time and By Primary Role (2001-2016)**



It is worth emphasizing that the Taliban designations have generally been pursued by the Treasury.<sup>245</sup> The Department of State, which had been actively pursuing options for talks with the Taliban since 2009,<sup>246</sup> has generally refrained from designating Taliban leaders, designating only one Taliban commander.<sup>247</sup> The argument against doing so is that SDGT designations would only complicate any potential negotiations<sup>248</sup> and a dedicated campaign to designate Taliban leadership would have limited the options for potential negotiators.<sup>249</sup> SDGT designations of Taliban members have continued, following this same pattern of constraining Taliban fundraising without aggressively designating leaders, ostensibly to leave room for potential negotiations, as made clear in a 2018 announcement of the designation of nine members of the Taliban: “We will continue to actively target those providing financial support to the Taliban until there is a negotiated peace settlement.”<sup>250</sup>

### *Euskadi Ta Askatasuna (ETA)*

The final group-specific examination in this section highlights an examine of another potential use of SDGT designations: to support U.S. allies. The ally in this case was Spain, and the group was the

245 This is not to say that the Department of State was not designating individuals in support of the Afghanistan war effort. Of the 15 individuals designated as members of the Haqqani Network (treated separately in this analysis), six were State Department designations.

246 Coll, *Directorate S*.

247 In 2014, the Department of State designated Qari Saifullah, the Taliban’s operational commander in the Zabul Province. Saifullah had been linked to IED and suicide attacks within Zabul Province and was likely designated in response to an April 2013 suicide attack that killed six Americans, including a Department of State Foreign Service Officer, the first killed in Afghanistan since 2001. While Saifullah was never linked to the attack in the open source, the press release announcing his designation highlighted his involvement in organizing Taliban fighters to conduct attacks against “the Government of Afghanistan and Coalition Forces in eastern Zabul Province” and connected him specifically to a previous plan to attack a U.S. provincial reconstruction team (PRT) in Zabul Province. See Jay Price and Rezwan Natiq, “5 Americans killed in Taliban suicide blast; separate attack killed 6th, NATO says,” *McClatchy Newspapers*, April 6, 2013; Josh Rogin, “Foreign Service officer killed in Afghanistan,” *Foreign Policy*, April 8, 2013; “Terrorist Designation of Qari Saifullah,” U.S. Department of State, January 7, 2014.

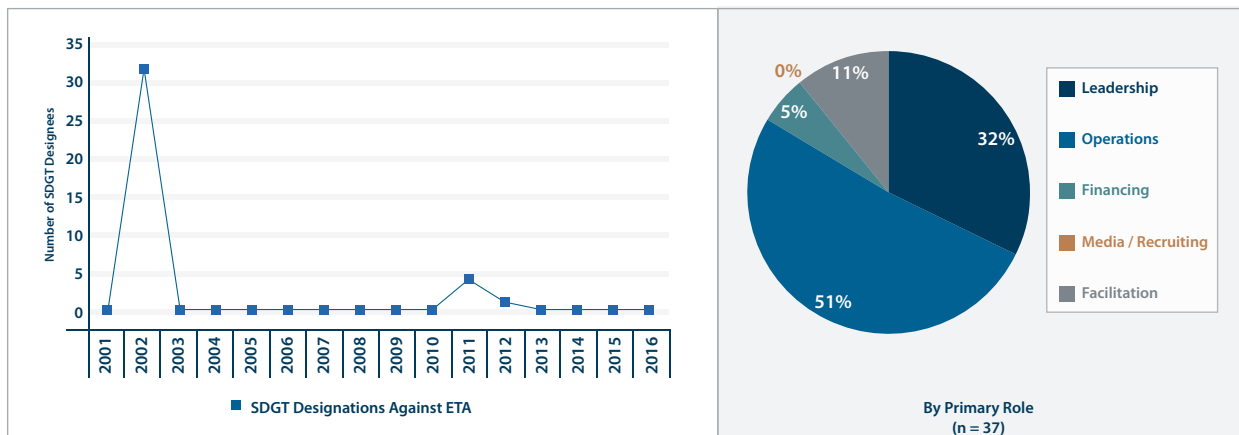
248 In one instance, the Department of State formally requested that sanctions against Tayeb Agha, an aide to Taliban leader Mullah Omar who also participated in fundraising for the Taliban, be “postponed” while his suitability as an envoy was assessed. See Coll, *Directorate S*.

249 Vanda Felbab-Brown, “Negotiations and Reconciliation with the Taliban: The Key Policy Issues and Dilemmas,” Brookings Institute, January 28, 2010; Conor Finnegan, “Taliban peace talks reignite debate over whether US is negotiating with ‘terrorists,’” ABC News, March 16, 2019.

250 “Treasury and the Terrorist Financing Targeting Center Partners Sanction Taliban Facilitators and their Iranian Supporters,” U.S. Department of the Treasury, October 23, 2018.

Basque Fatherland and Liberty, or Euskadi Ta Askatasuna (ETA). ETA, a left-wing nationalist group whose goal was independence for the Basque region of northern Spain and southwestern France, has long been a concern of the Spanish government. ETA, the majority of whose attacks occurred within Spain, had never been a significant concern of the United States.<sup>251</sup> After 2001, when the U.S. government began to increase its focus on combating terrorist groups, the Spanish government requested assistance in going after ETA.<sup>252</sup> The U.S. government agreed to designate the group, providing intelligence and surveillance support for the Spanish authorities.<sup>253</sup> In addition, in 2002, the United States joined the European Union in designating dozens of ETA members in support of Spanish and French increased efforts against the group (Figure 21).<sup>254</sup> The designations were described by then Treasury Secretary Paul O’Neil as the “result of close cooperation with the Government of Spain and the European Union.”<sup>255</sup>

**Figure 21: SDGT Designations Against ETA, Over Time and By Primary Role (2001-2016)**



As seen in the previous discussions, leadership figures and financiers have played important roles in U.S. efforts to destroy and constrain terrorist groups or to pressure foreign governments to act. ETA’s designations, which seem to have been done in part to support an ally, have focused primarily on operatives (51% of ETA designations) (Figure 21). These designations were reported to have helped “block the flow of finances to ETA and increased the cooperation in prosecuting members of the organization in other countries.”<sup>256</sup>

Overall, the examination in this section of the report of SDGT designations by group has revealed much nuance regarding the timing and focus of SDGT designations. This nuance is often lost in the public discussion of the impact and efficacy of the SDGT program specifically, but also non-kinetic counterterrorism tools more generally. Each of the groups targeted have different structures and exist in unique physical and political spaces. Although the authors’ collection of open-source data has not illuminated all of these intricacies, it has shown that there are discernible trends in how the U.S. government more generally applies the authority granted by E.O. 13224. In the next section, the authors examine one more facet of this issue by looking comparatively at designations by different

251 “Background Report: ETA Ceasefires by the Numbers,” National Consortium for the Study of Terrorism and Responses to Terrorism (START), September 2011.

252 Teresa Whitfield, *Endgame for ETA: Elusive Peace in the Basque Country* (Oxford: Oxford University Press, 2014).

253 Giles Tremlett, “US offers to spy on Eta for Spain,” *Guardian*, June 14, 2001.

254 “Basque Fatherland and Liberty Terrorist Financiers Designated Under Executive Order 13224,” U.S. Department of the Treasury, February 26, 2002; “US-EU Designation of Terrorist Financiers Fact Sheet,” U.S. Department of the Treasury, May 3, 2002.

255 Paul O’Neil, “Remarks on Terrorist Financing Designations,” U.S. Department of the Treasury, February 26, 2002.

256 Andreu Jerez, “Uprooting Terrorism in Spain After Sept. 11,” *Deutsche Welle*, September 7, 2006.

U.S. government departments.

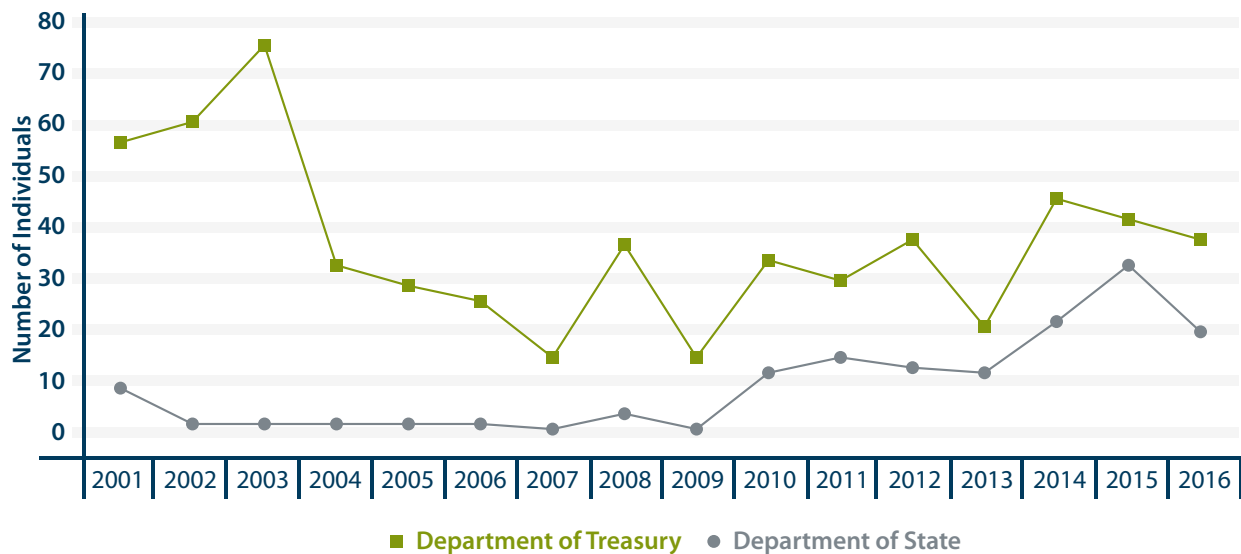
### SDGT Designations by U.S. Government Department

As discussed in the process section above, in addition to specifying which types of individuals may be designated under the SDGT program, E.O. 13224 also establishes the departments responsible for designating particular types of individuals involved in terrorist activity. These are the Department of State<sup>257</sup> and the Department of the Treasury.<sup>258</sup>

The Department of State maintains a list of the individuals they have recommended for an SDGT designation.<sup>259</sup> Researchers used this list to code which SDGT designations the Department of State had recommended and, by extension, consider the remainder to be those designated by the Department of the Treasury.<sup>260</sup>

Within the data, the Department of State was found to be responsible for the designation of 136 individuals, or 19% of the total 718 SDGT designees. The Department of the Treasury was responsible for the remaining 582 individuals (81%). Interestingly, the percentage of the total designations that both the Departments of State and Treasury are responsible for have changed over time (Figure 22). From 2001 to 2008, the Department of State was responsible for just 5% of the total SDGT designations. From 2009 to 2016, however, this increased to 32% of all SDGT designations, with Department of State designations reaching near parity with Treasury designations in 2015 (44% and 56%, respectively).

**Figure 22: SDGT Designations, by Designating Department (2001-2016)**



257 E.O. 13224

258 E.O. 13224

259 "Executive Order 13224 Individuals and Entities Designated by the State Department Under E.O. 13224," Bureau of Counterterrorism and Countering Violent Extremism, U.S. Department of State.

260 It is important to note that while the Department of the Treasury is primarily responsible for the designation of the remaining SDGTs, it is likely that some unknown number of these designations were recommended by other departments across the U.S. government's interagency. The U.S. Department of the Treasury, for instance, is responsible for designating individuals who have been designated by the United Nations in compliance with United Nations Security Council Resolutions requiring that all member nations will "freeze without delay the funds and other financial assets or economic resources" of individuals designated by the United Nations. See "Resolution 2161 (2014)," United Nations Security Council, June 17, 2014.

Consistent with its diplomatic role, the Department of State designations seem to primarily serve the purpose of “heightening public awareness and knowledge” of individuals participating in terrorist activity.<sup>261</sup> Two examples illustrate this type of effort on the part of the Department of State.

In 2002, for example, the United States and Russia were actively working to increase counterterrorism cooperation, establishing the U.S.-Russia Working Group on Counterterrorism, which met in July 2002 and January 2003.<sup>262</sup> During this time, in October 2002, Russia suffered one of its most serious terrorist attacks after a Chechen militant group known as the Riyadus-Salikhin Reconnaissance and Sabotage Battalion of Chechen Martyrs took 800 civilians hostage in a Moscow theater in a standoff that lasted three days and during which 129 hostages died.<sup>263</sup> In February 2003, the Department of State designated the Riyadus-Salikhin Battalion as an SDGT entity and, in August 2003, designated its leader, Shamil Basayev, as an SDGT, signaling support for the Russian government.<sup>264</sup>

Fahd al-Quso, for instance, who participated in the plot to bomb the USS Cole in 2001, was designated by the Department of State in 2010.<sup>265</sup> Al-Quso had been arrested in 2002, escaped, and was rearrested, but was released by the Yemeni government in 2007.<sup>266</sup> He was added to the FBI’s Most Wanted List in 2009 and the Department of State’s Rewards for Justice Program offered a \$5 million reward for information leading to his arrest.<sup>267</sup> In May 2010, he resurfaced in a video threatening attacks against the “U.S. homeland, as well as U.S. embassies and naval vessels abroad.” Shortly thereafter, in December 2010, the Department of State designated him as an SDGT to “help stem the flow of finances to, and inhibit the travel of, this dangerous operative.”<sup>268</sup>

While raising awareness of terrorist actors may be one of the primary prongs of the State Department’s designations effort, the data reveals other organizational tendencies as well. One of these is the tendency of the State Department to focus on designating the members of smaller organizations. To demonstrate this point, the authors broke terrorist organizations into two groups based on those with more than 10 SDGT individuals and those with fewer than 10.

Looking at groups with more than 10 SDGT individuals can be viewed as a proxy for groups for which the U.S. government has made a concerted effort to constrain the groups’ activities. Quite simply, the more people designated, the more concerted the U.S. government effort. Overall in the dataset, there are 18 FTOs and militant SDGT entities with more than 10 members designated as SDGTs. What is interesting is to examine these 18 groups by the designating department. When the authors look at the proportion of designations recommended by the Department of State as opposed to Treasury, they find that Department of State designations represent only 15% of total designations for these groups that have received so much of the U.S. government’s attention when it comes to designations.

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261 “Executive Order 13224: Effects of Designation,” Bureau of Counterterrorism and Countering Violent Extremism, U.S. Department of State.

262 “Patterns of Global Terrorism: 2002,” Office of the Coordinator for Counterterrorism, U.S. Department of State, April 2003.

263 Richard Plich and Adam Dolnik, “The Moscow Theater Hostage Crisis: The Perpetrators, their Tactics, and the Russian Response,” *International Negotiation* 8:3 (2003): pp. 577-611.

264 This support was, however, limited. In announcing the designation of Riyadus-Salikhin Reconnaissance and Sabotage Battalion of Chechen Martyrs as an SDGT entity, the Department of State clarified that it did “not consider all Chechen fighters to be terrorists,” and signaled that U.S. support did not encourage the Russian government to conduct a repressive counterterrorism campaign. “It remains our position that the broader conflict in Chechnya cannot be resolved militarily and requires a political solution. We have made this point repeatedly to the Russians. We urge Russia to pursue a political settlement and to establish meaningful accountability for human rights violations by its armed forces in Chechnya.” See Richard Boucher, “Terrorist Designation Under Executive Order 13224,” U.S. Department of State, February 28, 2003; Philip T. Reeker, “Designation of Shamil Basayev under Executive Order 13224,” U.S. Department of State, August 8, 2003.

265 Lawrence Wright, *The Looming Tower: Al-Qaeda and the Road to 9/11* (New York: Vintage Books, 2007).

266 Phil Hirschhorn, “Who was Fahd al-Quso?” CBS News, May 7, 2012.

267 “FBI Adds Two to Most Wanted Terrorists List,” *Homeland Security Today*, November 25, 2009.

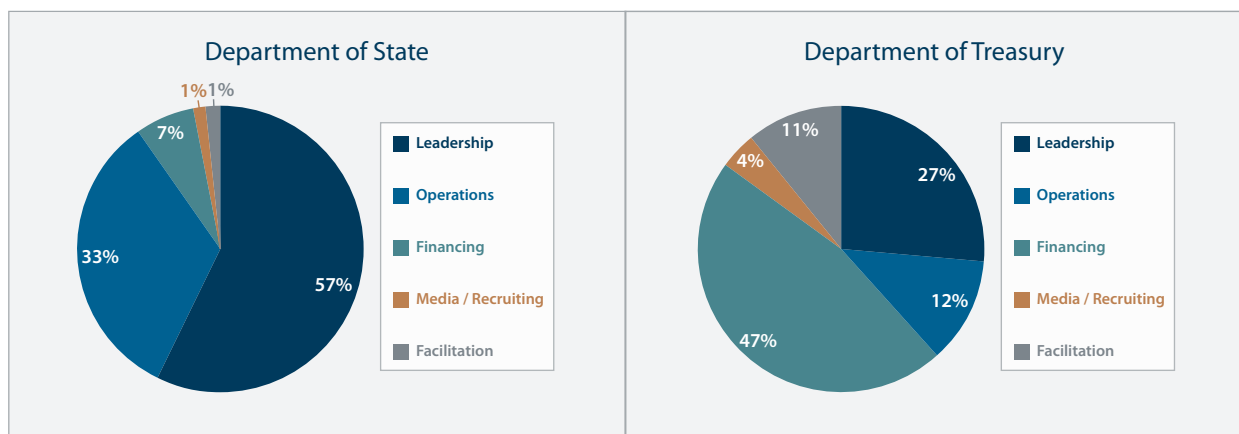
268 “Secretary of State’s Terrorist Designation of al-Qa’ida in the Arabian Peninsula Operative Fahd Mohammed Ahmed Al-Quso,” U.S. Department of State, December 7, 2010.

The situation is different when one looks at groups for which there is a smaller amount of designations activity, defined as fewer than 10 members of the group having been designated. There is a larger number of FTOs and militant SDGT entities in this category, with 48 groups that have had fewer than 10 members designated. One way of viewing efforts to target these groups is that given the small number of individuals targeted, the overall effort may be geared more toward raising awareness of a group’s terrorist activity or to signal U.S. support for its counterterrorism partners. For these 48 groups, the Department of State is responsible for 46% of the designations, while the Department of the Treasury has coordinated 54% of the designations in the case of lesser designated groups.

In sum, it appears that the efforts of the Department of State are more spread out among a variety of actors, whereas Treasury designations focus on clusters and bigger groups. This make sense if one considers that Treasury’s primary concern is to cut of finances, and its efforts tend to go toward groups with larger resources such as al-Qa`ida and Hezbollah. The Department of State, on the other hand, may spread its efforts across a wider spectrum in order to meet the needs of partner nations and be slightly less concerned with the financial angle. Each respective department’s legal authorities are also an important factor in this finding. Treasury’s authorities require that it designate individuals associated with previously designated groups, whereas the State Department has broader authority to go after a wider range of targets.

Another way of examining the data is to look at the types of individuals (as opposed to the groups) designated by either the Department of State or the Department of the Treasury. To do this, the authors compared the coding of the significant function roles of the designees (as discussed above) by the designating department, as seen in Figure 23. The Department of State has designated a higher percentage of individuals holding leadership positions (57%) or who were operatives (33%), while most of Department of the Treasury designees are financiers (47%). While one possibility is that this breakdown reflects the expertise of each organization (Treasury focuses more on financiers), it is also critical to recognize that this focus was built into the language of E.O. 13224 itself, directing and in some cases limiting the types of targets that each organization can pursue.

**Figure 23: Significant Functional Roles of SDGT Designees, by Designating Department (2001-2016)**



The discussion of the SDT data up until this point has largely focused on the presentation of descriptive statistics and figures. Although this has yielded some insights into how the SDGT program has been implemented and some of the potential areas for consideration of improvement, the authors have not yet engaged in a discussion of the overall impact and, to the extent it is possible to evaluate it in such a setting, the efficacy of the SDGT program. In the next section, the authors utilize the data collected to drive a discussion regarding the impact of the SDGT program.

## Evaluating the SDGT Program

Although understanding who gets designated and who does the designating, as was discussed in the previous section, offers valuable insight into the U.S. government's use of the authority granted it by E.O. 13224, the purpose of any counterterrorism tool is to impact the adversary against whom the tool is leveraged. In this section, the authors seek to offer some preliminary and tentative assessment of the impact of the SDGT list. In doing so, it is important to recognize that any effort to evaluate the SDGT program needs to take into consideration these various factors to paint as precise a picture of the impact of the SDGT program as possible.

This is no easy question to answer. There is some debate as to whether the use of financial counterterrorism tools is effective at reducing and preventing terrorism. On one hand, skeptics cite the ease with which terrorist groups can bypass financial regulation, the low cost of terrorist attacks, and the impact that regulations and sanctions have on the private sector.<sup>269</sup> Others note the counterproductive impact that state-targeted sanctions have on fragile states by increasing poverty through reduced access to informal financial systems that bring in global remittances.<sup>270</sup>

Supporters of financially oriented counterterrorism tools cite the fact that the true impact of counterterrorism is generally misunderstood, that the public tools of counterterrorism finance are part of a broader strategy, and that financial intelligence has played an important role in disrupting terrorist networks.<sup>271</sup> Targeted sanctions, as the U.S. government's most public counterterrorism tool, are often lumped into these other issues and either criticized for their "ineffectiveness" or displayed as a metric to indicate the success of the counterterrorism finance regime.

Part of the challenge of evaluating counterterrorism tools generally, but the SDGT designation effort more specifically, is the lack of theoretical exploration of why these sanctions should be important. Comparably little effort, however, has gone into the theoretical underpinnings of sanctions against non-state actors<sup>272</sup> and scant attention has been given to designations at the individual level in terms of their employment and their effectiveness. In what follows, the authors endeavor to extract insights from the literature on state-level sanctions in an effort to highlight why one might expect individual-level designations to work.

The application of individual sanctions, first and foremost, is designed to isolate individuals, and by extension, the groups they support from the U.S. and international financial systems. This isolation effect is technically achieved by the legal consequences of such a designation, including the blockage or "freezing" of an individual's funds and property within the financial system and criminalizing a third party's provision of funds or support to a designated individual.

The logic behind this isolation effect is three-fold. First, by blocking the individual's assets and access, they are unable to use traditional financial markets to easily transfer funds themselves. Second, by criminalizing transactions with designated individuals and making clear that "banks tarred with the label of 'terrorism supporter' risk having their assets frozen and reputations soiled," financial entities are compelled to increase their efforts to ensure their institutions are not being used to support

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269 Peter R. Neumann, "Don't Follow the Money: The Problem with Terrorist Financing," *Foreign Affairs*, July/August 2017.

270 Aimen Dean, Edwina Thompson, and Tom Keatinge, "Draining the Ocean to Catch One Type of Fish: Evaluating the Effectiveness of the Global Counter-terrorism Financing Regime," *Perspectives on Terrorism* 7:4 (2013): pp. 68-70.

271 Matthew Levitt and Katherine Bauer, "Can Bankers Fight Terrorism?" *Foreign Affairs*, November/December 2017; Danielle Camner Lindholm and Celina B. Realuyo, "Money Talks," *Foreign Affairs*, November/December 2017; Jodi Vittori, "Cashing In," *Foreign Affairs*, November/December 2017.

272 An exception to this is Jill Jermano's work, which specifically examines the factors to consider when placing sanctions on non-state actors. See Jill Jermano, "Economic and Financial Sanctions in U.S. National Security Strategy," *PRISM* 7:4 (2018): pp. 65-73.

terrorism.<sup>273</sup> Third, by criminalizing transactions with designated individuals, and leaving open the possibility that third parties supporting designated individuals can themselves be designated, the designation seeks to deter other individual actors that might consider supporting a designated individual or group.<sup>274</sup>

While the first two components of the isolation effect are relatively straightforward, the third is less so. Despite the fact that deterrence concepts have “long dominated counterterrorist policies in most countries,”<sup>275</sup> the question of whether terrorist actors can be deterred remains an open debate.<sup>276</sup> Most discussions about whether terrorist actors can be deterred tend to focus exclusively on terrorist groups or terrorist actors as a whole.<sup>277</sup> Some authors, however, suggest that there is an additional target audience for deterrence in counterterrorism: facilitators, including financiers, who are potentially less ideologically motivated than those who take up arms.<sup>278</sup>

This makes sense. Financiers, who have interests other than solely funding terrorism, have theoretically more to lose, making potential punishment for providing support to terrorist groups and individuals a more impactful deterrent. This view was adopted by Treasury officials when crafting and implementing E.O. 13224, during which the deterrence of financial supporters of terrorism was considered a “driving principle for Treasury’s efforts.”<sup>279</sup> The idea was that if those who associated with designated individuals would be excluded from the global financial system, this might serve to deter them from associating in the first place.<sup>280</sup>

Beyond deterring individuals from providing support, the isolation effect from the formal financial system serves two additional purposes. The first is to reduce a terrorist group’s access to capital. Restricting the funds available to terrorist groups serves a number of theoretical purposes. It can force terrorist leaders to make “tough budget decisions” regarding the group’s operational and personnel expenditures.<sup>281</sup> It can also prevent terrorist groups from investing in high-expense programs such as investing in WMD development and funding new global affiliates.<sup>282</sup>

An additional purpose of the group’s isolation, related to but distinct from the group’s access to capital, is the disruption of a group’s operations and support by designating its members. Designating a group’s members imposes costs on a terrorist group’s operational activity, making it more difficult to use the

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273 Zarate, *Treasury’s War*.

274 One specific challenge with deterrence, as will be discussed later on in this section, has to do with the measurement of outcomes. This makes any conclusive analysis of these programs incredibly difficult.

275 Martha Crenshaw and Gary Lafree, *Countering Terrorism* (Washington, D.C.: Brookings Institution Press, 2017).

276 Richard K. Betts, “The Soft Underbelly of American Primacy: Tactical Advantages of Terror,” in Demetrios James Caraley ed., *September 11, Terrorist Attacks, and U.S. Foreign Policy* (New York: Academy of Political Science, 2002); Paul K. Davis and Brian Michael Jenkins, *Deterrence and Influence in Counterterrorism: A Component in the War on al-Qaeda* (Santa Monica, CA: RAND Corporation, 2002); Robert F. Trager and Dessislava P. Zagorcheva, “Deterring Terrorism: It Can Be Done,” *International Security* 30:3 (Winter 2005/2006): pp. 87-123; Josh Gearson, “Deterring Conventional Terrorism: From Punishment to Denial and Resilience,” *Contemporary Security Policy* 33:1 (2012): pp. 171-198.

277 Bruno S. Frey, “Countering Terrorism: Deterrence vs More Effective Alternatives,” *Open Economics* 1:1 (2018): pp. 30-35.

278 Trager and Zagorcheva.

279 Zarate, *Treasury’s War*, p. 109.

280 Beyond exclusion from the financial system, other counterterrorism measures that punish those who have been designated as financiers, including arrests and convictions, should also play a deterrent role for future financiers. At the extreme, this has led some to recommend that the U.S. target financiers with the same unilateral counterterrorism operations it uses to “kill or capture” “senior terrorist operatives.” David Andrew Weinberg, “Terrorism Financing: Kidnapping, Antiquities Trafficking, and Private Donations,” Remarks before the Subcommittee on Terrorism, Nonproliferation, and Trade, House Committee on Foreign Affairs, U.S. House of Representatives, One Hundred Fourteenth Congress, First Session, 17 November 2015. In theory, “a demonstrated policy of committing significant resources to find and punish financiers may therefore deter an essential part of the system from engaging in terrorist activity.” Trager and Zagorcheva.

281 Stuart A. Levey, “Loss of moneyman a big blow for al-Qaeda,” *Washington Post*, June 6, 2010.

282 Zarate, *Treasury’s War*, p. 44.

funds it already has.<sup>283</sup> Operatives are subject to travel bans and cannot easily access the financial system to receive the funds they need to conduct operations. The designation of facilitators challenges the group's logistical networks, making the acquisition of needed supplies more difficult. Raising funds, as well, is conceptually more difficult without access to the formal financial system, forcing terrorist groups to expend increased effort to raise funds. Moving the group's finances also becomes more cumbersome, requiring the group to "expend resources developing alternative and higher risk means" of moving money.<sup>284</sup> While this disruption largely does not impact the group's access to capital, it does require the group to expend time and effort it would not otherwise need to on logistical concerns and increases the opportunities for governments to counter such activities.

The terrorist group, its members, and potential supporters are not the only audience that sanctions are designed to influence. Both private sector entities and foreign governments are also a potential audience for these individual sanctions. One of the stated purposes of the U.S. government's use of the SDGT designation is to "promote due diligence" for these institutions.<sup>285</sup> SDGT designations compel private entities to ensure compliance with counterterrorism and anti-money laundering efforts because of the high cost of malfeasance, a potential designation, or criminal proceedings. These designations also seek to encourage foreign governments to increase their own counterterrorism finance efforts by naming individuals and entities operating within their borders.<sup>286</sup>

Having discussed some of the rationale behind the SDGT designations, the authors now turn to a discussion of the challenges of examining these impacts empirically. Although many challenges exist, the authors focus on four of them: (1) distinguishing impact from effectiveness; (2) measuring outcomes; (3) lack of uniformity in the application of designation penalties; and (4) separating the effect of designations from other counterterrorism tools.

First is the challenge of distinguishing between the "impact" of a sanctions action and its "effectiveness."<sup>287</sup> These terms are often conflated, but the distinction is critical for the subsequent analysis.<sup>288</sup> Impact is the "economic or political damage" that the designation inflicts on those individuals who are designated as SDGTs.<sup>289</sup> In the previous discussion of the legal consequences of a designation, this would include the blockage of "property and interests" within the United States and (to the extent the designation has been internationalized) globally. Effectiveness refers to the ability of a designation to achieve the policy goal for which it was implemented.<sup>290</sup> This, as will be seen, is far more difficult to ascertain, especially considering the diverse policy objectives for SDGT designations.

Second, measuring the isolation of terrorist groups and individuals from the financial system is difficult. There is no way to know the amount of funding that is potentially available to terrorist groups, nor is there a way to understand—but for their designations—how particular terrorist financiers would have raised funds. This challenge is not unique to the authors' effort here. While governments and financial institutions may collect some data to provide insight into these issues, a 2005 Government Accountability Report commented that "Treasury lacks effective measures to assess its terrorist designation and asset blocking efforts and demonstrate how these efforts contribute to Treasury's goals

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283 Adam Szubin, "U.S. Tries to Exploit Islamic State's Financial Weak Spot," Renee Montagne, Morning Edition, National Public Radio, December 23, 2015.

284 Samuel W. Bodman, "Counterterror Initiatives and Concerns in the Terror Finance Program," Remarks before the Senate Committee on Banking, Housing and Urban Affairs, One Hundred Eighth Congress, Second Session, April 29, 2004.

285 "Executive Order 13224: Effects of Designation."

286 Zarate, *Treasury's War*, p. 83.

287 Jill Jermano, "Economic and Financial Sanctions in U.S. National Security Strategy," *PRISM* 7:4 (2018): pp. 65-73.

288 *Ibid.*

289 Meghan L. O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsorship of Terrorism* (Washington, D.C.: Brookings Institute, 2003).

290 *Ibid.*



of disrupting and dismantling terrorist financial infrastructures.”<sup>291</sup>

A subset of this point on measurement is that the deterrence of terrorist financiers is equally challenging to measure in a systematic fashion. The number of individuals who might have financially supported terrorist groups, but for their fear of being impacted by ostracism from the financial markets is unknowable. While some statements made by terrorist groups may provide insights (see the conclusion for some examples), developing “precise metrics” to evaluate “illegal and clandestine activities” is incredibly difficult.<sup>292</sup>

Third, an additional difficulty in analyzing the impact of these designations lies in the fact that designations are not uniformly applied to all terrorist financiers that come to the attention of counterterrorism officials. There is some tension within the counterterrorism finance community regarding the employment of sanctions, which publicly block an individual’s access to financial markets, and the use of financial intelligence tools, which follow money flows to disrupt terrorist groups.<sup>293</sup> Designations are a public-facing tool and can provide warning to those affiliated with a financial network and jeopardize the sources and methods of intelligence collection.<sup>294</sup>

In a related way, the U.S. government’s efforts to “internationalize” SDGT designations make it difficult to assess the impact of the SDGT program. U.S. officials understandably highlight the global nature of the program as essential, but the designation of individuals by various jurisdictions further clouds an understanding of whether a specific designation has an impact.

Fourth, it is important to remember that individual designations are simply one tool among many that are utilized to deal with the threat of terrorism. Others include military power, diplomatic influence, all manner of counterterrorism finance mechanisms, and multilateral efforts. Indeed, the complexity of counterterrorism operations and the application of various instruments of national and international power to constrain terrorist groups make it very difficult to isolate the impact of sanctions on terrorist groups.

In short, a variety of factors make a simple examination of the SDGT program’s impact difficult. In her excellent framing of economic and financial sanctions, Jill Jermano captures it succinctly. “It can be challenging to gauge impact,” she writes, “especially if data are limited, target decision making is unclear, or other political or economic variables are at play.”<sup>295</sup> While recognizing all of these challenges and inherent limitations in trying to assess the impact of individual designations (as were present in the above evaluation of FTO designations), the authors proceed under the belief that this effort represents an important and informative first step in evaluating counterterrorism programs and policies.

Consequently, the following sections will explore different ways to conceptualize the impact of SDGT designations. It will do this using publicly available data related to a variety of outcome measures that could potentially be seen as offering one example of a measurement of the impact of individual sanctions. These outcome measures include data provided on assets blocked within the U.S. financial

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291 “Terrorist Financing: Better Strategic Planning Needed to Coordinate U.S. Efforts to Deliver Counter-Terrorism Financing Training and Technical Assistance Abroad,” U.S. Government Accountability Office, October 2005, p. 26.

292 Ibid., p. 27.

293 Take, for example, the dismantling of the IBACS Network, an Islamic State-affiliated group acquiring drone components and transferring funds for the Islamic State. The intelligence developed by following the funding streams led to the disruption of the network within a matter of days, the death of one operative in Syria, and the arrest of several more in the United Kingdom, Bangladesh, and the United States. Had the individuals leading the network been designated, Mohamed Elishinaway, a U.S. citizen planning to conduct an attack within the United States, may not have been arrested. While the use of both designations and financial intelligence is necessary and understandable, the uneven application of designations makes it difficult to assess whether any disruption of a group’s activities is the result of the designation of some of its members. Alex Entx, “IS Using Front Companies to Support Terrorism,” Foundation for Defense of Democracies, August 23, 2017; Don Rassler, *The Islamic State and Drones: Supply Scale and Future Threats* (West Point, NY: Combating Terrorism Center, 2018), pp. 7-9.

294 Zarate, Treasury’s War, p. 43.

295 Jermano, p. 70.

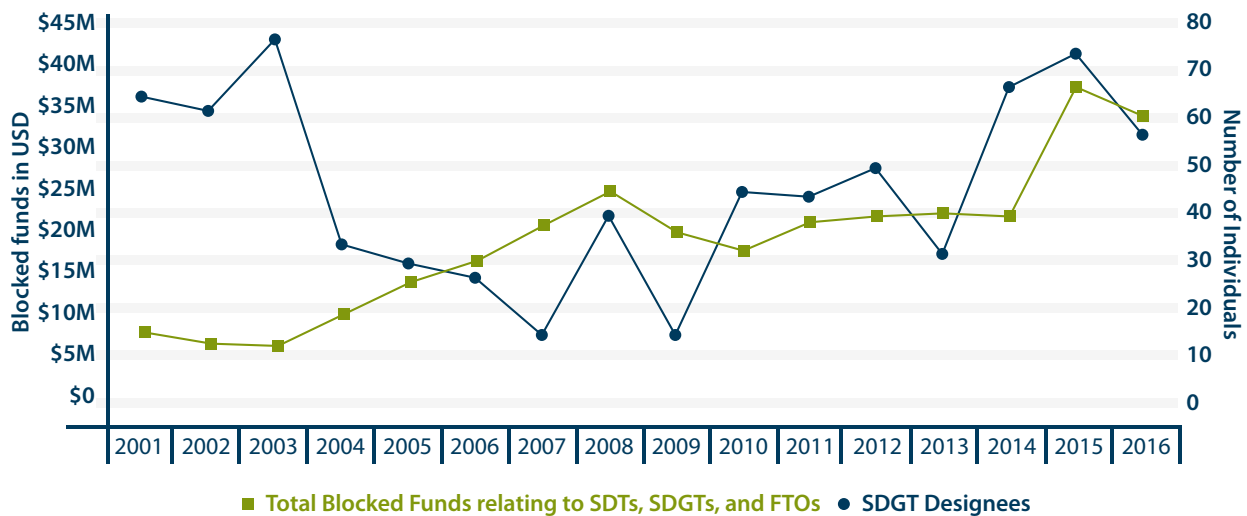
system; the arrests, convictions, and—in some case—deaths of SDGT designees; and finally, the continued participation of SDGT designees in terrorist attacks.

*Asset Freezes*

Counterterrorism sanctions are designed to block the ability of a designated terrorist group to access funding. While the impact of sanctions goes beyond the blockage of funds within a particular jurisdiction, data on such blockages does represent a good starting point for the examination of the impact of SDGT individual-level designations. Figure 24 is drawn from the Department of the Treasury’s congressionally mandated Terrorist Assets Report, which examines the “nature and extent” of assets held in the United States by state sponsors of terror and groups “engaged in international terrorism.”<sup>296</sup> This report tracks the funds blocked within the United States due to affiliation with international terrorist organizations designated as FTOs or SDGTs under E.O. 13224. Each year’s Terrorist Asset Report includes an annex listing the total value of the financial holdings<sup>297</sup> blocked for association with each terrorist group.<sup>298</sup> The amounts, as they vary from year to year, are cumulative and not necessarily seized within that calendar year. Fluctuations between years may be the result of new freezes, disputed funds, or releases of blocked funds. Sizable reductions in the amount of funds held can also occur (as with al-Qa`ida funds between 2015 and 2016) when victims of terrorism are awarded funds resulting from judgments in U.S. courts.<sup>299</sup>

Figure 25 displays the annual total value of funds blocked within the United States associated with “international terrorist organizations” as well as the number of individuals designated as SDGTs each year. While far from conclusive, the data shows that from 2009 to 2016, an increase in designations is loosely correlated with an increase in frozen assets.

**Figure 24: Blocked Assets and SDGT Designations, 2001-2016**



An examination of the aggregate number, however, does not offer much granularity on the relationship between SDGT designations and seized funds. Figures 25 and 26, however, examine this data at the group level. Al-Qa`ida and Hezbollah were selected for examination both because of the relative completeness of their data (both groups had significant numbers of SDGTs designated and several

296 “Terrorist Assets Report: Calendar Year 2016,” Office of Foreign Asset Control, Department of the Treasury, 2016.

297 This includes cash accounts, securities, and debt obligations.

298 The funds reportedly blocked within the U.S. financial system, by designated group, are available in Appendix A.

299 “Terrorist Assets Report: Calendar Year 2016.”

years of blocked finances) and for the differences between their interactions with the U.S. financial system. Examinations of these groups show different trends.

The value of al-Qa`ida funds blocked within the United States has increased steadily since 2003 (barring the 2016 reduction based on a forfeiture of funds associated with a payment to victims) despite a decline in the number of SDGT designations. Hezbollah's frozen assets within the United States, on the other hand, tend to increase as SDGTs are designated. It is possible that this difference is simply due to the fact that the operatives for some groups, such as Hezbollah, tend to be more likely to have their funds in U.S.-based accounts. Take, for example the arrest and guilty plea of Kassim Tajideen, a Lebanese business man designated in 2009 for his "provision of significant financial support of Hezbollah."<sup>300</sup> Tajideen was arrested in Morocco in 2017, extradited to the United States and, in December 2018, pleaded guilty to conducting more than \$50 million in transactions with U.S. businesses. He moved more than \$1 billion through the U.S. financial system in violation of his status as an SDGT.<sup>301</sup>

Al-Qa`ida members, conversely, which have long been the focus of targeted pressure by the U.S. counterthreat finance framework, are currently less likely to have accounts within U.S. jurisdiction. This was not always the case, especially with the September 11 attacks. The 9/11 Commission investigation found that "the September 11 hijackers used U.S. and foreign financial institutions to hold, move, and retrieve their money. The hijackers deposited money into U.S. accounts, primarily by wire transfers and deposits of cash or travelers checks brought from overseas."<sup>302</sup> And even though al-Qa`ida used the financial system for the September 11 attacks, it also used it more broadly for its operations. The development of financial tools in the wake of the attacks reflected both the specific nature of the attacks as well as the broader use of formal institutions by the group. This targeted pressure has impacted how the group operates today.

It is also just as likely that the funds blocked are not associated with SDGTs and the loose correlation between the two can be explained by a larger U.S. campaign to pressure Hezbollah by both designating its members abroad and undertaking criminal investigations domestically, such as the arrest of Iman Kobeissi in 2015 on money laundering and arms trafficking charges associated with Hezbollah.<sup>303</sup> Regardless of the reason, there do seem to be intriguing differences between these groups.

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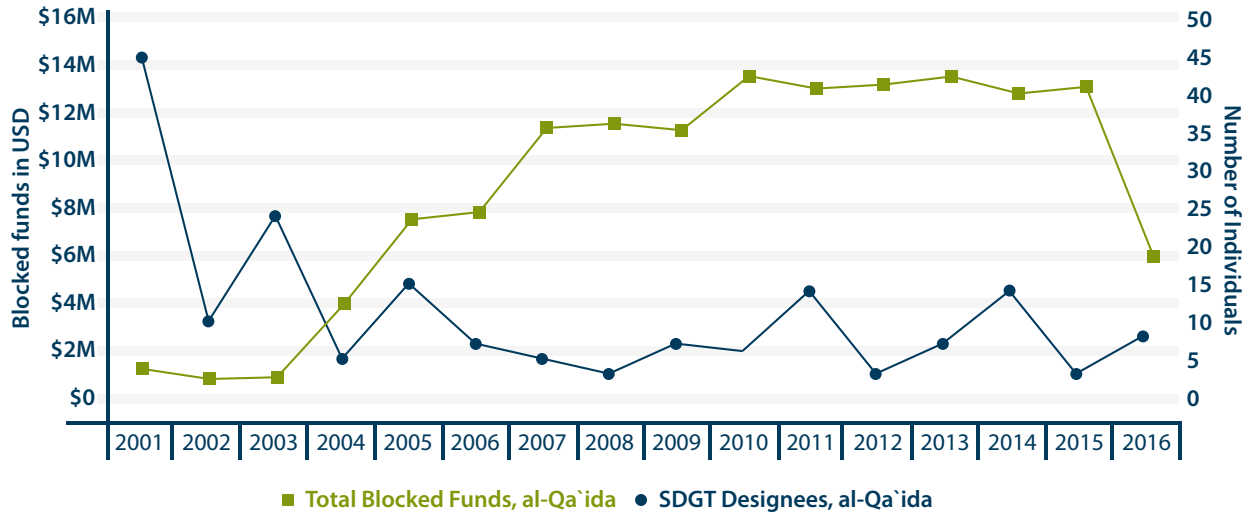
300 "Lebanese Businessman Tied by Treasury Department to Hezbollah Pleads Guilty to Money Laundering Conspiracy in Furtherance of Violations of U.S. Sanctions," U.S. Department of Justice, December 6, 2018.

301 Tajideen pleaded guilty to violations of OFAC regulations, but did not plead guilty to supporting Hezbollah. He continues to deny any affiliation with the group. U.S. government officials, however, publicly linked his guilty plea to their efforts to disrupt Hezbollah financing. In May 2020, a U.S. district court ordered Tajideen's early release on the grounds that he was "extremely vulnerable" to contracting COVID-19. Despite a Justice Department appeal, Tajideen was released in July 2020 and returned to Beirut. Regardless of the release, however, he remains listed as an SDGT. See Gareth Smyth, "'A kind of death': Life on the US Treasury blacklist," *Guardian*, May 25, 2016; Joseph Haboush, "Tajideen plea 'nothing to do with Hezbollah,'" *Daily Star*, December 20, 2018; "Lebanese Businessman Tied by Treasury Department to Hezbollah Pleads Guilty to Money Laundering Conspiracy in Furtherance of Violations of U.S. Sanctions;" Dan De Luce and Michael Kosnar, "DOJ appeals court's decision to release Hezbollah money man early," *NBC News*, June 2, 2020; Sarah El Deeb, "Lebanese man who financed Hezbollah in US returns home," *Associated Press*, July 8, 2020.

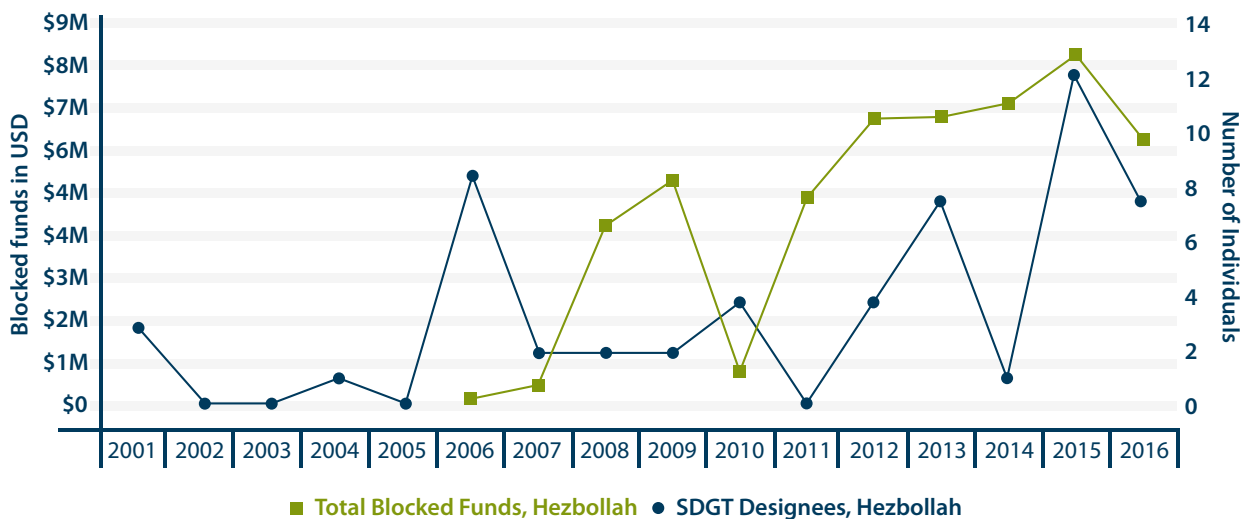
302 John Roth, Douglas Greenburg, and Serena Wille, *Monograph of Terrorist Financing: Staff Report to the Commission* (Washington, D.C.: National Commission on Terrorist Attacks Upon the United States, 2004): p. 3.

303 "Two Hezbollah Associates Arrested On Charges Of Conspiring To Launder Narcotics Proceeds And International Arms Trafficking," U.S. Attorney's Office Eastern District of New York, U.S. Department of Justice, October 9, 2015.

**Figure 25: Al-Qa`ida-Associated Blocked Assets and SDGT Designations (2001-2016)**



**Figure 26: Hezbollah-Associated Blocked Assets and SDGT Designations (2001-2016)**



It is worth noting that regardless of the ultimate impact, blocking these funds seems to be a point of focus for the Department of the Treasury. In the 2017 and 2018 Terrorist Assets Reports, 27 groups not represented in the 2001-2016 data had financial holdings frozen within the United States, including al-Shabaab, Boko Haram, and the Haqqani Network.<sup>304</sup> By 2018, the total value of funds frozen for association with “international terrorist organizations” within the United States rose to over \$46 million.<sup>305</sup>

304 “Terrorist Assets Report: Calendar Year 2017,” Office of Foreign Asset Control, U.S. Department of the Treasury, 2017; “Terrorist Assets Report: Calendar Year 2018,” Office of Foreign Asset Control, U.S. Department of the Treasury, 2018.

305 Despite the significant increase in blocked funds, however, the largest amount frozen for al-Qa`ida within the data, \$13 million, is a fraction of what the group raises annually.

This section has explored the impact of SDGT designations on the financial assets of groups.<sup>306</sup> Although a visible and potentially important metric, there is sometimes a misconception that these asset freezes are the primary measure of the financial impact of the SDGT program. As discussed above, the intent behind the SDGT program was to have a broad range of isolating effects beyond the limitations on finances. In the next section, the authors turn to an examination of other outcome measures based on open-source collection efforts to identify whether they were arrested or prosecuted before and after being designated as an SDGT.

### *Prosecutions of SDGT Terrorists Before and After Designation*

In addition to cutting off access from the financial system, the U.S. government includes the arrest and prosecution of terrorist financiers as part of its “comprehensive and coordinated” efforts to dismantle terrorist financial networks.<sup>307</sup> While SDGT designees are not the only individuals targeted for counterterrorism finance related prosecutions, designating individuals as SDGTs can “assist or compliment the law enforcement actions of other U.S. agencies and other organizations.”<sup>308</sup> The U.S. government has made clear that it sees its efforts to use law enforcement authorities and individual counterterrorism sanctions in a “targeted and complementary manner” and views prosecutions of terrorist financiers as linked to deterring future financiers.<sup>309</sup> For these reasons, the arrests and prosecutions of SDGT designees is a valuable metric for examining the impact of the program.

However, there is a caveat. Despite the authors’ best efforts, the amount of open-source data available on the arrest and prosecution of terrorist leaders and financiers was limited. While researchers carefully examined each individual in the data, arrest dates, for instance, were more readily found than release dates, which the authors found to be less likely to be covered in detail by the press. While this data has limits and the possibility exists that some individuals have been arrested, but where the arrest was not discussed in the public domain, the authors believe there is still value in a first examination of the arrests of SDGT designees.<sup>310</sup>

One other point is important to make regarding the coding of arrests: not all arrests are the same. Some individuals have been placed in what amounts to protective custody (also known as house arrest) by security services that are sympathetic with their activities, but that have faced pressure to demonstrate activity to contain terrorist activity. In other cases, terrorist actors are able to continue their militant activity behind bars. This is especially true in countries that are reluctant to aggressively prosecute terrorist financiers. There are also those whose arrests and imprisonment stop their terrorist activity completely. Although the authors know from anecdotal examples that this nuance exists, the data here was not able to capture it. Consequently, this distinction must be considered when thinking about the arrest patterns described.

Of the 718 individuals who have been designated as SDGTs, almost half (347 individuals, 48%) have been arrested at some point in their lives, either before or after designation. For these individuals, researchers were able to identify 494 individual arrests, an average of 1.4 arrests per person. As shown in Table 9, although most individuals were only arrested once, a number of individuals were arrested

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306 There are also anecdotal examples of the impact based on the efforts of individuals to get themselves removed from the list. Smyth; Ruth Reichstein, “Falsely Accused Couple Fight to Wipe Names from UN Terror List,” *Deutsche Welle*, May 6, 2008. Even designations for individuals and entities overseas without assets in the United States feel the effects. Saeed al-Batati and Ben Hubbard, “Yemeni Bankers Get in Trouble Over a Customer, Al Qaeda,” *New York Times*, November 15, 2016.

307 “National Terrorist Financing Risk Assessment: 2018,” U.S. Department of the Treasury, 2018.

308 “State Department Terrorist Designations,” U.S. Department of State, March 10, 2016.

309 “National Terrorist Financing Risk Assessment: 2015,” U.S. Department of the Treasury, 2015.

310 Of course, law enforcement and intelligence databases likely have far more information about the arrests and cases of SDGT individuals. Since the authors did not have access to any such information for purposes of this report, however, they felt it best to proceed with the information that could be obtained.

multiple times. One individual was arrested as many as seven times, with arrests both before and after designation.

*Table 9: Number of SDGT Designees Arrested (2001-2016)*

Number of Arrests	Number of SDGTs	Percentage
0	371	52%
1	251	35%
2	65	9%
3	18	3%
4	8	1%
5	4	0.6%
6	0	0%
7	1	0.1%

Table 10 shows the number of SDGT designees affiliated with select FTOs and Militant SDGT entities, and all financial entities<sup>311</sup> that have been arrested. The table also includes the number of all SDGTs affiliated with each group and the percentage of the group’s SDGTs who have been arrested. Due to the fact that some individuals were found to have had distinct relationships with one or more groups, some individuals are represented more than once within the data. Fifteen of the individuals associated with Ansar al-Islam, for instance, are also coded as being al-Qa`ida members.

*Table 10: Number of SDGT Designees Arrested, by Select Groups (2001-2016)*

Group	Number of SDGT Designees	Number of SDGT Designees Arrested	% of Arrested SDGT Designees
Al-Qa`ida (AQ)	176	110	63%
Basque Fatherland and Liberty (ETA)	37	35	95%
Islamic State of Iraq and the Levant (formerly al-Qa`ida in Iraq)	77	33	43%
Al-Qa`ida in the Islamic Maghreb (AQIM)	43	27	63%
Jemaah Islamiya (JI)	41	25	61%
Ansar al-Islam (AAI)	24	23	96%
Hezbollah	57	18	32%
Armed Islamic Group (GIA)	18	16	89%
Al-Qa`ida in the Arabian Peninsula (AQAP)	23	10	43%
Al-Nusra Front	29	9	31%
Hamas	16	8	50%
Taliban	32	6	19%
Iranian Revolutionary Guard Quds Force (IRGC QF)	17	3	18%
Financial Entities (All)	64	14	22%

That said, Table 10 shows that, in most groups, a significant percentage of SDGT designees have been arrested at some point in their militant careers, although these numbers differ quite substantially from

311 For the purpose of this discussion, all SDGT designated entities that serve a corporate/financial, charitable, and/or religious role (as opposed to militant groups) are considered “financial entities.”

group to group. Explanations for these differences are not immediately clear. Longitudinal research on the arrest patterns within terrorist groups is lacking, making it difficult to ascertain if the arrest patterns of SDGT individuals shown in Table 10 are outside the norm for terrorist groups.

The number of arrests within most of these groups, of course, is to be expected of a group of people who have long been involved in activities, armed or initially political, that have threatened or challenged state authority. Although these aggregate numbers show interesting variation, total arrest numbers reveal little about the effect of counterterrorism campaigns and efforts. To better understand the impact of individual counterterrorism sanctions, it is more helpful to compare the arrests of these individuals prior to and after their designation as an SDGT.

#### *Arrests of SDGT Individuals Before and After Designation*

Before providing the detailed results, the authors provide a brief summary of the findings of this analysis. On its face, the SDGT designation does not seem to have a significant impact broadly on whether an individual is arrested, as most of the arrests found within the data occurred prior to an individual's designation as an SDGT. But designations do seem to have a greater impact within Europe and, when examined in conjunction with the arrests of U.N. designees, does provide some evidence for the idea that compounding global designations has an impact on the lives of designees. The authors now turn to the detailed examination of the arrest data.

The majority of the 494 individual arrests (94%) found within the data were associated with dates, allowing coders to further identify whether an arrest took place before or after an individual's designation as an SDGT. Prior to being designated as a SDGT, 258 (36% of the total SDGT population) individuals had been arrested. The total number of identified arrests, pre-designation, was 337, an average of 1.3 arrests per arrested designee. After designation, 111 individuals (16% of the total SDGT population) have been arrested through the end of 2016. Here, the total number of arrests was 134, or 1.2 arrests on average per arrested designee.

Table 11 breaks down the arrests of SDGT designees into arrests before and after designation, for FTOs with eight arrests or more as well as the Taliban, IRCG-QF, and individuals associated with "financial entities."<sup>312</sup> In only one case, that of ETA, was there a majority of individuals arrested after designation. In all other cases, with the exception of the grouping of individuals affiliated with "financial entities," fewer than half of the SDGT designees were arrested after designation, with pre-designation arrests accounting for the majority of a group's affiliated arrests. In other words, the case of ETA, where a clear countervailing trend appears, bears closer examination to better understand whether and how designations impacted the group's arrests.

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312 The same caveats regarding individuals having multiple memberships applies here as well.

*Table 11: Number of SDGT Designees Arrested Pre- and Post-Designation (2001-2016), by Select Groups<sup>313</sup>*

Group	Number of SDGT Designees Arrested	% of SDGT Designees Arrested Before Designation	% of SDGT Designees Designated while in custody	% of SDGT Designees Arrested After Designation
Al-Qa`ida (AQ)	110	84%	38%	28%
Basque Fatherland and Liberty (ETA)	35	40%	14%	80%
Islamic State of Iraq and the Levant (formerly al-Qa`ida in Iraq)	33	88%	30%	6%
Al-Qa`ida in the Islamic Maghreb (AQIM)	27	52%	33%	41%
Jemaah Islamiya (JI)	25	88%	52%	24%
Ansar al-Islam (AAI)	23	96%	91%	17%
Hezbollah	18	83%	17%	22%
Armed Islamic Group (GIA)	16	63%	44%	31%
Al-Qa`ida in the Arabian Peninsula (AQAP)	10	100%	10%	0%
Al-Nusra Front	9	89%	33%	22%
Hamas	8	100%	0%	28%
Taliban	6	100%	50%	17%
Iranian Revolutionary Guard Quds Force (IRGC QF)	3	67%	67%	0%
Financial Entities (All)	14	71%	14%	64%

ETA offers an interesting case where designations leveraged against a group seem to have contributed to a group’s decline and, ultimately, demise. After the United States became more focused on aggressively combating terrorism in the post-9/11 world, Spain requested U.S. assistance countering its domestic Basque nationalist problem.<sup>314</sup> The United States agreed to Spain’s request, providing a variety of support including working in tandem with the European Union to designate a total of 37 ETA members, primarily operatives and leaders, as SDGTs.<sup>315</sup>

Ultimately, this combined pressure seems to have increased arrests of those ETA members designated as SDGTs. Prior to their designation, 23 of these individuals (62% of SDGT designated ETA members) had never been arrested, while after their designations only nine ETA designees (24%) continued to evade law enforcement.

Some might argue that these arrests simply correspond with increased Spanish pressure on the group. There is some evidence in support of this contention. From some reports, ETA arrests in Spain increased as counterterrorism pressure increased overall.<sup>316</sup> More specifically, Spain was arresting an average of 50 ETA members or suspected supporters per year from 1996-2000. Over the next three years, buoyed by the “Global War on Terrorism,” Spain’s ETA-affiliated arrest rate more than doubled, with an average of 128 ETA members or suspected supporters arrested per year from 2001 to 2003.<sup>317</sup>

Post-designation arrests of ETA-affiliated SDGTs, however, were largely not impacted by this increased counterterrorism pressure within Spain. Prior to their designations, SDGT-designated ETA members had only been arrested in two countries: Spain (nine arrests) and France (eight arrests). Post-designation, this number rose to seven countries, with most arrests occurring outside Spain.

313 The total percentages of SDGT designees arrested before and after designation do not equal 100% due to the fact that some individuals were arrested both before and after designation.

314 Whitfield, p. 98.

315 “US-EU Designation of Terrorist Financiers Fact Sheet,” U.S. Department of the Treasury, May 3, 2002.

316 Whitfield, p. 100.

317 Ana Ramos, “Spain: Part I: Counter-Terrorism in Spain – An Overview,” in Karin von Hippel ed., *Europe Confronts Terrorism* (New York: Palgrave Macmillan, 2005), p. 126.



French arrests of designated SDGT-designated ETA members doubled (19 arrests), and arrests were made in Germany (one arrest), the United Kingdom (two arrests), Ireland (one arrest), Canada (one arrest), and Mexico (two arrests). Only three post-designation arrests occurred within Spain. While bilateral engagements between the French and Spanish governments certainly led to increases in French counterterrorism pressure against ETA,<sup>318</sup> some have contended that U.S. and EU cooperation played an important role in increasing the willingness of countries outside of Spain to arrest and prosecute ETA members.<sup>319</sup> The inclusion of ETA members on the SDGT list has been credited with helping to “block the flow of finances to ETA” as well as increasing prosecutions.<sup>320</sup>

But if the SDGT designations worked against ETA, then why would one not see a similar impact of against other groups? There are at least two likely explanations. The first comes from the countries that partnered in the arrests, while the second explanation may have something to do with where the individuals were located.

The United States and Europe are, all in all, closely aligned when it comes to counterterrorism. For all the differences between the United States and European countries surrounding legal approaches to counterterrorism—such as detention policies, data sharing, and privacy—and differences in designations lists, the European Union and the United States continue to work closely and are more likely to implement and enforce each other’s counterterrorism initiatives.<sup>321</sup> That ETA operatives were located in Western countries, then, made their arrests a matter of investigating and identifying networks within relatively familiar and permissive environments. In fact, most of the SDGT arrests have occurred within Europe. European security agency arrests account for 40% of the total number of arrests, 37% of pre-designation arrests, and 44% of post-designation arrests. To be clear, whether arrests increased or decreased after designation varied by country, with a few countries such as the United Kingdom and France increasing arrests post-designation (Table 12). On the whole, however, the trend of fewer post-designation arrests holds for even the European continent.

**Table 12: Number of SDGT Designees Arrests in the Top Five European Countries (2001-2016)**

Country of Arrest	Number of SDGT Designee Arrests (U.S.-led arrests)	Total Number of SDGT Designees Arrested Before Designation (U.S.-led arrests)	Total Number of SDGT Designees Arrested After Designation (U.S.-led arrests)	Arrests Without Associated Dates
Italy	58	38	9	11
France	41	17	23	1
Germany	27	21	3	3
United Kingdom	21	9	12	0
Spain	15	12	3	0

Most of the financiers and leadership for the rest of the terrorist groups whose members have been designated as SDGTs, however, operate in environments that are more difficult to access than European countries. This fact alone makes their arrest more challenging because it requires that the U.S. government balance two difficult policy tradeoffs. The first option is that U.S. military, intelligence, and special operations forces conduct unilateral operations. These types of operations to capture and arrest terrorist leadership are relatively rare and tend to be focused on high-level targets. The other option available to the U.S. government, which it generally prefers, is to rely on the security forces of

318 Whitfield, p. 98.

319 Ramos, pp.127-129.

320 Jerez.

321 “U.S.-EU Cooperation Against Terrorism,” Congressional Research Service, March 2, 2010, pp. 1-3, 6 -13, 29-31.

the involved state to “combat terrorism within their own borders.”<sup>322</sup> The challenge is that sometimes these countries lack the military, intelligence, or law enforcement capabilities to combat terrorist groups. Other times, they are reluctant or unwilling to support U.S. efforts that might be viewed unfavorably by their own populations or are—on various levels—complacent in supporting terrorist groups.

Another interesting observation based on this data is that SDGTs are not always outside of state custody at the precise moment when they are actually designated. A significant portion of SDGT designees (110 individuals, 15% of total SDGTs) were designated after being arrested and while still in custody. Why would individuals be designated as SDGTs while they were already in custody? As was the case above, both the European-U.S. nexus and the attempts to influence foreign audiences come into play. Of the 110 individuals who were designated in custody, 51 designees (46% of those designated in custody) were convicted after their designations. Most of these designees (86%) were arrested in Europe, indicating a potential linkage between a terrorist designation and conviction in European courts.

It should be noted, however, that most of the individuals designated in custody and convicted in Europe were also placed on the United Nations’ 1267 designation list shortly before or after being designated as an SDGT. Indeed, the majority of the 111 individuals arrested after being designated (67 individuals; 60%) were also designated by the United Nations, offering some support to the idea that multilateral sanctions have a greater impact.

It is important to realize that the possibility of the U.S.-European connection is only a tentative finding. In fact, some evidence suggests that European entities actually tend to be less supportive of the global designation regime, viewing it as a violation of basic human rights. The European Court of Justice has ruled that supporting multilateralism should not take priority over the respect for human rights.<sup>323</sup> More comprehensive examinations of the details surrounding these cases would be required to understand the degree to which global bandwagoning of designations impacted these arrests and convictions.

Another stage of interest may be whether SDGT individuals are convicted more before or after their designation. Here again, the authors’ examination was inconclusive. While a higher percentage of individuals were found to have been convicted after designation than before designation (30% of arrested individuals before designation and 82% after), missing data concerns loomed large. Researchers were only able to find conviction and/or non-conviction data in 32% of the pre-designation arrests. Access to better data about the arrest records, convictions, and releases of SDGT detainees would greatly enhance understanding of what role a designation plays in ‘complementing and assisting’ judicial proceedings.

### *The Impact of SDGT Designations in Other Jurisdictions*

As discussed above, one of the underlying rationales of individual counterterrorism sanctions, encouraging action—or ‘promoting due diligence’—for states that otherwise might not act against terrorist financiers, leaders, and operatives, is one of the program’s intended impacts. SDGT designations, however, seem to play a limited role in encouraging these ‘reluctant states’ to act. Table 13 displays some states that, to various degrees, have been reluctant to fully disrupt terrorist financing in their jurisdictions. Kuwait and Qatar, for instance, were described by then Under Secretary for Terrorism and Financial Intelligence David Cohen as “permissive jurisdictions” for terrorist financing.<sup>324</sup> While U.S. pressure has encouraged both countries to reform their counterterror financing efforts to some

322 “National Strategy for Combating Terrorism,” The White House, February 2003.

323 Marieke de Goede, “Blacklisting and the ban: Contesting targeted sanctions in Europe,” *Security Dialogue* 42:6 (2011): pp. 499-515; Monika Heupel, “Multilateral sanctions against terror suspects and the violation of due process standards,” *International Affairs* 85:2 (2009): pp. 307-321.

324 Cohen, “Confronting New Threats in Terrorist Financing.”

degree,<sup>325</sup> SDGT designations do not seem to encourage arrest and prosecutions in Kuwait and Qatar. Saudi Arabia is another country often linked to terrorist financing, which, though reforms have taken place, does not necessarily view curbing terrorist financing with the same priority as the United States. Pakistan as well has proven reluctant to fully support international counterterror finance standards. In June 2018, Pakistan was placed on the Financial Action Task Force’s “Grey List” and a June 2019 review found it to be deficient in “effective implementation of targeted financial sanctions,” among other issues.<sup>326</sup> While Pakistan has been somewhat supportive of efforts to target al-Qa`ida, other groups such as LeT and Jaish-e-Mohammed have had a freer hand. Hafiz Saeed, the leader of LeT, who was designated as an SDGT in 2008, has been placed under house arrest a number of times only to be released.<sup>327</sup> Eventually, after significant U.S. and international pressure, Saeed was finally prosecuted and sentenced to a jail term of 11 years.<sup>328</sup>

**Table 13: Number of SDGT Designees Arrests in Select ‘Reluctant States’**

Country of Arrest	Number of SDGT Designee Arrests (U.S.-led arrests)	Total Number of SDGT Designees Arrested Before Designation (U.S.-led arrests)	Total Number of SDGT Designees Arrested After Designation (U.S.-led arrests)	Arrests Without Associated Dates
Pakistan	53 (1)	34	18 (1)	1
Kuwait	8	6	2	0
Saudi Arabia	8	5	2	1
Qatar	7	6	0	1

Table 13 displays the number of arrests of SDGT designees within the borders of some of these ‘reluctant states.’ It shows the total number of arrests within these countries, including both arrests conducted by each country’s security and police forces, as well as any arrests conducted by U.S. forces within that country. These arrests are shown for designees both prior to their SDGT designation and after, as well as the number of arrests within that country that cannot be associated with a date.

If an SDGT designation plays a significant role in “promoting due diligence” by states otherwise not inclined to arrest terrorist financiers by raising the profile of the designee and/or increasing international pressure for states to act, it can be assumed that more SDGT designees would be arrested after their designation than before. An examination of the pre- and post-designation arrests shows that, on its face, an SDGT designation does not seem to increase the number of arrests for individuals within the countries listed in Table 13.

Again, the cases of those designated while in custody require examination for this discussion. Just fewer than half of the SDGT designations in custody were part of arrests that happened outside of Europe and the Americas, but relatively few of these resulted in convictions after the designation. In fairness, many of these designations have occurred after judicial proceedings have occurred overseas and have likely served as efforts to either encourage foreign governments to continue to hold designees or, barring that, to prevent their ability to continue to participate in terrorist activity after release. One example of this is the trial of twins Brandon-Lee and Tony-Lee Thulsie who were arrested in July 2016

325 Katherine Bauer, “Grading Counterterrorism Cooperation with the GCC States,” Testimony before the Subcommittee on Terrorism, Nonproliferation, and Trade, Subcommittee on the Middle East and North Africa, Foreign Affairs Committee, U.S. House of Representatives, One Hundred Fifteenth Congress, Second Session, April 26, 2018.

326 Muhammad Ikram and Niala Mohammad, “Watchdog: Pakistan Could Still Be Placed on Blacklist,” VOA News, June 30, 2019; “Improving Global AML/CFT Compliance: On-going Process,” Financial Action Task Force, June 21, 2019.

327 Ayaz Gul, “US Asks Pakistan to Arrest Freed Cleric, Charge Him with Terrorism,” VOA News, November 24, 2017.

328 There was some discrepancy in news accounts regarding his jail sentence. One account put the sentence at 5.5 years. See Asad Hashim, “Pakistan court convicts Mumbai ‘mastermind’ in terrorism case,” Al Jazeera, February 12, 2020. Other newspapers noted that the 5.5-year sentence was for each count, or a total of 11 years. “Hafiz Saeed sentenced to 11 years in jail,” *Nation*, February 13, 2020; M. Ilyas Khan, “Hafiz Saeed: Will Pakistan’s ‘terror cleric’ stay in jail?” BBC, February 13, 2020.

and designated by the State Department in September 2017.<sup>329</sup> The press release noting the designation specifically stated that these designations served to “notify the U.S. public and the international community” regarding the terrorist threat the Thulsie brothers represented.<sup>330</sup>

In some cases, these designations might have effects in the long term. Take, for example, Abu Bakar Ba’asyir and Gun Gun Rusman Gunawan, both arrested for their roles in Jemaah Islamiya’s 2002 Bali bombings. The two, among others, were arrested and convicted, and served time in Indonesia.<sup>331</sup> Neither Ba’asyir nor Gunawan was designated during his trial. In April 2006, Ba’asyir and Gunawan were designated as SDGTs, a month before the Indonesian government provided them both an early release from prison.<sup>332</sup> Ba’asyir, however, was rearrested in 2011, and charged and convicted of supporting a terrorist camp within Indonesia. While the Indonesian Supreme Court considered a lower court’s reduction of his sentence to nine years, the Department of State designated the group responsible for the camp, Jemah Anshorut Tauhid (JAT), as an FTO and three of its leaders associated with Ba’asyir as SDGTs. Shortly thereafter, the court overturned the sentence reduction. Son Hadi bin Muhadjir, JAT’s spokesman and one of the individuals designated as an SDGT, attributed the ruling to the designations. “We suspected that the Supreme Court’s decision would turn out this way because of that announcement,” he said. “It clearly shows the pressure from the U.S. is very strong.”<sup>333</sup>

In other cases, it appears that when countries care less about U.S. counterterrorism pressure, designations while the individual is in custody have less effect. Take, for example, the case of Khalifa Muhammad Turki al-Subaiy, a Qatari-based financier who was designated after his conviction and arrest, though the designation has—at the time of this report’s writing—had no visible lasting impact. Al-Subaiy was convicted in absentia by the Bahraini High Criminal Court for terror financing-related charges in January 2008 and arrested in Qatar in March 2008.<sup>334</sup> He was designated by the United States as an SDGT shortly thereafter, in June 2008. Despite his designation, he served only a six-month sentence.<sup>335</sup> The Department of the Treasury continues to implicate him in the funding of terrorist groups, but Qatar, a state, as noted above, described by Under Secretary Cohen as a “permissive jurisdiction” for terrorist financing has not taken steps to hold him.<sup>336</sup>

On the whole, SDGT designations seem to do little to “promote due-diligence” abroad. There are likely better effects within countries interested in combating terror financing, but countries that are ‘reluctant’ to do so rarely appeared to change their approach due to designations of individuals within their borders.

Another potential indicator of the international impacts of SDGT designations was the number of individuals that were transferred between countries before and after designations. Although not legally required or implied by an SDGT designation, in some cases designated individuals may reside outside of the country in which they could be criminally prosecuted. An SDGT designation may provide the publicity necessary to impel states to take action to arrest these individuals and return them to their countries of origin to stand trial. If this were true, the authors would expect these transfers to happen more once individuals are designated.

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329 Naledi Shange, “Terror accused Thulsie twins head for trial,” *Sunday Times*, August 31, 2017.

330 “State Department Terrorist Designations of Tony-Lee Thulsie and Brandon-Lee Thulsie,” U.S. Department of State, September 19, 2017.

331 Richard C. Paddock, “Cleric’s Brother Goes on Trial in Indonesia Attack,” *Los Angeles Times*, June 22, 2004; Peter Taylor, “The jihadi who turned ‘supergrass,’” BBC, September 13, 2006.

332 “US blacklists Indonesia militants,” BBC, April 14, 2006.

333 Kathy Quiano, “Indonesian Supreme Court upholds 15-year Bashir sentence,” CNN, February 27, 2012.

334 “Treasury Designates Gulf-Based al Qaida Financers,” U.S. Department of the Treasury, June 5, 2008.

335 Robert Mendick, “Banker who financed 9/11 mastermind now funding terrorists in Syria and Iraq,” *Telegraph*, October 4, 2014.

336 Bauer, p. 8; Jaber Al Joodi, “Who is Khalifa al-Subaiy, former banker named among Qatar-linked terrorists?” *Al Arabiya*, June 10, 2017.

Many SDGTs were transferred between countries as part of extraditions to stand trial in other jurisdictions, as part of deportation proceedings, or to serve out their terms in different countries. Several were transferred to U.S. custody, either to face trial in federal court or detention in Guantanamo Bay. Of the 257 individuals arrested before they were designated, only 27 (10%) were transferred between countries. There were 39 recorded transfers, a rate of 1.4 transfers per individual. After designation, the number of individuals transferred between jurisdictions increased. Of the 111 individuals arrested after designation, 69 were transferred (62%).<sup>337</sup> For this population, there were 79 recorded transfers, or 1.1 transfers per individual. It is interesting that while the rate of transfers per individual decreased slightly, there was a significant increase in the number of those designees that were transferred between countries after their designation as an SDGT. The data does not conclusively indicate that designations are the driver behind this increase in transfers and coordination. It may be that, as result of the U.S.-led global focus on terrorism, transfers and inter-governmental coordination have increased across the board. The impact of a designation on the legal counterterrorism cooperation between governments, however, should be an area for future research.

In summary, the examination of the data related to arrests provided mixed results when it came to the impact of SDGT designations. In general, it does not appear to play a significant role in increasing the likelihood that an individual will be arrested. However, in the Western European context, it appears that sanctions might have an impact on the prosecutions of those arrested and, in very specific contexts, may increase counterterrorism cooperation leading to more arrests. Designations designed to pressure governments outside of Europe to increase arrests have had a much more limited impact, though concerted pressure has produced some results that appear less robust, especially for countries less interested in constraining terror financing. Additionally, the overall impact of a designation on convictions is inconclusive, although missing data concerns preclude any more definitive conclusion. Designation may impact the length of a detention, but again, more conclusive evidence is needed. Finally, there does seem to be some linkage between designations and increases in cooperation between countries with regard to the transfer of detained designees, although the exact mechanisms behind this are unclear.

In short, it seems the further a designee gets from the United States and Europe, the less the chances that designations seriously impact their lives through the judicial system in any meaningful way that the data presented here can measure.

### *Deaths of SDGT Individuals*

Arrests and judicial actions are by no means the exclusive (or in some cases, the primary) methods that the U.S. government have used to deal with terrorist actors. Members of terrorist groups operating within active conflict zones, for instance, are difficult to arrest, and as discussed in the previous section, an SDGT designation does little to encourage arrest in those environs. Military action, including the targeted killing of terrorist leadership, has played a prominent role in U.S. counterterrorism efforts, especially within these conflict zones. This section will explore the extent to which individuals designated as SDGTs have been killed by security forces.

To be clear, an SDGT designation is not an indicator of kinetic targeting by the U.S. government. But as the SDGT designation is the most public individually focused U.S. government counterterrorism

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337 Of note, 39 of these individuals (56%) were also designated by the United Nations. This may be an indicator that a U.S. designation carries an impact on these transfers. If simply being designated broadly was the driving factor, one might assume that a higher number would have been U.N. designees.

tool,<sup>338</sup> it is worth examining how many SDGT designees have been killed by security forces to better understand the list's potential deterrent function.

The first challenge is determining whether terrorist actors are deceased. This is difficult to do when relying exclusively on open sources. In some cases, the deaths of key leaders, such as Usama bin Ladin and Anwar al-Awlaki, are officially confirmed and publicized as counterterrorism victories. More often, the deaths of terrorists are the result of covert actions, either designed to be denied or whose publication might reveal military and intelligence capabilities or sources that governments wish to remain secret. Not only do these deaths often lack confirmation, but sometimes even official confirmation ends up being incorrect. Determining an individual's death as part of an airstrike without having 'boots on the ground' is often uncertain work. Several terrorist leaders have been reportedly killed only to reemerge as alive, in some cases repeating the cycle two or three times.<sup>339</sup> The discussion that follows relies on open-source reporting, media accounts, and terrorist communiqués to provide researchers with the best understanding regarding the deaths of SDGT designees.

Of the 718 individual SDGT designees within the data, 102 (14%) had died since their designation through the end of 2016. A small number of these deaths resulted from natural causes (six individuals) or were cases in which the cause of death could not be clearly ascertained (five individuals). Most of these individuals (91 designees), however, died violent deaths, most often at the hands of military or law enforcement security forces.<sup>340</sup>

The security forces of 14 different countries are responsible for the deaths of the 90 SDGTs within the data who had been killed through the end of 2016. The United States (or coalition forces) was responsible for the majority of the deaths (65%) (Table 14). Airstrikes and special operations raids, now staples of counterterrorism operations, represent the overwhelming majority of the deaths of SDGT designees. A smaller number of deaths occurred during combat operations in conflict regions such as Iraq, Syria, and Afghanistan, and in law enforcement raids within countries such as the Philippines and Indonesia.

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338 In a discussion of the "other effects" of E.O. 13224, the Department of State highlighted the fact that the list "heightens public awareness and knowledge of individuals or entities linked to terrorism." While serving as the Deputy Secretary of the U.S. Department of the Treasury, Samuel W. Bodman described the SDGT program as the U.S. government's "primary, and most public, tool." See "Executive Order 13224: Effects of Designation;" Samuel W. Bodman, "Counterterror Initiatives and Concerns in the Terror Finance Program," Remarks before the Senate Committee on Banking, Housing and Urban Affairs, One Hundred Eighth Congress, Second Session, April 29, 2004.

339 John Campbell, "Notorious Algerian Terrorist Mokhtar Belmokhtar Could Still Be Alive," Council on Foreign Relations, June 14, 2018.

340 In two cases, designees were killed as part of intergroup fighting.

*Table 14: Countries Responsible for SDGT Deaths and Method of Death (2001-2016)*

Country	Number of Deaths	Percentage
United States	59	65%
Indonesia	6	7%
Pakistan	5	5%
Israel	4	4%
Philippines	4	4%
Russia	4	4%
Chad	1	1%
France	1	1%
Germany	1	1%
Iran	1	1%
Niger	1	1%
Nigeria	1	1%
Somalia	1	1%
Syria	1	1%
Yemen	1	1%

Security-Related Causes of SDGT Deaths	Number of Deaths
Security Forces, Airstrike	56
Security Forces, Military Raid	12
Security Forces, Combat Operations	7
Security Forces, Law Enforcement Raid	7
Security Forces, Other	7
Judicial, Execution	2

SDGTs designated by the Department of State accounted for only a small percentage of those who were killed (15 individuals; 16%), although this tracks with the overall percentage of designations the State Department is responsible for.<sup>341</sup> The majority of those individuals killed (76 designees; 84%) were designated by the Department of the Treasury.

The purpose of this section is not to suggest that an SDGT designation triggers kinetic targeting. Aside from raising the profile of the SDGT individual, there is not a good theoretical reason to suspect any relationship between designation and the death of an SDGT individual at the hands of security forces. However, this examination of SDGT deaths, combined with the previous section on arrests, shows that those who are the targets of SDGT designations are often the targets of a variety of elements of governmental power. After all, those who are designated as SDGTs are not foot soldiers and peripheral players, but rather tend to be providing an important level of support or leadership to terrorist organizations.

*Continued Involvement of SDGT Individuals in Terrorist Attacks*

A final consideration of the impact of the SDGT designation comes in examining the list’s impact on constraining the terrorist activity of the designees. Researchers examined each case to see if, aside from militant activity in general, designees could be concretely linked to the support, planning, or commissioning of a terrorist attack or directly tied to involvement in fighting in conflict zones on behalf of a designated terrorist group. Relatively few designees (57 individuals, 8% of the total list) have been involved in terrorist attacks since their designation. The majority of these individuals (37 designees; 64% of those who had conducted attacks post designation) have been leaders within their organizations.

It may be expected that operatives, those who conduct and plan attacks, would be the population most

341 Two caveats apply. First, the data collection goes through 2016, and several prominent SDGT individuals designated before then have been killed since data collection closed. Second, as mentioned above, information regarding deaths was coded using open source information, meaning some individuals may have been killed in counterterrorism operations that have not been made public.

likely to have conducted an attack after being designated. This, however, does not seem to be the case. Of the 57 individuals who had been linked to a terrorist attack after designation, only five individuals (9%) were operatives. The majority of those who were linked to terrorist attacks within the data served in leadership roles (37 individuals, 64%).

Why might that be the case? It may be that the travel restrictions and increased notoriety that accompany SDGT designations have constrained the ability of operatives to travel, preventing them from conducting additional attacks. Only one of the five operatives found to have been linked to a terrorist attack within the data conducted an attack within a Western country, and in that case, the individual conducting the attack did not travel to the country, but had been released after serving an eight-year prison sentence.<sup>342</sup> The other four operatives were connected with militant activity on behalf of terrorist groups in Southeast Asia, Iraq, or Syria. Leaders and financiers (64% and 26% of individuals connected to terrorist attacks, respectively), on the other hand, are more able to provide direction and funding without travel, allowing them to coordinate and facilitate attacks regardless of the travel restrictions imposed by an SDGT designation.

That only 8% of all designees have been able involved in perpetrating a terrorist attack since their designation is notable. While this finding does not include continued involvement in terrorist activity and recruiting short of carrying out an attack, it does suggest that the exclusion from the financial sector and travel restrictions that accompany an SDGT designation play a role in reducing their direct participation in terrorist plots.

It should be noted that this finding is preliminary. Data on the involvement of terrorists in attacks is difficult to gather in the open source. A more thorough examination of militant roles pre- and post-designation is required to describe the impact of designations on operational activity in greater detail.

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<sup>342</sup> Rafik Yousef, an Iraqi living in Germany, was arrested, charged, and convicted in 2008 of plotting to kill Iraqi prime minister Ayad Allawi during a visit to Germany in 2004. He was designated as an SDGT in 2005. Following his release in 2013, he wore an electronic tag in order to allow the German authorities to track his movements. In September 2015, he attacked a policewoman with a knife. He was shot and killed during the attack. See U.S. Department of the Treasury, "Recent OFAC Actions," Office of Foreign Assets Control, 2005; "Germany police shoot Berlin Islamist after knife attack," BBC, September 17, 2015; and "Berlin police shoot dead convicted militant after knife attack," Reuters, September 17, 2015.



## Chapter 4: Conclusion

Targeted economic sanctions have been described as the “precision guided weapon of the 21st century.”<sup>343</sup> Despite their increasing use as a counterterrorism tool since 2001, relatively little work has been done to understand their impact, effectiveness, and challenges. This report has focused on the U.S. government’s application of counterterrorism sanctions at the group and individual level, examining their role and impact through a variety of data collection efforts. It has examined the number of attacks and fatalities conducted by terrorist groups after their designation as an FTO as well as the arrests and activities of individuals after their designation as an SDGT.

While this analysis is useful in beginning to assess the impact of counterterrorism sanctions, one perspective has been missing from this discussion—that of the targets of these sanctions, terrorist groups and leaders themselves. Before concluding this report, the authors wish to discuss a few anecdotal examples of how terrorists themselves, the targets of these sanctions, talk about sanction programs and efforts.

### Terrorist Perspectives of U.S. Counterterrorism Sanctions

Counterterrorism sanctions, both at the group and individual level, play an important role in ostracizing terrorist groups from the international financial system to constrain their financing. While data collection can help provide insights into their effectiveness, looking at this data alone is insufficient. Sanctions are as much about changing behavior and deterring support for terrorist groups as they are isolating terrorists. To this end, it is important to examine sanctions from the perspective of terrorist groups. While this is admittedly difficult to do in a comprehensive fashion, the statements, literature, and behavior of terrorist groups provide limited opportunities to consider the perspective of these organizations. This section uses several types of evidence to explore the terrorist perspective of counterterrorism sanctions and, in doing so, hopefully sheds additional light on the impact of this counterterrorism tool.

The first point to consider is whether a group’s designation as an FTO or the designation of its members as SDGTs seems to impact the groups. There is evidence to support this. Take, for instance, the Taliban, one of the longest sanctioned groups. The Taliban have been subject to U.S. sanctions ever since President Clinton signed Executive Order 13129 in 1999.<sup>344</sup> Since that time, at least 35 individuals affiliated with the Taliban have been added to the SDGT list.<sup>345</sup> In addition, the United Nations’ 1988 Sanctions Committee currently lists 134 individuals as members of the Taliban, blocking their international travel and freezing their accounts.<sup>346</sup> That these designations have been a hinderance to the Taliban’s ability to operate can be seen in the continued requests from Taliban envoys to have sanctions lifted and, specifically, the removal of Taliban leaders from U.N. and U.S. “blacklists” as one of the first requests made as part of potential negotiations to end the conflict in Afghanistan.<sup>347</sup> Given this effort, it is not surprising that the removal of U.S. sanctions, as well as U.S. support from removing U.N. sanctions, was a key part of the Doha peace agreement between the United States and the Taliban that emerged in February 2020.<sup>348</sup>

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343 Michael Hayden, *Playing to the Edge: American Intelligence in the Age of Terrorism* (New York: Penguin Press, 2016), p. 167.

344 Executive Order 13129.

345 See the section in Chapter 3 discussing the functional roles of SDGTs within terrorist groups, specifically Figure 21: SDGT Designations Against the Taliban, Over Time and By Primary Role.

346 “Narrative Summaries: 1988 Sanctions Committee,” United Nations Security Council.

347 Matt Waldman, “Dangerous Liaisons with the Afghan Taliban,” United States Institute of Peace, October 2010; Coll, *Directorate S*.

348 David Welna and Colin Dwyer, “U.S. Signs Peace Deal With Taliban After Nearly 2 Decades Of War In Afghanistan,” NPR, February 29, 2020.

Other groups have gone beyond simply asking to be removed from sanctions lists to employing violence against those enforcing the sanctions. In December 2015, the U.S. Congress passed the Hizballah International Financing Prevention Act of 2015, a bill designed to provide the U.S. government with additional tools to target Hezbollah's financial support infrastructure and prevent the group from accessing international financial institutions.<sup>349</sup> The legislation threatened stiff penalties—including a denial of access to the U.S. banking sector—for foreign financial institutions engaged in transactions with Hezbollah. At the same time, the U.S. government stepped up designations against the group, designating 21 individuals as SDGTs in 2015 and 2016.

Lebanon's banks, led by Central Bank Governor Riad Salameh, signaled their intent to enforce the regulations and, beginning in April 2016 in conjunction with the new law's implementation, began closing accounts for individuals and institutions linked to Hezbollah.<sup>350</sup>

Hezbollah's secretary-general, Hassan Nasrallah, made multiple statements claiming that the sanctions would have no impact on the group, stating that they had no accounts in Lebanese banks. At the same time, he decried the new regulations, claiming that the U.S. allegations that Hezbollah was involved in drug trafficking, human trafficking, and money laundering were both untrue and unjust. "This is a political accusation," he said in December 2015 three days after the bill was signed into law, "part of a political, security, and military campaign in the region, aimed at tarnishing Hizbullah's [sic] image in the eyes of the peoples of the world ... It is part of a psychological war that will not succeed."<sup>351</sup>

Despite his assertions the sanctions would be ineffective, Nasrallah displayed concerns in his December 2015 and May 2016 statements, both subtly warning banks not to go too far in their enforcement of the regulations and highlighting the importance of individual donors. "Therefore," he said in May 2016 after Lebanese banks began enforcing the sanctions, "today, when we stand before America's, Israel's, and Saudi Arabia's attempts to dry up our sources of funding, we must realize that the sums donated by this or that family via the Islamic Resistance Support Organization, even if modest, are in fact very large and extremely valuable sums."<sup>352</sup>

Other Hezbollah supporters were less subtle, with Hezbollah members of parliament releasing a statement describing Central Bank Governor Riad Salameh's enforcement of the sanctions as "a form of unjustified surrender to the American financial mandatory authority in Lebanon."<sup>353</sup> The Lebanese press reported that Salameh's enforcement actions were in direct contrast with secret agreements he made with Hezbollah that would have mitigated the impact of the sanctions, namely allowing Hezbollah members to open accounts in Lebanese lira.<sup>354</sup> Hezbollah criticism grew increasingly sharp, with Hezbollah-linked figures claiming the Salameh had gone too far and hinting that Hezbollah would react and "upend everything."<sup>355</sup> On June 11, 2016, a pro-Hezbollah news outlet, al-Akhbar, ran an article entitled "Hezbollah to banks: Enough conspiring," in which it singled out one bank in particular, Banque du Liban et d'Outre-Mer (BLOM).<sup>356</sup> In other articles released the same day, BLOM

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349 "Statement by the Press Secretary on the Hizballah International Financing Prevention Act of 2015," The White House, December 18, 2015.

350 Tony Badran, "Hezbollah's Incendiary Threat to Lebanon's Banks," Foundation for Defense of Democracies, June 13, 2016; H. Varulkar and E. B. Picali, "As Lebanon's Banks Begin To Implement U.S. Sanctions Against Hizbullah, Hizbullah Criticizes Banking Sector, Warns Of Chaos In Lebanon And More 'Actions Against The American Takeover Plan,'" Middle East Media Research Institute, May 17, 2016.

351 Varulkar and Picali.

352 Ibid.

353 Ibid.

354 Ibid.

355 Ibid.

356 Badran.

was accused of “leading the soft financial war on Hezbollah.”<sup>357</sup> The following day, June 12, a bomb exploded outside the Beirut headquarters of BLOM.<sup>358</sup>

Much like the Taliban’s emphasis on making sanctions removal part of any and all negotiations, Hezbollah’s willingness to use threats and (presumably) violence to pressure the Lebanese banks to curtail their enforcement of U.S. sanctions provides insight into the effect sanctions have on groups, despite their public messaging to the contrary. More recently, further statements from Nasrallah have confirmed the impact that sanctions have had. In a March 2019 speech, Nasrallah had to solicit donations for sympathetic parties, very clearly connecting the dots between sanctions and the current economic conditions under which the group operated by saying that “financial difficulties that we may face are a result of this (financial) war.”<sup>359</sup> It has been suggested by some analysts that the sanctions effort has also resulted in reduced or missed wages by a range of individuals at all levels of the organization.<sup>360</sup>

The Taliban and Hezbollah, however, are not the only groups that have identified the impact of U.S. counterterrorism designations. In a December 2019 editorial in its weekly Arabic newsletter, *Al Naba*, the Islamic State discussed the challenges of being designated on the “American ‘lists of terrorism.’” The article highlights the fact that while some groups initially consider such a designation as an “honor” for being seen as representing a danger to the United States, over time they begin to realize that the designation and the pressure that the U.S. and international community can bring to bear have additional impacts.<sup>361</sup> Specifically, the author notes, the designation has impacts beyond the group itself and means that anyone supporting a designated group will be seen as “an enemy to America,” creating challenges when groups desire legitimacy, recognition, or the ability to engage in negotiations.<sup>362</sup>

In addition, the author notes, such a designation will frustrate attempts at receiving support from “the governments of the tyrants.”<sup>363</sup> Countries and organizations that might be sympathetic to a designated group’s goals might be “embarrassed” by their relationship with a designated group and risk affecting “their relationships with America and its allies.”<sup>364</sup> In addition, any support or funding provided a designated group may be “declared material support for terrorism” and may “expose them to economic and political sanctions from the Americans.”<sup>365</sup> While these impacts are not described by the author as detrimental to the Islamic State, the article does paint a picture of other groups being “pushed toward any direction America wants” by the impacts of the designation.<sup>366</sup>

This raises a second consideration: can counterterrorism sanctions have an impact on a terrorist group’s behavior? Here again, terrorist actions and communications prove instructive, showing evidence that designated groups may attempt to distance themselves from the label of terrorism to increase their ability to work with other groups and state actors. Indeed, terrorism designations may serve as a deterrent to individuals considering supporting these groups.

Take, for example, the efforts of Jabhat al-Nusra, the one-time al-Qa`ida affiliate in Syria, to distance itself from the al-Qa`ida brand in order facilitate its ability to work with a broader range of actors. Rumors of an impending organizational split between al-Nusra and al-Qa`ida first emerged in March

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357 Ibid.; “Banks begin the war on Hezbollah,” *Lebanon Debate*, June 11, 2016.

358 John Davison, Laila Bassam, Lisa Barrington, and Tom Perry, “Bomb blast in central Beirut aimed at bank: minister,” Reuters, June 12, 2016.

359 “Lebanon’s Hezbollah appeals for donations to combat sanctions,” *Al Jazeera*, March 9, 2019.

360 Hanin Ghaddar, *U.S. Sanctions Are Hurting Hezbollah* (Washington, D.C.: Washington Institute for Near East Policy, 2019).

361 “The Season of Escape from ‘The Lists of Honor,’” *Al Naba*, Issue 212, December 12, 2019.

362 Ibid.

363 Ibid.

364 Ibid.

365 Ibid.

366 Ibid.

2015, with the split alleged to have been connected to al-Nusra's ability to receive increased funding if it separated itself from al-Qa`ida.<sup>367</sup> Although al-Nusra's leaders immediately denied the allegation that it intended to split with al-Qa`ida,<sup>368</sup> by 2016 the group had rebranded itself as Jabhat Fateh al-Sham (JFS) and claimed it would have "no affiliation to any external entity."<sup>369</sup> The announcement, which would prove to be a contentious one within jihadi circles, was partly aimed at creating a distance, whether real or imagined, between al-Qa`ida and JFS in order to facilitate mergers with other Syrian groups unwilling to closely link themselves to al-Qa`ida.<sup>370</sup> While the announcement did not specifically mention financing, it did highlight the group's desire to complicate U.S. and Russian efforts to target the group through its rebranding. In making the announcement, the group's leader, Abu Muhammad al-Julani, stated that it hoped to "expose the deceptions of the international community ... in their relentless bombardment and displacement of the Muslim masses of Al Sham under the pretense of targeting Jabhat al Nusrah, an al Qaeda affiliate."<sup>371</sup>

Over the next year, relations between the newly christened JFS and al-Qa`ida deteriorated, and in 2017, the JFS merged with other jihadi groups to form Hay'at Tahrir al-Sham (HTS), effectively severing all organizational ties with al-Qa`ida.<sup>372</sup> In response to the formation of HTS, al-Qa`ida leader Ayman al-Zawahiri released a statement obliquely criticizing the group's decision to sever ties.<sup>373</sup> In his statement, which did not specifically reference the group by name, he criticized groups trying "escape from facing reality and seek(ing) to repeat the same failed experiment ... [of trying to] deceive America," referring to the "argument that by breaking ties to al-Qa`ida, jihadists could protect themselves from counterterrorism scrutiny."<sup>374</sup> Interestingly, as he elaborated, al-Zawahiri clearly referenced the deterrent impact of U.S. designations on potential financiers (emphasis added):

"Those who wish to absolve themselves say, 'We want to avoid bombings ... we want to flee from being designated as terrorists ... *the financiers have made it conditional upon us to wash our hands of those disliked by America, lest we too are designated as terrorists...* we do not want the aid being extended to the refugees to be cut off ... we will not be able to unite if we retreat into our shells ...'"<sup>375</sup>

The attempts at disengaging from the al-Qa`ida name, however, did not shield HTS from being categorized as a terrorist group. In May 2018, the U.S. Department of State designated HTS as an alias of Jabhat al-Nusra, effectively classifying the newly created group as an FTO.<sup>376</sup> The designation so bothered HTS that it issued a public statement decrying the U.S. designation and requesting proof of the group's terrorist affiliations.<sup>377</sup>

Changing names in order to subvert the impact of a terrorist designation is not only limited to groups attempting to distance themselves from al-Qa`ida's reputational stigma. Lashkar-e-Taiba (LeT) has employed the tactic within Pakistan in order to continue to operate without interference in the face

367 Mariam Karouny, "Insight - Syria's Nusra Front may leave Qaeda to form new entity," Reuters, March 4, 2015.

368 "Al-Nusra Front denies plans to break away from al-Qaeda," Middle East Eye, March 10, 2015.

369 Thomas Joscelyn, "Analysis: Al Nusrah Front rebrands itself as Jabhat Fath Al Sham," FDD's Long War Journal, July 28, 2016.

370 Charles Lister, "How al-Qa`ida Lost Control of its Syrian Affiliate: The Inside Story," *CTC Sentinel* 11:2 (2018).

371 Thomas Joscelyn, "Transcript of Abu Muhammad al Julani's Speech," FDD's Long War Journal, July 29, 2016.

372 Lister.

373 The authors would like to thank Muhammad al-`Ubaydi for providing al-Zawahiri's statement.

374 Lister.

375 Ayman al-Zawahiri, "We Shall Fight You Until There Is No More Persecution," As-Sahab Media, October 4, 2017.

376 "Amendments to the Terrorist Designations of al-Nusra Front," U.S. Department of State, May 31, 2018.

377 The U.S. Department of State's designation of HTS claimed that the "United States is not fooled by this al-Qa`ida affiliate's attempt to rebrand itself." The HTS rebuttal reinforced previous HTS claims that HTS had divorced itself from the influence of outside groups, and demanded that the United States provide evidence to support the claim that HTS was an al-Qa`ida affiliate. "HTS responds to US designations as terrorist group," Syria Call, June 1, 2018.

of increasing international pressure. LeT was initially designated as an FTO by the United States in December 2001, following its implication in an attack on the Indian Parliament earlier that month.<sup>378</sup> Pakistan, under U.S. pressure to curb its support for terrorist groups and international pressure following the Indian Parliament attack, followed suit in January 2002.<sup>379</sup>

Following the ban on LeT within Pakistan, members of the groups began operating under the name of the charity Jamaat-ud-Dawa (JuD), established in 2001, despite claims of the group's leader, Hafiz Muhammad Saeed, to the contrary.<sup>380</sup> JuD was designated as an alias of LeT by the United States in April 2006, with the Department of State claiming the attempt at renaming itself was an effort to "evade sanctions."<sup>381</sup> In May 2008, the United States further targeted LeT, designating Saeed and three other leaders as SDGTs.<sup>382</sup> The United Nations designated JuD in December 2008, a month after LeT conducted a three-day siege in Mumbai, India.<sup>383</sup> The U.N. designation prompted a Pakistani response against JuD, arresting leaders and attempting to freeze the group's assets.<sup>384</sup> In response, the group again changed names, operating under the banner of the Falah-i-Insaniat Foundation. In November 2010, the United States again designated the group as an FTO.<sup>385</sup> In 2011, however, Pakistan's ban against the previously designated JuD lapsed and the group was able to operate freely.<sup>386</sup>

In 2017, again in the face of international pressure, Pakistan acted against LeT and Saeed, placing him under house arrest and placing JuD and FIF under observation.<sup>387</sup> The organization rebranded yet again, this time under the name Tehreek Azadi Jammu and Kashmir, which Pakistan banned in June 2017 and the United States designated in April 2018.<sup>388</sup> Despite the bans, Saeed was again release from prison and JuD removed from the banned list. It was added again, and Saeed was again placed under house arrest in early 2018, in a last-minute effort by the Pakistani government to show action against Saeed and LeT activity in advance of a FATF decision to place Pakistan on its "grey list" of states not fully cooperating with counterterrorism finance regimes.<sup>389</sup>

LeT's history of organizational transformation and Saeed's continued arrests and releases show both the impact and the limits of U.S. terrorist designations. The pressure generated by U.S. and international designations of each of LeT's various incarnations demonstrates the degree to which the designation has an impact on the ability of a group to operate. The fact that the group needs to reflag is an indication that the designation does impact the group. Indeed, in March 2018, there were reports that a rift appeared within LeT, due to financial constraints following the Pakistani government's ban of JuD. Reportedly, Saeed and Maulana Amir Hamza, a co-founder of LeT and another SDGT, had

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378 "Treasury Targets LET Leadership."

379 Abubakar Siddique, "Charity Linked to Lashkar-e-Taiba Under the Spotlight," Radio Free Europe, December 11, 2008; "India – Pakistan Tensions Rise Following Parliament Attack," PBS News, December 18, 2001.

380 Siddique.

381 "Addition of Aliases Jamaat-Ud-Dawa and Idara Khidmat-E-Khalq to the Specially Designated Global Terrorist Designation of Lashkhar-E-Tayyiba," U.S. Department of State, April 28, 2006.

382 "Treasury Targets LET Leadership."

383 Bill Roggio, "UN declares Jamaat-ud-Dawa a terrorist front group," FDD's Long War Journal, December 11, 2008.

384 Matthew Rosenberg and Glenn Simpson, "Money Eludes Pakistan's Crackdown on Accused Terror Group," *Washington Post*, December 13, 2008.

385 "Secretary of State's Terrorist Designation of Falah-i-Insaniat Foundation," U.S. Department of State, November 24, 2010.

386 "26/11: Pakistan drops JuD from terror list," News18, November 7, 2011.

387 Santosh Chaubey, "Pakistan bans Hafiz Saeed's new terror front Tehreek-e-Azad-Jammu Kashmir," *India Today*, June 30, 2017; Sajjad Hussain, "JuD rebrands under new name TAJK days after crackdown by Pakistan," LiveMint, February 4, 2017; Wajahat S. Khan, "Analysis: Here's Why Pakistan Finally Arrested Hafiz Saeed," NBC News, February 4, 2017.

388 Chaubey; "Organizations Proscribed by Ministry of Interior," Government of Pakistan National Counter Terrorism Authority, July 26, 2019; "Counter Terrorism Designation Updates," Office of Foreign Assets Control, April 3, 2018.

389 "Hafiz Saeed's house arrest extended by another month," *Economic Times*, July 14, 2018; Kay Johnson and Drazen Jorgic, "Global watchdog to put Pakistan back on terrorist financing watchlist: sources," Reuters, February 23, 2018.

a falling out regarding the group's finances, with Hamza leaving LeT to seek funding elsewhere and form his own group, Jaish-e-Manqafa.<sup>390</sup>

At the same time, this constant reflagging demonstrates the limits of U.S. influence. U.S. sanctions and designations alone do not seem to pressure states to act within their jurisdictions against terrorist financiers or leaders. Few, if any, of LeT's name changes or Pakistan's arrests of LeT leadership occurred after a U.S. designation alone. That said, U.S. designations are often the starting point for building the international pressure that induces unwilling states to act to constrain terrorist groups working within their borders. This induced action, however, as LeT's story shows is not undertaken with zeal, nor is it always effective. LeT and Saeed's chapter is not yet over, with Saeed having been arrested and convicted of terror financing by Pakistan in an attempt to avoid being placed on the FATF's blacklist.<sup>391</sup> The longevity of his 11-year sentencing remains to be seen.

Taken together, the Taliban's desire to have sanctions lifted and the Islamic State's articulation of the challenges of designation, as well as the violent means that Hezbollah employed to dissuade banks from following the sanctions regime all seem to indicate that the impacts of terrorist designations appear to have on these groups. Al-Nusra's attempts to distance itself from al-Qa`ida in order to improve its ability to receive funding lends credence to the argument that designations may impact group behavior and might have a deterrent impact on potential financiers. The constant name changes of LeT's affiliated organizations and their eventual banning in Pakistan indicate that sustained sanctions pressure may have some limited impact in the calculus of state actors supporting terrorist groups and the discord between Saeed and Hamza may also indicate that the financial pressure can impact group decision making.

### Bringing It All Together

Are counterterrorism sanctions effective? There is no easy answer to this question. As has been discussed throughout this report, there is no single metric or set of metrics that have been agreed upon or articulated in policy documents for what an effective sanctions regime against terrorist groups or individuals would look like. Consequently, the authors attempted in this report to collect a wide array of data to look at the impact of sanctions from as many angles as possible. Despite these efforts, however, a conclusive result is still evasive. This report has shown anecdotal instances where designations have impacted groups and individual behavior, but overall there has not been a systemic and consistent result. The authors are left with the conclusion that while sanctions alone can have limited impacts, they are certainly not a silver bullet for the problem of terrorism. This finding should not be disappointing or a reason to cease or reduce sanctions-related activities. As with any other counterterrorism tool, it is critical that sanctions are utilized within an integrated counterterrorism approach that incorporates a variety of diplomatic, military, intelligence, and law enforcement tools.

More specifically, in Chapter 2, the authors examined the impact that being listed as an FTO had on several aspects of a group's operations. In the end, the result was that there did not appear to be many tangible indicators that being designated altered a group's behavior. For example, there was no clear drop in attacks or fatalities after a group's designation as an FTO, nor did it seem to impact a group's decisions to attack Americans or employ suicide bombing. At the same time, however, there is some evidence to support the idea that an FTO designation may check a group's upward trajectory and that its impacts may be felt more over the long-term. The discussion in this chapter did point out two important impacts of the FTO designation. The first is as a springboard for international cooperation, which Phillips' 2019 study showed to be an important part of the overall sanctions effort. The other was that the FTO designation itself could be leveraged by the U.S. government (through the FBI and

390 Jitendra Bahadur Singh, "LeT co-founder Amir Hamza forms separate terror outfit over lack of funds," *India Today*, March 13, 2018.

391 Asad Hashim, "Pakistan's Hafiz Saeed indicted on 'terror financing,'" *Al Jazeera*, December 11, 2019; Haroon Janjua, "Hafiz Saeed conviction: Is Pakistan finally acting against Islamists?" *Deutsche Welle*, February 14, 2020.

Department of Justice) to investigate and prosecute individuals for providing material support to the designated organizations. Regardless of the ultimate impact on the group, the ability to remove dangerous individuals should not be undervalued.

The impact of individual designations is equally variable. The discussion within Chapter 3 shows unclear relationships as well. Arrests of SDGT designees after their designation, despite the increased notoriety that comes with the label, do not seem to increase in general, nor do U.S. designations necessarily mean that foreign countries will take action against their citizens implicated in financing terrorism. It is worth noting, however, that the ETA case demonstrates the potential for these designations to have a greater impact within Western countries, increasing counterterrorism cooperation, a point worth considering as the United States continues to debate the best way to deal with foreign white supremacist organizations, whether as FTOs, SDGTs, or both.<sup>392</sup> More comforting, however, are the relatively small number of SDGT designees that can be directly traced to terrorist attacks after their designations.

While more research is needed, this basic analysis does not indicate that an FTO listing or SDGT designation, in and of itself, significantly degrades or destroys these organizations, although anecdotal examples exist of tangible impacts. The potential normative, deterrent, and political impacts of an FTO listing or SDGT designation are much harder to assess. It may be the case that listing a group or designating an individual is worth doing because it sends a signal about U.S. priorities and resolve to combat terrorism. Or it may be a way to show support to partner or ally currently facing challenges posed by terrorist actors. Finally, there is no counterfactual to which these results can be compared. What would the world of terrorist groups and individuals have looked like in the absence of the FTO list or E.O. 13224?

Although this report has provided more information on these programs, this question is the critical one. Despite the difficulty in assessing the “effectiveness” of counterterrorism sanctions through these measurable metrics, the authors ultimately believe that the role they play in isolating terrorist groups remains an important one. The behavior of terrorist groups in response to designations demonstrates that these sanctions can have impacts beyond what is easily measurable. This does not mean that improvements cannot and should not be made. For example, it may be necessary to expand the population of potential SDGT designees to include those individuals whose recruitment and propaganda contribute greatly to terrorist groups, despite potentially having a limited operational role. Thinking carefully about how to better account for the role of women in terrorist organizations is another important area for consideration that has been identified by this report.

Counterterrorism sanctions will continue to be employed as U.S. counterterrorism officials and policymakers grapple with how best to curb terrorism across the globe without embarking on costly military campaigns. These designations can, and should, be employed to hinder the ability of terrorist groups to finance their operations, travel, and operate freely. These targeted sanctions, however, are limited in their impact, and it is important to continue to understand their impact in order to employ them in the most effective manner. It is the authors’ hope that this report is one small step toward enhancing that understanding.

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392 Mary B. McCord, “White nationalist killers are terrorists. We should fight them like terrorists,” *Washington Post*, August 8, 2019; Amy Collins, “If the Shoe Fits: Designating Foreign White Supremacy Extremist Groups,” *War on the Rocks*, February 4, 2020.

*Appendix: Blocked Assets Within the U.S. Financial System (2001-2016)*

**Table A: Blocked Assets as Reported in the Department of the Treasury Terrorist Asset Report (2001-2016)<sup>393</sup>**

Financial Organizations	2001	2002	2003	2004	2005	2006	2007	2008
AL-QAIDA	\$1,125,025		\$771,956	\$3,889,655	\$7,457,579	\$7,764,452	\$11,324,361	\$11,504,602
HAMAS	\$6,496,845	\$5,545,889	\$5,196,634	\$5,893,101	\$6,201,874	\$8,405,981	\$8,658,832	\$8,480,705
HIZBALLAH						\$108,176	\$437,281	\$4,218,222
ISLAMIC REVOLUTIONARY GUARD CORPS (IRGC)-QODS FORCE								
ISLAMIC STATE OF IRAQ AND THE LEVANT (ISIL)								
KAHANE CHAI	\$200	\$201	\$201	\$201	\$201	\$201	\$201	\$201
LASHKAR-E JHANGVI								
LASHKAR-E TAYYIBA								
LIBERATION TIGERS OF TAMIL EELAM (LTTE)							\$134,916	\$496,499
MUJAHEDIN-E KHALQ ORGANIZATION				\$90,073	\$108,255	\$109,565	\$111,423	\$112,836
NEW PEOPLE'S ARMY				\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
PALESTINIAN ISLAMIC JIHAD	\$17,746	\$17,746	\$17,746	\$17,746	\$18,795	\$19,044	\$63,508	\$63,682
RAJAH SOLAIMAN MOVEMENT								
REVOLUTIONARY ARMED FORCES OF COLOMBIA (FARC)								
TALIBAN		\$8,342	\$5,394	\$1,809	\$2,648	\$2,648	\$2,648	
OTHER								
Total Blocked Funds relating to SDTs, SDTs, FTOs	\$7,639,816		\$5,991,931	\$9,896,335	\$13,793,102	\$16,413,733	\$20,736,920	\$24,880,496

Financial Organizations	2009	2010	2011	2012	2013	2014	2015	2016
AL-QAIDA	\$11,229,147	\$13,519,916	\$12,991,696	\$13,161,630	\$13,503,338	\$12,782,698	\$13,063,764	\$5,884,983
HAMAS	\$2,567,887	\$2,574,819	\$2,445,535	\$1,203,578	\$1,210,769	\$1,220,719	\$1,250,615	\$1,121,905
HIZBALLAH	\$5,298,894	\$756,720	\$4,882,893	\$6,762,636	\$6,802,767	\$7,128,312	\$8,277,178	\$6,266,456
ISLAMIC REVOLUTIONARY GUARD CORPS (IRGC)-QODS FORCE							\$14,109,469	\$14,303,467
ISLAMIC STATE OF IRAQ AND THE LEVANT (ISIL)							\$131,392	\$145,846
KAHANE CHAI	\$201							
LASHKAR-E JHANGVI				\$876	\$1,551	\$1,868	\$13,186	\$15,188
LASHKAR-E TAYYIBA				\$8,781	\$14,890	\$20,280	\$121,739	\$53,457
LIBERATION TIGERS OF TAMIL EELAM (LTTE)	\$599,224	\$599,224	\$601,724	\$599,224	\$599,224	\$599,224	\$599,224	\$580,811
MUJAHEDIN-E KHALQ ORGANIZATION	\$119,591	\$119,911	\$120,488					
NEW PEOPLE'S ARMY	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
PALESTINIAN ISLAMIC JIHAD	\$67,513	\$63,783	\$63,802	\$83,818	\$63,828	\$63,828	\$63,839	\$63,843
RAJAH SOLAIMAN MOVEMENT				\$2,000				
REVOLUTIONARY ARMED FORCES OF COLOMBIA (FARC)								\$88,906
TALIBAN								\$2,539
OTHER								\$5,583,721
Total Blocked Funds relating to SDTs, SDTs, FTOs	\$19,886,207	\$17,638,125	\$21,109,888	\$21,826,293	\$22,200,117	\$21,820,679	\$37,634,156	\$34,114,872

393 The 2016 TAR states that the category "Other" "contains terrorism-related blockings where the nexus to a particular terrorist organization cannot be established or disclosed." See "Terrorist Assets Report: Calendar Year 2016."





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AT WEST POINT