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TRENDS AND TYPOLOGIES REPORT ON TERRORISM FINANCING IN NIGERIA

BY THE

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Enquiries relating to this Report should be addressed to:

The Director

Nigerian Financial Intelligence Unit (NFIU)

Tel: +234-7830488

Web: www.nfiu.gov.ng

Email: nfiu@efccnigeria.org

PREFACE

Recent developments in Nigeria indicate a new turn of events in terrorist activities. The sophistication and persistence of these activities has led to an increased awareness among individuals and institutions that more serious attention must be given to terrorism financing. Consequently, there is a growing need for changes in the conventional modus operandi in financial services industry and designated Non-financial Businesses & Professions which is greatly challenged due to the cash based nature of the economy. Proactive regulatory measures to meet the mounting expectations and pressures of the both domestic and international Stakeholders must therefore be instituted.

This typology report attempts to identify the trends, techniques, patterns and methods employed by terrorists and their supporters to finance terrorism in Nigeria as well as identify the most vulnerable sectors used in facilitating the financing of terrorism. It is hoped that the information and the case studies cited would provide not only a basis for further study, but additional indices to policy-makers, practitioners and regulators in formulating and implementing effective counter terrorism financing framework in the country. It is to this end that prominent cases of varied backgrounds have been selected to extricate the techniques used by terrorists to raise, move and utilize terrorist funds in carrying out their activities. The report has considered contributions of various security agencies and expert opinions garnered from questionnaires. Other sources of information are also well referenced for further guidance.

The findings further reveal territorial peculiarity of predicate offences in terms of funding patterns but more particularly serious gaps in CFT measures, law enforcement and regulatory/supervisory controls. A review of the current CFT legislation and implementation cannot be overemphasized therefore as the spate of terrorist activities in some parts of Nigeria today requires urgent holistic CFT strategies and implementation mechanisms. Necessary recommendations have been made to this regard.

Finally, the report concludes with concise recommendations borne out of the expert opinion of participants drawn from various Agencies and Institutions. It is strongly believed that the Government, practitioners, and the general public will

find it beneficial in shaping policies, legislations and public involvement in combating terrorism financing and the consequent terrorist activities.

ACKNOWLEDGEMENT

I would like to acknowledge and extend my sincere appreciation to the Economic & Financial Crimes Commission (EFCC), Office of the National Security Adviser (ONSA), Department of State Services (DSS), Nigeria Police Force (NPF), Nigeria Customs Service (NCS) and the Nigeria Security and Civil Defense Corps (NSCDC) for their commitment, cooperation and institutional support towards the successful completion of this study

My appreciation specifically goes to the members of the Working Group for their participation and constructive criticism. Your contribution no doubt enriched the study.

This study could not have been possible without the Staff of the NFIU Research Unit and indeed, the entire staff of the NFIU. I wish to acknowledge and appreciate their contributions and relentless effort in ensuring the successful completion of the study.

Finally, I wish to acknowledge the IMF Mission Team for their guidance and support during the study.

DIRECTOR, NIGERIAN FINANCIAL INTELLIGENCE UNIT (NFIU)

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ABBREVIATIONS

AML/CFT	Anti Money Laundering/Counter Financing of Terrorism
ATM	Automated Teller Machine
COIN	Counter Insurgency
CT	Counter-Terrorism
DSS	Department of State Security Service,
EFCC	Economic & Financial Crimes Commission
FATF	Financial Action Task Force
IEDs	Improvised Explosive Devices
MEND	Movement for the Emancipation of Niger Delta
NAICOM	National Insurance Commission
NCS	Nigeria Customs Service
NFIU	Nigerian Financial Intelligence Unit
NPF	Nigeria Police Force
NSCDC	Nigeria Security and Civil Defence Corps
NGOs	Non-Governmental Organizations
NPOs	Non-Profit Organizations
ONSA	Office of the National Security Adviser
REs	Reporting Entities
SEC	Securities and Exchange Commission
SROs	Self Regulatory Organizations
TF	Terrorism Financing
TPA	Terrorism Prevention Act
UNCSFT	UN Convention on the Suppression of the Financing of Terrorism

EXECUTIVE SUMMARY

Terrorism is one of the major threats to peace, security and development in Nigeria. Several factors provide enabling environment for the rising wave of terrorism/terrorism financing in the country. These factors include pervasive corruption, widespread poverty and gross unemployment. The devastating effects of this vice, including insecurity, loss of lives and property and underdevelopment have not only attracted condemnation but also made government to take practical steps, namely enactment of Terrorism Prevention Act, establishment of regulatory and institutional frameworks as well as strengthening of domestic collaboration (deployment of special security forces, temporary closure of parts of borders in northern Nigeria, deportation of illegal immigrants, capacity building of security forces on counter terrorism (CT) and counter insurgency (COIN) operations, installation of surveillance equipment) and international cooperation to effectively combat terrorism/terrorism financing in the country.

The success of every terrorist activity requires funding, no matter how little. These funds could come from legitimate or illegal sources, be moved through financial and designated non-financial institutions and utilized for administrative and operational purposes. Understanding the mechanisms for raising, moving and utilizing funds by terrorists/terrorist organizations has therefore become very critical to addressing the challenge of terrorism and terrorism financing in the country. It is against this backdrop that a study on trends and typologies on terrorism financing in Nigeria was carried out.

In carrying out the study, relevant literatures were reviewed and a questionnaire was administered to regulatory and law enforcement officials, civil society representatives, and reporting institutions across the country. Structured interviews were also conducted with experts dealing on issues of terrorism and terrorism financing to buttress some of the issues on the questionnaires.

The study highlights trends and patterns that may assist law enforcement agencies and reporting entities in identifying terrorism financing trends as well as aid regulatory authorities/policy makers and legislative authorities in formulating policies and laws that will bridge any observed gaps/weaknesses in the existing regime relating to combating terrorism/financing of terrorism in Nigeria.

The study also observed that terrorists in the country raise funds from legitimate sources (like donation from unsuspecting public, established businesses) and illegitimate sources (like robbery, extortion, kidnapping). It was found that some of the terrorists/terrorist groups receive financial support from unpatriotic individuals within the country and related international terrorist organizations. The study noted that not only banks are vulnerable to terrorist financing but virtually all financial and designated non-financial institutions can wittingly or unwittingly be used as vehicles to move terrorist funds. The use of cash couriers (physical movement of cash) was also observed. The study also found that terrorist's funds are utilized for personal upkeep of individual group members and their families; settlement to families of suicide bombers, purchase of explosives & weapons, and other materials required to execute their violent acts.

To assist various stakeholders, especially regulatory/law enforcement agencies and reporting entities play their part in addressing the challenge of terrorism/terrorism financing in the country, the policy implications of the study/several recommendations, including awareness raising on issues of terrorism/terrorism financing, deepening of anti-money laundering and combating the financing of terrorism measures and improved human and infrastructural capacity of regulatory and law enforcement agencies were proffered.

CHAPTER I: INTRODUCTION

1.1. Background of the study.

With over 150 million people, Nigeria is the most populated country in Africa and, indeed, one of the most populated countries in the world¹. The growing conflict between the Government and various ethnic or religious groups such as the *Jama'atu AhulsSunnah Lidda'awatiwal- Jihad* (People Committed to the Prophet's Teachings and Jihad) popularly referred to as Boko Haram, Movement for the Emancipation of the Niger Delta (MEND), Odua Peoples' Congress (OPC) to mention a few, has exacted a devastating effect on the safety and security of Nigerians. Terrorism, a hitherto alien phenomenon in the country, recently emerged as the leading national security issue.

Since January 2009, Nigeria has witnessed various attacks by the Boko Haram group that include drive-by-shooting, bombings, the use of Improvised Explosive Devices (IEDs) and suicide attacks². These acts of terrorism have led to the death of dozens of people, and large-scale destruction of property.

The attacks, which have been severe and intense, marked a radical departure from their previous operational tactics. Some of the attacks include the 1st October, 2010 bomb blast at the Eagle Square, Abuja, the United Nations House suicide bomb blast in Abuja³, the INEC office bomb blast in Niger State just before the 2011 general elections, the 31st of December 2010 bombing of the Mammy market at the Mogadishu Barracks in Abuja, the bombings at the Nigeria Police Force Headquarters (Louis Edet House) and a host of others.

Although the Federal Government has taken some steps to address the emerging trends of violence attacks and suicide bombings in the country, the terrorists are still at large and the likelihood of more attacks is still real. The setting up of a Presidential Committee on Security Challenges in the North-East Zone⁴ was one of the steps taken by the Federal Government in order to address the menace. The Committee was inaugurated on 3rd

¹ Institute for the study of violent groups: <http://www.isvg.org/follow/blog/2011/11/07/nigerian-nightmare-visualizing-terror-in-africas-most-populous-nation/>

² <http://www.isvg.org/follow/blog/2011/12/12/the-boko-haram-sect-nigerias-most-deadly/>

³ http://en.wikipedia.org/wiki/Boko_Haram#cite_note-bbc-27

⁴ http://www.nigeriafirst.org/article_11235.shtml

August 2011 and was tasked with finding a lasting solution to the security challenges in the North East particularly in Borno & Yobe State. The Government has continued to introduce a number of reactive and proactive measures to control the threat of terrorism, some of which have already transformed the policing and security landscape of the country such as

- Strengthening of law enforcement agencies and intelligence/ security services ,
- Fostering inter-agency cooperation and intelligence sharing
- Enactment of a new legislation on Terrorism - Prevention of Terrorism Act 2012(as amended), and
- Amendment to the Money Laundering Prohibition Act (2011) which expands the scope of Money Laundering offences and enhances customer due diligence measures.

1.2. Objective of the Study

The study is intended to reveal the methods used by terrorists and terrorist groups to raise, move, and utilize funds, particularly in the Nigerian context. The findings are expected to assist in developing strategies that will prevent terrorism financing and help to strengthen counter-terrorism (CT) efforts in Nigeria. The study will deepen understanding of the methods and techniques used by terrorist financiers to support terrorism in Nigeria. Other objectives are to:

1. Highlight the different trends and patterns of terrorism financing prevalent in the Country
2. Identify from case studies, the vulnerabilities of Financial Institutions to Terrorism financing.
3. Deepen the knowledge and understanding of investigative and prosecution agencies on how illegal and legal funds are being used to finance terrorism.
4. Identify relevant indicators and red flags to assist financial institutions and other reporting entities in decision making with regard to monitoring and reporting suspicious transaction on terrorism financing.

5. Assist policy makers, as well as the legislative and judicial authorities to identify the possible gaps in the relevant legislations.

1.3. Statement of the Problem

It is obvious from recent attacks that the terrorist groups operating in Nigeria are well organized and sophisticated as they have been able to sufficiently mobilize funds and other resources to carry out their attacks, some of which, successfully passed through the financial and non-financial systems undetected. While not all terrorist acts require substantial financial and material investment, organized groups require some form of assured form of funding to enable them continually perpetrate their acts. They require funds for personal upkeep, individual group members and their families; to purchase explosives, weapons and other materials required to attack their target and cause intended maximum harm. Detecting and cutting off the source of this funding is one critical step in denying them the opportunity to conceive and execute their violent intentions.

In Nigeria, the lethality, capability and coordination of *Boko Haram* as well as the increasing tactical sophistication of its operations in recent times lay credence to the belief or reasonable suspicion that the group receives support from some unscrupulous politicians or “powerful” individuals and sympathizers within the country and have ties with some international terrorist organizations. This claim is further elucidated by the findings of *The Institute for the Study of Violent Groups*⁵ where in a study tagged *Nigerian Nightmare: Visualizing Terror in Africa's Most Populous Nation*, the Institute posited that *Boko Haram* has relationships with other known terrorism organizations including *Al-Qaeda*, *Harakat al-Shabaab al-Mujahideen* in Somalia, and *al-Aqsa Martyrs' Brigades in Palestine*⁶. The Institute noted that with a growing network, *Boko Haram* would have more access to funding, training, materials and militants from other organizations willing to support their cause.

⁵ The Institute for the Study of Violent Groups (ISVG) is a research center that provides custom data collection and information services to enhance knowledge of violent extremism and transnational crime

⁶ <http://www.isvg.org/follow/blog/2011/11/07/nigerian-nightmare-visualizing-terror-in-africas-most-populous-nation/>

It is believed that funding support for militants/extremist groups operating in Nigeria come from sources in Nigeria and overseas consequently apprehending, investigating and prosecuting the financiers and supporters of terrorist groups and terrorist acts will assist in cutting off the source of support and may force the beneficiaries to consider abandoning their criminal activities.

1.4. Scope of the Study

To conduct a typology study with a view of identifying the evolving TF trends and patterns in Nigeria since 2009 and provide better understanding of the methods and techniques used by terrorist financiers to assist terrorists in carrying out acts of terrorism in Nigeria.

1.5. Justification of the Study

- To identify trends and patterns of Terrorism Financing (TF)
- To create awareness amongst stakeholders
- To identify gaps on TF legislation
- To enhance existing reporting requirement on Terrorism Financing (TF)

1.6. Methodology of the Study

This report is the finding from the cooperative efforts between the NFIU and the relevant stakeholders in the country. Following the adoption of the project proposal, a working group was constituted from Economic & Financial Crimes Commission (EFCC), Department State Security Service (DSS), the Office of the National Security Adviser (ONSA), the Nigerian Police Force (NPF), the Nigeria Customs Service (NCS) and the Nigerian Security and Civil Defence Corps (NSCDC).

In preparing this report, the NFIU team made use of data and information collected through a Questionnaire which was circulated to the aforementioned Agencies. Inputs were received from Securities and Exchange Commission (SEC), National Insurance Deposit Corporation (NAICOM), Reporting Entities (REs- Banking Sector). This report is further based on information collected at a one day workshop organized for Non-Profit Organizations (NPOs) and professional bodies. The report also relied on the results of extensive analysis of academic publications and open source

documents. In the course of the study, the NFIU held several meetings with the working group members where expert opinions were shared and harnessed to aid the study.

1.7. What is Terrorism?

Terrorism is one of the main contemporary threats to international peace and security. Perpetrators of terrorist acts undermine human rights, fundamental freedoms and the rule of law, which are the pillars of national and international stability. Although the use of violence to achieve political end is common to **state** and **non-state groups**, it is difficult to determine when that use of violence (directed at whom, by whom, for what purpose) is legitimate; therefore, the modern definition of terrorism is inherently controversial.

The **UN General Assembly Resolution 49/60** (UNGA/49/60 adopted on December 9, 1994), on "Measures to Eliminate International Terrorism," contains a provision describing terrorism as: "**Criminal acts intended or calculated to provoke a state of terror in the general public, a group of persons or particular persons for political purposes**" The UN notes further that **in any circumstance, terror is unjustifiable, regardless of the considerations of a political, philosophical, ideological, racial, ethnic, religious or any other nature that may be invoked to justify them.**

UN Security Council Resolution 1566 (2004) provides further guidance and notes that terrorism includes:

"Criminal acts, (including against civilians), committed with the intent to cause death or serious bodily injury, or taking of hostages, with the purpose to provoke a state of terror in the general public or in a group of persons or particular persons, intimidate a population or compel a government or an international organization to do or to abstain from doing any act".

Terrorism Prevention Act 2011 as amended defines Act of Terrorism as:

Section 1 (2) of the Terrorism (Prevention) Act, 2011⁷ defines "act of terrorism".

⁷ Note that the harmonized (Complete /Amended Single Copy) of Nigeria's Terrorism (Prevention) Act is yet to be out. The definition of 'act of terrorism' is from the 2011 Act. This Section has been amended by the 2013 TP Amendment Act. The definition is sustained though the numbering will be affected in the harmonized Edition of the Act.

“(2) In this section "act of terrorism" means an act which is deliberately done with malice, aforethought and which:

- (a) may seriously harm or damage a country or an international organization;*
- (b) is intended or can reasonably be regarded as having been intended to—*
 - (i) unduly compel a government or international organization to perform or abstain from performing any act,*
 - (ii) seriously intimidate a population,*
 - (iii) seriously destabilize or destroy the fundamental of a country or an international organization, or*
 - (iv) otherwise influence such government or international organization by intimidation or coercion; and*
- (c) involves or causes, as the case may be—*
 - (i) an attack upon a person's life which may cause serious bodily harm or death;*
 - (ii) kidnapping of a person;*
 - (iii) destruction to a Government or public facility, a transport system, an infrastructure facility, including an information system, a fixed platform located on the continental shelf, a public place or private property, likely to endanger human life or result in major economic loss;*
 - (iv) the seizure of an aircraft, ship or other means of public or goods transport and diversion or the use of such means of transportation for any of the purposes in paragraph (b) (iv) of this subsection;*
 - (v) the manufacture, possession, acquisition, transport, supply or use of weapons, explosives or of nuclear, biological or chemical weapons, as well as research into, and development of biological and chemical weapons without lawful authority;*
 - (vi) the release of dangerous substance or causing of fire, explosions or floods, the effect of which is to endanger human life;*

(vii) *interference with or disruption of the supply of water, power or any other fundamental natural resource, the effect of which is to endanger human life:*

(d) *an act or omission in or outside Nigeria which constitutes an offence within the scope of a counter terrorism protocols and conventions duly ratified by Nigeria.*

Section 19 (g) of the Terrorism (Prevention) (Amendment) Act, 2013 has expanded this definition as follows:

*““terrorist act”, in addition to the provisions of the renumbered **section 1 subsection (3)** of the Principal Act⁸, means an act which constitutes an offence according to the following agreements-*

- (i) Convention for the Suppression of Unlawful Seizure of Aircraft, 1970,*
- (ii) Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, 1971,*
- (iii) Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons; including Diplomatic Agents, 1973,*
- (iv) International Convention against the Taking of Hostages, 1979,*
- (v) Convention on the Physical Protection of Nuclear Material, 1980,*
- (vi) Protocol for the Suppression of Unlawful Acts of violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, 1988,*
- (vii) Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, 1988,*
- (ix) Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf, 1988,*
- (ix) The International Convention for the Suppression of Terrorist Bombing, 1997,*
- (x) The Convention against Terrorist Financing,*
- (xi) Convention on Offences and certain other Acts committed on Board Aircraft, and*
- (xii) Convention on the Making of Plastic Explosives for the purpose of Detection;*

⁸ Section 1 Subsection (3) refers to the appropriate renumbered Section in the intended harmonized Edition of the Amended TP Act.

1.8 What is Terrorism Financing?

The various definitions that may be relied upon include the standard definition in the UN Convention on the Suppression of the Financing of Terrorism (UNCSFT)

Terrorism financing (TF) occurs when a person by any means, directly or indirectly, unlawfully and willfully provides or collects funds with the intention that such the funds will be used or in the knowledge that the funds will be used in full or in part, in order to carry out a terrorist act.

The Financial Action Task Force (FATF) defines terrorist financing as

Extending to any person who willfully provides or collects funds by any means, directly or indirectly, with the unlawful intention that they should be used, or in the knowledge that they are to be used, in full or in part: (a) to carry out a terrorists act(s); (b) by a terrorist organization; or (c) by an individual terrorist⁹.

Section 5(1) & (2) of the Terrorism (Prevention) (Amendment) Act, 2013 defines the act of financing of terrorism as:-

Any person or entity who, in or outside Nigeria-

“**5 (1)** any person who knowingly, in any manner, directly or indirectly, solicits or renders support—

(a) for the commission of an act of terrorism

Or

(b) to a terrorist group,

⁹ 1.1 Terrorist financing should be criminalized consistent with Article 2 of the Terrorist Financing Convention, and should have the following characteristics: 11
(a) Terrorist financing offences should extend to any person who willfully provides or collects funds by any Means, directly or indirectly, with the unlawful intention that they should be used or in the knowledge that They are to be used, in full or in part:
(i) To carry out a terrorist act(s);
(ii) By a terrorist organization; or
(iii) By an individual terrorist.
(b) Terrorist financing offences should extend to any *funds* as that term is defined in the TF Convention. This includes funds whether from a legitimate or illegitimate source.
The Terrorist Financing Convention defines *funds* as:
“Assets of every kind, whether tangible or intangible, movable or immovable, however, acquired, and legal Documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such Assets, including, but not limited to, bank credits, travellers cheques, bank cheques, money orders, Shares, securities, bonds, drafts, letters of credit.”
(c) Terrorist financing offences should not require that the funds: (i) were actually used to carry out or Attempt a terrorist act(s); or (ii) be linked to a specific terrorist act(s).
(d) It should also be an offence to attempt to commit the offence of terrorist financing.
(e) It should also be an offence to engage in any of the types of conduct set out in Article 2(5) of the Terrorist Financing Convention.

Commits an offence under this Act and is liable on conviction to imprisonment for a term of not less than twenty years.

(2) For the purposes of subsection (1) of this section, "support" includes—

- (a) incitement to commit a terrorist act through the internet, or any electronic means or through the use of printed materials or through the dissemination of terrorist information;
- (b) receipt or provision of material assistance, weapons including biological, chemical or nuclear weapons, explosives, training, transportation, false documentation or identification to terrorists or terrorist groups;
- (c) entering or remaining in a country for the benefit of, or at the direction of or in association with a terrorist group; or
- (d) the provision of, or making available, such financial or other related services prohibited under this Act or as may be prescribed by regulations made pursuant to this Act.

Subsection (3) of the said Section provides that:

“(3) In this section, it is not necessary to prove that the material or information or facilities or financial assistance was actually collected or provided if it can be reasonably established that the person collected or provided the material, information or facilities or financial assistance to terrorists, or terrorist groups”.

CHAPTER II: TYPOLOGIES

2.1 TYPOLOGY 1: FINANCING THROUGH CHARITIES AND NGOs

2.1.1 CHARITY ORGANIZATION: Brief facts of the case (including what prompted the commencement of the investigation and status of the case as at the date of reporting):

International Islamic Charity (ZT), with its headquarters in a foreign jurisdiction wanted to open a bank account in Nigeria for its Nigerian office in bank X. In the process of carrying out 'Due Diligence' on the promoters of the charity and the charity itself, bank X discovered that the charity and its international director had been indicted in a case of terrorist financing in two different countries.

A Suspicious Transaction Report (STR) was immediately sent by bank X to the FIU which started the investigation.

- At the FIU, an interim intelligence report showed that ZT had been operating in Nigeria for some time and had various sums of money in 3 Nigerian banks.
- ZT was found to be affiliated with a terrorist-linked non-profit organization called ZX known to have supported terrorist groups, including one declared by the U.S. government to be an official al-Qaida front.
- ZT's charity operations in South-East Asia have funded Hamas, Algerian radicals, Al-Gama'a al-Islamiyya (a.k.a. the Islamic Group, an Egyptian radical militant group led by Sheikh Omar Abdul-Rahman).

The bank statements of ZT were obtained and scrutinized, the following issues were unravelled on analysis of the bank statements:

- Transactions on ZT's accounts not consistent with the account profile
- ZT's use of multiple accounts at a single bank for no apparent legitimate purpose.
- ZT opened several multiple accounts in several banks
- ZT received funds from a foreign jurisdiction where the sender is from a country known to support terrorist activities and organizations.

Structuring of cash deposits were made through multiple branches of the

same financial institution into ZT's account

Techniques/methods for raising funds: Funds are usually raised from grants which come in constant stream of wire transfers from the ZT Headquarters in the foreign jurisdiction. Also, they sometime raise funds from donations and contributions made by Muslim faithful within Nigeria

Techniques/methods for moving funds

- Frequent daily cash domestic ATM transactions.
- Multiple large deposits were made into ZT's account which was followed by immediate large cash withdrawals by many individuals not related or associated to the charity.
- Huge sums were seen moving at a high frequency to and from ZT's account to the account of certain individuals that have little or no relationship with the Charity.
- Cash deposits and withdrawals were made to and from locations notorious for terrorist activity.
- Structuring of cash deposits were made through multiple branches of the same financial institution into ZT's account.
- Structured deposits made by different individuals.
- Significant dollar deposits to personal accounts over a short period by the country head of ZT in Nigeria.

All of the above transactions in the bank account of ZT tallies with the Standard FATF Terrorist Financing indicators.

How the funds were utilized

Cash are usually withdrawn from ATMs all around the areas known for terrorist activities within Northern Nigeria in small amounts. ZT's promoters claim to be paying the salaries of 92 itinerant Islamic clerics scattered around the rural parts of Northern Nigeria.

a. Outcome of prosecution of the case

The case has been passed on to relevant Law Enforcement Agency for onward investigation, which is still on-going. While that is going on, all their bank accounts in Nigeria have been frozen.

b. Additional information on any technique/method not mentioned above

It is our understanding that ZT's modus operandi is to start operations in a disaster region or war stricken country under the guise of humanitarian assistance, by providing medical supplies, food and building of Quranic schools and orphanages, subsequently, using those structures to support Islamic terrorist groups.

It is, however, very likely that local contributors to this Muslim charity do not know about its affiliations with terrorist groups or antecedents in terrorist financing.

<p>FINANCING THROUGH CHARITIES AND NGOs</p>
<p>2.1.2 CHARITY DONATIONS: Brief facts of the case (including what prompted the commencement of the investigation and status of the case as the date of reporting):</p> <p>In October 2011, security operatives in Nigeria arrested Mr. K in one of the states known for terrorist activities in North Western Nigeria. Upon interrogation, Mr. K confessed that the Boko Haram sect uses Al Majiris (child beggars) the physically challenged, and the elderly to appeal to the compassionate disposition of Nigerians to give alms to these “beggars” in order to raise funds in support of the sect's activities. These beggars, according to Mr. K, are positioned at strategic locations in major towns. In addition to begging, these groups of people are used as spies.</p>
<p>Techniques/methods for raising funds</p> <ul style="list-style-type: none"> • Alms giving • Charity from unsuspecting individuals
<p>Techniques/methods for moving funds</p> <ul style="list-style-type: none"> • Physical cash payments
<p>How the funds are utilized</p> <ul style="list-style-type: none"> • Procurement of instruments of destruction (IED Materials) • Funds are used to pay for rents (bomb factory) • Funds are used to secure accommodation for the members • Funds are used for the upkeep of the members

Comments: This case demonstrates full exploitation of the compassionate disposition of Nigerians by terrorists. The Boko Haram sect took advantage of the good gesture of unsuspecting Nigerians to raise funds in support of their activities.

FINANCING THROUGH CHARITIES AND NGOS

2.1.3 NGO (MILITANT GROUP - MEND) Brief facts of the case (including what prompted the commencement of the investigation and status of the case as the date of reporting):

On the morning of October 1st 2010, as crowds were celebrating the fiftieth anniversary (golden jubilee) of Nigeria's independence in the capital city of Abuja, two car bombing attacks were carried out against the state and the people of Nigeria. The attacks left 12 dead and 17 injured. The Movement for the Emancipation of the Niger Delta (MEND) had issued a warning of the planned attack on the venue (near Eagle Square) an hour before the first bomb went off.

HHH, a Nigerian residing in South Africa was alleged to have planned and funded the attacks from South Africa. He was able to achieve this with the help of his brother, CCC and three of his friends. HHH is a known factional leader of MEND

The car bombs had been rigged up in Port Harcourt, the main city in the oil producing Niger Delta, before being driven to the capital City where they were detonated near the Independence Day parade at the Eagle square.

On investigation, the Nigerian security agency (PGT) was able to unravel the following principal actors in the saga.

- Residence owner (Mr. A) where vehicles used in the bombings were wired in city X
- Purchaser of vehicles (Mr. B)
- Coordinator of attacks (Mr. C) along with HHH.
- Coordinator of vehicle movement (Mr. D) to Abuja
- Suspect (Mr. E) who confirmed the operation had been a success after the blasts.

A request was served on the NFIU by the security agency PGT. Analysis by the

NFIU therefore revealed details of financial transactions, linked accounts, associates, entities and other individual transaction through an NGO (ABC) account operated by HHH.

The association of HHH to ABC and other entities that were suspected to be involved in coordinating the funds movement for the attack became evident when request for additional information was made by the NFIU on the related Financial Institutions.

Analysis showed that HHH provided the finance through his NGO (ABC) in order for these bomb explosions to take place as investigation linked the purchase of the explosives and payment for the construction of hidden compartments in the two vehicles used for the attack to the monies paid to Mr. B in the sum of **N1.2M (\$7,500)** and **N2M (\$12,500)** respectively. Associates were also used to transport physical cash and make cash deposits in small amounts of **N700,000, N250,000, & N1m etc** into bank accounts of other individuals who assisted in the purchase of materials (dynamite). It is interesting to note that, where payment was made through an account, most of the withdrawals were made through the ATM.

Investigation further revealed that HHH was also involved in Illicit arms trafficking often imported into Nigeria by ships. It was further revealed that he supplied arms to his associates to the tune of **N22.5M (\$140,625)** who later delivered to different parties on his behalf. These are facts judicially acknowledged in the judgment against HHH.

Investigation further uncovered that HHH and his associates raised funds through kidnapping as confessed during interrogation. Four expatriate executives were kidnapped after an attack by MEND on Oil Company's terminal in a Local Government city X. **N135 million** was received as ransom for their release.

Financial Flow that funded the Acts

Financial flows were analyzed according to the following categories:

- Transaction type analysis (ATM withdrawals, debit orders etc)**
- Inter-account transfers**
- Inter-bank transfers**

- ❑ **International transfers in/out of South Africa**
- ❑ **Foreign currency purchases**
- ❑ **Comparison of account activity month to month and year on year**
- ❑ **Comparison of transactional activity with international travel**
- ❑ **Comparison of transactional activity with cell phone data**
- ❑ **Geographic location of transactional activity.**

All transactions involving foreign currency conducted by HHH (whether related to associated bank accounts or not) were collected via the South African Reserve Bank (SARB) (banking supervisor). FIC SA analysis revealed **USD1.8 million** was electronically received by HHH. He also purchased **USD100 000** of foreign currency from Foreign Exchange dealers in South Africa. Further analysis of information extracted from confiscated cellular (mobile) phones by FIC SA produced valuable leads and confirmed that HHH used text messages to send detailed instructions regarding the payments of funds to various associates abroad. A list of bank account numbers, possible beneficiary names and cell phone contact numbers was identified from SMS and sim cards. This analysis revealed how HHH transmitted funds from Nigeria to set up a base of operations in South Africa, and also how he utilized a number of properties and a web of companies to support his activities.

Seventeen (17) bank accounts, belonging to **five (5) individuals and two (2) entities** were identified. Based on a total of **twenty seven (27) STRs** received, from five (5) reporting institutions, detailed transactional data including bank statements and account opening documents were requested on all accounts from inception to date. A total of **forty thousand (40 000)** individual transactions were conducted between 2003 and 2011, on these accounts and every transaction was analyzed. The combined financial value of these transactions exceeded **USD4.5 million**.

Techniques/methods for raising funds

- Organized crime
- Kidnapping for Ransom, Illegal restraint and hostage taking
- Smuggling (Arms and ammunition smuggling across the border)
- Piracy (Sea Piracy)
- Extortion
- Blackmail

Funds Movement techniques/methods

- Land and sea ports
- Cash couriers
- Accessing funds held in foreign financial institutions by debit or credit cards
- The structuring of deposits through multiple branches of the same financial institution

How the funds are utilized

- Funding of terrorist activities in the south-south and northern parts of Nigeria.
- Payment to supporters of their cause
- Purchase of equipments and tools used to commit the attack
- Payment for logistics

Outcome of prosecution of the case in two different jurisdictions

Nigeria:

Relying on the provisions of Section 40 (b) of the Criminal Code Act, CCC was convicted and sentenced to a life imprisonment by a Federal High Court sitting in Abuja, Nigeria with effect from October 3, 2010. Others are still facing trial in an Abuja court.

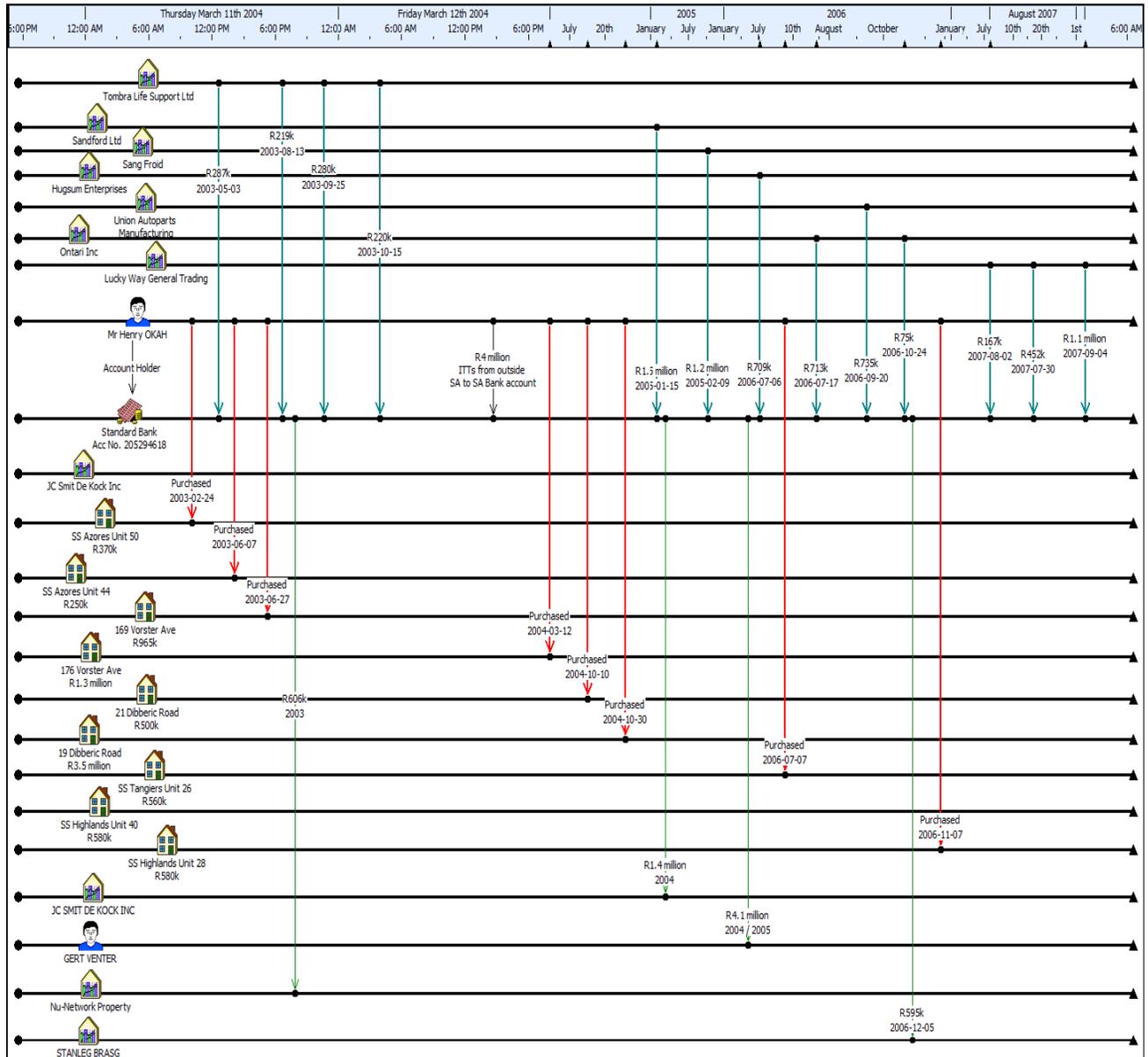
South Africa:

HHH was convicted and sentenced by a High Court in Johannesburg, South Africa, to 24 years imprisonment on thirteen counts charge in contravention of the Protection of Constitutional Democracy against Terrorist and Related Activities Act 33 of 2004. Counts 1 to 12 are based on two incidents which occurred respectively on 15 March 2010 in Warri and 1 October 2010 Abuja, Nigeria. In each instance two car bombs exploded killing and injuring several people and causing damage to property. In the process certain internationally protected persons were also threatened by the explosions.

Each of the main counts 1 to 12 carries alternative charges of conspiracy to commit such crimes alternatively to induce and/or incite others to commit such crimes. Counts 1, 3, 5, 7, 9 and 11 relate to the bombings which occurred on 15 March 2010 in City Y. Counts 2, 4, 6, 8, 10 and 12 relate to the bombings which occurred on 1 October 2010 in City Z, Nigeria.

Civil recovery proceedings against all fixed and moveable assets held within the Republic of South Africa by HHH has already been initiated.

Flow of Funds in relation to immovable property purchased within South Africa



FINANCING THROUGH CHARITIES AND NGOs

2.1.4 TERRORIST ORGANIZATION: Brief facts of the case (including what prompted the commencement of the investigation and status of the case at the date of reporting):

Activities of a terrorist organization (ABC) operating in Nigeria were being monitored by a security agency. Through a call intercept, a wire transfer to one of the remotely located Northern States (P) was traced and flagged to bank (K) in the same location. The suspect (S), that is the beneficiary of the wire transfer, was immediately picked up by the security agency at the premises of bank (K) upon presentation of his withdrawal instrument.

Preliminary questioning and investigations revealed the following facts

- That the suspect (S) is a member of the terrorist organization (ABC)
- That he was responsible in identifying factory location for coupling of their deadly bombs
- That the wire transferred fund was to be used to secure one of the identified locations that would serve as a bomb factory

Techniques/methods for raising funds

- Funds are usually raised from bank robberies, extortions and grants which come in constant stream of wire transfers from different members of the ABC's account.
- Funds are raised from donations and contributions made by unsuspecting Muslim faithful within Nigeria.
- Structuring of cash deposits through multiple branches of the same financial institution

Techniques/methods for moving funds

- Small amounts of wire transfers
- Frequent domestic ATM withdrawals
- Physical cash movement in local and foreign currencies

Funds Utilization mechanism

- Funds are used to pay for rents (bomb factory)
- Funds are used to secure accommodation for the members
- Funds are used for the upkeep of the members

Outcome of prosecution of the case

Investigation is still on-going as the case has been transferred to the competent Law Enforcement Agency for onward investigation. Meanwhile, all their bank accounts in Nigeria have been frozen pending the outcome of the investigation.

<p>2.2 TYPOLOGY 2: FINANCING THROUGH TRADE</p>
<p>2.2.1 LEGITIMATE BUSINESS 1: Brief facts of the case (including what prompted the commencement of the investigation and status of the case as the date of reporting):</p> <p>Mr. T was conducting surveillance on possible targets of attack in Abuja in September 2012 when he was apprehended by the security services based on suspicion. He was confirmed to be a member of Boko Haram upon interrogation. Mr. T revealed that one of the ways through which Boko Haram funds its activities is by purchasing and sending tangible items to its members in other locations. These items are sold and the proceeds generated are used to finance the activities of the sect, including renting apartments and procuring IED materials for their operations.</p>
<p>Techniques/methods for raising funds</p> <ul style="list-style-type: none"> • Purchase of used vehicles and other tangible items (Trade financing)
<p>Techniques/methods for moving funds</p> <ul style="list-style-type: none"> • Sale of the used vehicles and other tangible items to locations and across borders
<p>How the funds are utilized</p> <ul style="list-style-type: none"> • Procuring of instruments of destruction (IED Materials) • Renting of apartments and IED factory locations

Outcome of prosecution of the case

Comments: *This case reveals an emerging pattern in the funding of terrorism. The implementation of AML/CFT regime in the financial institutions has made terrorist financiers to devise new ways of not only raising funds, but also moving those funds outside the financial sector (DNFBPs) to terrorists and terrorist groups in other locations. This shows the urgent need to tighten AML/CFT regime in the DNFBP sector*

FINANCING THROUGH TRADE
<p>2.2.2 LEGITIMATE BUSINESS 2: Brief facts of the case (including what prompted the commencement of the investigation and status of the case as the date of reporting):</p> <p>In July 2011, security operatives arrested Mr. H based on intelligence received. Investigation revealed that Mr. H is a committed member of Boko Haram, in one of the states in northern Nigeria. He was found to have a flourishing telecommunication outfit. Upon interrogation, Mr. H confessed of not only using substantial profit from his business to support the activities of Boko Haram, but also supplying members of the sect with pre-registered SIM cards and mobile phones.</p>
<p>Techniques/methods for raising funds</p> <ul style="list-style-type: none"> • Proceeds from established legal business Entities in form of donations
<p>Techniques/methods for moving funds</p> <ul style="list-style-type: none"> • Physical cash payments from business proceeds • Donations of purchased communication equipments
<p>How the funds are utilized</p> <ul style="list-style-type: none"> • Procuring of instruments of destruction (IED Materials) • Purchase of telecommunication devices and SIM cards

Comments: The case reveals the fact that terrorist groups rely not only on criminal proceeds, but also proceeds from legal sources in funding their operations. The case also explains the constant changing of SIMs and phones by the sect members to evade detection and arrest by security operatives.

FINANCING THROUGH TRADE
<p>2.2.3 LEGITIMATE BUSINESS 3: Brief facts of the case (including what prompted the commencement of the investigation and status of the case as the date of reporting):</p> <p>In November 2012, operatives of a security agency in Nigeria arrested Mr. B in</p>

<p>one of the states known for terrorist activities in North Eastern Nigeria. Upon interrogation, Mr. B confessed that he was the treasurer of the Boko Haram sect and that he was in possession of voluntary and mandatory donations made by members of the sect in his area. He further disclosed that all members of the sect, in addition to making voluntary donations (as low as fifty (N50) Naira or about 3 US cents), were also expected to make compulsory donations. The compulsory donation was determined by the nature and volume of business of individual members. Funds realized from the donations were used to support the activities of the sect.</p>
<p>Techniques/methods for raising funds</p> <ul style="list-style-type: none"> • Proceeds from established legal business Entities in form of voluntary and compulsory donations
<p>Techniques/methods for moving funds</p> <ul style="list-style-type: none"> • Physical cash donations from business proceeds
<p>How the funds are utilized</p> <ul style="list-style-type: none"> • Procurement of instruments of destruction (IED Materials) • Funds are used to pay for rents (bomb factory) • Funds are used to secure accommodation for the members • Funds are used for the upkeep of the members

Comments: This case is an example of an attempt by a terrorist group to finance its activities through self help/membership contributions from legal business proceeds

<p>FINANCING THROUGH TRADE</p>
<p>2.2.4 LEGITIMATE BUSINESS 4 : Brief facts of the case (including what prompted the commencement of the investigation and status of the case as the date of reporting):</p> <p>In January 2012, security operatives in Nigeria arrested Mr Y, confirmed to be a member of the Boko Haram sect in one of the states with incessant cases of</p>

<p>terrorism in north eastern Nigeria. Upon interrogation, Mr. Y confessed that the sect used subtle negotiations and intimidation to obtain protection fees. Even though one of the states refused to give in to this intimidation, some influential government officials of that state made “personal” donations to the sect. Analysis of the bank statement of Mr. Y showed monthly payments, representing the “protection fees” into his account. The funds generated were used to support the operations of the sect.</p>
<p>Techniques/methods for raising funds</p> <ul style="list-style-type: none"> • Extortion • Intimidation • Personal donations • Exploitation
<p>Techniques/methods for moving funds</p> <ul style="list-style-type: none"> • Monthly cash payments into bank accounts • Regular wire transfers • Regular ATM withdrawals
<p>How the funds are utilized</p> <ul style="list-style-type: none"> • Procurement of instruments of destruction (IED Materials) • Funds are used to pay for rents (bomb factory) • Funds are used to secure accommodation for the members • Funds are used for the upkeep of the members

Comments: *The case illustrates how terrorists' could raise funds through intimidation of government officials and well-to-do individuals. The Boko Haram sect exploited the security challenges in the north to coerce some governors to cooperate just in order to sustain relative peace in their states.*

accounts in Nigeria have been frozen pending the outcome of the investigation.

<p>2.3 TYPOLOGY 3: Financing through Arms Smuggling</p>
<p>2.3.1 ARMS SMUGGLING 1 : Brief facts of the case (including what prompted the commencement of the investigation and status of the case as the date of reporting):</p> <p>Mr D was arrested by security operatives in Nigeria and was confirmed to be a member of the Boko Haram sect. Upon interrogation, Mr. D confessed that some arms are sold and profit of business donated to the sect, while others are sent to the sect for operations, free of charge. D further disclosed that their members involved in arms smuggling are in league with other members outside Nigeria who either supply or facilitate the process for acquisition of the illicit arms.</p>
<p>Techniques/methods for raising funds</p> <ul style="list-style-type: none"> • Illegal Arms purchase (Trade financing)
<p>Techniques/methods for moving funds</p> <ul style="list-style-type: none"> • Smuggling (Arms and ammunition smuggling across the border) • Sale of smuggled weapons
<p>How the funds are utilized</p> <ul style="list-style-type: none"> • Procuring of instruments of destruction (IED Materials)with sales profit • Utilization of the smuggled arms to commit acts

Comments: *This case highlights the challenge of arms trafficking across porous borders and collaboration among violent groups across the region and beyond. This is obviously facilitated by middle men who arrange the purchase and delivery of the weapons.*

<p>Financing through Arms Smuggling</p>
<p>2.3.1 ARMS SMUGGLING 2: Brief facts of the case (including what prompted the commencement of the investigation and status of the case as the date of reporting):</p> <p>In June 2012, Mr Q, a courier for the Boko Haram sect was arrested in one of</p>

the States with incessant cases of Boko Haram in North Western Nigeria. Upon interrogation, Mr. Q disclosed that many times the sect use women who pretend to be traders in transit. These women move arms/ammunitions, cash, etc., to their members (Boko Haram) in other locations. Mr. Q stated that women are preferred because they are mostly not searched by security personnel at road blocks, since most of security personnel are men and Islamic injunctions forbid men from having any physical contact with women who are not their wives.

This lapse, according to Mr. Q, is exploited by the Boko Haram sect. He further confessed that where male couriers are used, they pretend to be commercial drivers moving goods and commuters to their destinations. On arrival at points of destination, calls are put through to recipients (members of the Boko Haram sect) to meet the couriers at designated points for collection.

Techniques/methods for raising funds

- Establishment of legitimate legal entities (Trade financing)

Techniques/methods for moving funds

- Physical movement of cash within and across Nigerian borders by women traders in support of their cause
- Physical movement of arms and ammunition across the Nigerian borders by women traders in support of their cause
- physical movement of cash and arms & ammunitions by male couriers who pretend to be commercial vehicle drivers

How the funds are utilized

- Renting of apartments and IED factory locations
- Procuring of instruments of destruction (IED Materials)with sales profit
- Utilization of the smuggled arms to commit acts

Comments: *This case illustrates the insidious means used by terrorist groups to move funds and other materials/equipments intended for use in attacks. It highlights the need for security officials to be creative by thinking ahead of the criminals.*

CHAPTER III: SUMMARY OF FINDINGS

The followings are some of the identified trends arising from the foregoing typologies. Terrorists raise funds from diverse sources, move these funds through various medium and utilize the funds in different ways as highlighted below:

3.1. Observed Funds Raising Trends

- Membership Contribution.
- Donations by unsuspecting Nigerians
- bank robberies in towns and Cities
- Kidnapping for Ransom
- Drug trafficking
- Arms and ammunition smuggling across the border
- Sea Piracy
- Extortion
- Blackmail
- Trade financing
- Exploitation
- Demand for protection fees

3.2. Observed Funds Movement Trends

- Frequent domestic ATM transactions (withdrawals).
- Cash deposits and withdrawals made to and from locations known for terrorist activity in Nigeria.
- Smurfing cash deposits through multiple branches of the same financial institution by different individuals followed by immediate large cash withdrawals.
- Significant dollar deposits to personal accounts over a short period
- Physical movement of cash by cash couriers
- Frequent wire transfers (inflows) from foreign donors
- Large cross-border movement of cash
- Cross-border trading
- Accessing funds held in foreign financial institutions by debit or credit cards
- Protection fees

3.3. Observed Funds Utilization Trends

- paying of salaries for personal upkeep

- Procuring explosive devices and other dangerous instruments for attacks
- Mobilize members to undertake violent attacks
- financing operations
- Surveillance of who/where to hit
- Recruitment grants to new recruits
- Gratuities to families of suicide bomber
- Securing accommodation for members and facilities for making IEDs

3.4 Other Observed Terrorist Financing Patterns By Sector

(a) Financial Sector

- Intermittent and insignificant wire transfers to remote locations in the Northern part of the Country
- The structuring of deposits through multiple branches of the same or different financial institution
- Extremely Frequent daily cash withdrawals by ATM

(b) Charities

- Multiple large deposits followed by immediate large cash withdrawals by many unrelated individuals to the charity.

(c) Predicate Offences

- Organized crime (illegal regional groups)
- Kidnapping
- Bank Robbery
- Extortion
- Arms and ammunition smuggling across the border
- Sea Piracy

(d) Others: Findings from investigations and intelligence shared by LEAs further reveal the following as funds raising and movement patterns employed by suspected terrorists and their supporters operating in Nigeria

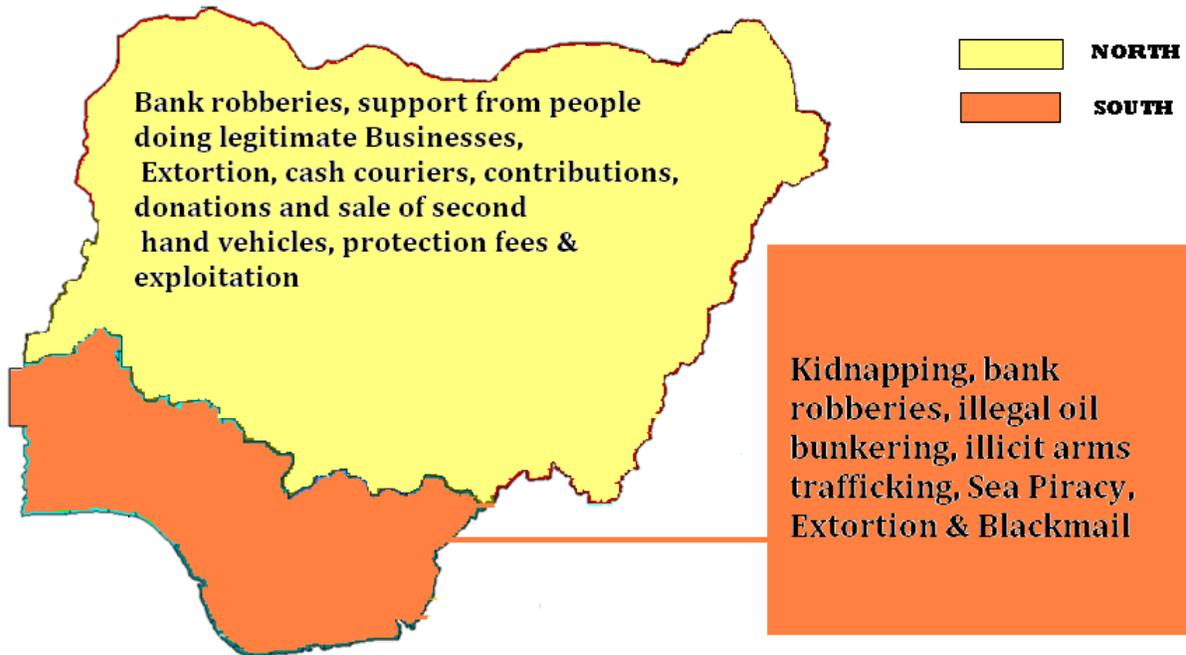
- Contributions from other associated Terrorist Groups
- Donations by members

- Physical movement of cash by couriers domestically and across the Nigerian borders
- The use of informal Hawalas (ARS)
- The sale of used cars in the Northern Region to finance their activities (trade based)

3.5 Prevalence of Funding Patterns by Regions

North: Bank robberies, support from people doing legitimate Businesses, Extortion, cash couriers, contributions, donations and sale of second hand vehicles, protection fees & exploitation

South: Kidnapping, bank robberies, illegal oil bunkering, illicit arms trafficking, Sea Piracy, Extortion & Blackmail



3.6 Other Findings and Observed Gaps.

- Funding is key to the success of any terrorist attack and combating terrorism financing is critical in containing terrorism
- Corruption, widespread poverty, and gross unemployment provide enabling environment for terrorism in Nigeria.

- iii. Banks, especially those in remote areas in Nigeria, are not adequately secured and so become easy targets for terrorists.
- iv. Religious fundamentalism facilitates terrorism
- v. The activities of charity organizations in Nigeria are not adequately supervised and the source of their funding and utilization of such funds are not properly monitored.
- vi. Cash donations to faith-based Non-Governmental Organizations (NGOs) from overseas sources are not subjected to any form of check or scrutiny.
- vii. Incorporation requirement for NGOs is not sufficient in Nigeria.
- viii. Nigerian borders are very porous without adequate security, especially the northern part of Nigeria; facilitating terrorists infiltration and physical cash movements.
- ix. capacity for identifying STRs relating to terrorism amongst reporting entities remains weak, resulting in very few STRs reported to the NFIU
- x. Need to enhance the capacities of Law enforcement and security agencies to effectively contain terrorism and terrorism financing.
- xi. All reporting entities are vulnerable to terrorist financing though degree of vulnerability may differ
- xii. Mass illiteracy and inadequate sensitization of the public on the dangers of terrorism
- xiii. Judiciary needs to be more proactive and sensitive to the enormity of the offence of terrorism.

CHAPTER IV: CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

Terrorism/terrorism financing is fast becoming a pervasive scourge threatening security and development of Nigeria. This menace has been facilitated by several factors, including religious fundamentalism, widespread poverty, and gross unemployment. The growing incidents of terrorism in recent times and the attendant adverse consequences call for urgent practical steps and holistic approach to address the challenge posed by terrorism and terrorism financing. Consequently, Nigeria needs to review and strengthen existing CFT measures as well as improve both human and infrastructural capacity.

4.2. Policy Recommendations

Based on the study, the following recommendations are proffered to minimize the incidences of terrorism/terrorism financing in Nigeria:

4.2.1. Government- Law Enforcement & Regulatory Agencies:

- Improve human and infrastructural capacities – improve training of operatives to enhance intelligence gathering, investigation and prosecution of terrorism/terrorism financing cases. Towards this end, more resources and efforts should focus on gathering and using actionable intelligence to dismantle the source of terrorist funding and other supportive infrastructure as well procuring necessary bomb detecting equipment and other analytical tools to support operational efficiency of relevant agencies.
- Minimize factors engendering terrorism - Deliberate efforts should be made to address the underlying drivers of terrorism such as widespread poverty, pervasive corruption, unemployment and socio-economic and political exclusion that generate feelings of marginalization, especially among the youth.
- Enhance public awareness and sensitization – Government and other stakeholders to improve citizen sensitization on the negative effects of

terrorism and terrorist financing, need to report any suspicious activities or individuals as well as not to support or donate to any group without a clear course. Similarly, the public should be encouraged to be security conscious and report suspicious persons to the appropriate authority.

- Improve borders and ports security as well as enhance the currency declaration/disclosure regime to minimize illicit cross border cash movement. Similarly, security agencies should increase surveillance around critical infrastructures, including places of worship, oil installations etc to effectively detect and counter terrorists strategists who equally adopt mobile, progressive and sophisticated surveillance methods to plan suicide missions.
- Enhance Regulation of Explosive Materials: Tighten the framework for the regulation of production, importation, transportation, storage, and use of explosive materials in the country.
- De-radicalize religious fundamentalism, especially in the north-eastern part of Nigeria. Towards this end, relevant agencies, particularly prison officials should partner with experts to moderate religious fundamentalism
- Improve supervision and capacity of reporting entities – There is need to tighten the financial sector surveillance systems to ensure that terrorists and their financiers using the formal financial system to move money around are detected and punished. Enhanced regulatory oversight of reporting entities will also ensure compliance with CFT measures. Similarly, regulatory agencies should provide appropriate guidance and also support the training of reporting entities, particularly on how to identify STRs relating to terrorism financing and other related matters.
- Improve domestic inter-agency collaboration and international cooperation – competent authorities to improve inter-agency collaboration especially in information sharing as well as cooperate with their counterparts in other jurisdictions to effectively address terrorism/terrorism financing.
- Establish a national criminal database, especially on domestic terrorists to facilitate access to information/information sharing.
- Enhance measures to facilitate access to banking and e-payment system to minimize the use of cash/cash transactions.

4.2.2 Reporting Entities

- Improve Customer Identification Process- Reporting entities should deepen their process and procedures for identifying customers to facilitate identification of suspected terrorists.
- Enhance training of employees - There is need for more capacity building for employees of reporting entities (especially NPOs, Professional Bodies and operators of SROs) in the areas of identification and reporting of suspicious transactions relating to terrorist financing.
- Reporting entities should take steps to secure their facilities by providing around the clock security especially in remote areas.

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