

# THE SOUFAN CENTER

## DETERRENCE AND DENIAL: THE IMPACT OF SANCTIONS AND DESIGNATIONS ON VIOLENT FAR-RIGHT GROUPS

### Foreword from the Executive Director

This series of four Issue Briefs are part of a project undertaken by The Soufan Center, with the support of the Airey Neave Trust in London, United Kingdom, to deepen understanding about the impact of sanctions and proscriptions on terrorist groups, with a focus on violent far-right actors. Through research, interviews, and consultations with key stakeholders, TSC considered whether the measures taken by several states – in particular, the U.K., Canada, and other “Five Eyes” members – have had the desired impacts, whether on a legal, political, or operational level. Throughout the process, the team has had the opportunity to speak with government officials representing several countries, both “Five Eyes” states and others, who have grappled with the challenge of far-right terrorism, as well as UN officials, experts, and practitioners. To facilitate some discussions, TSC organized two roundtables, one in Washington D.C. and one engaging participants from the United Kingdom, and benefitted greatly from the insights shared. We are grateful to all these interlocutors for their time and feedback.

The Issue Briefs developed for this project each consider different aspects of the challenge – lessons learned from the sanctions measures developed to address Al-Qaeda and ISIS; how the violent far-right movement has evolved and what, if any elements may be amendable to sanctions; and lessons learned from proscriptions and designations taken to date in several states to designate violent far-right extremist groups as terrorists. Each contributes to informing a wider question on whether sanctions are an appropriate tool for the transnational dimensions of far-right terrorist groups, and whether there is a role for international actors like the U.N. in responding to these developments. We hope that the findings and policy recommendations will provide a useful basis for policymakers and practitioners as they consider how to address an increasingly diverse and complex terrorist threat.

*Naureen Chowdhury Fink*

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## EXECUTIVE SUMMARY

### DETERRENCE AND DENIAL:

#### ***THE IMPACT OF SANCTIONS AND DESIGNATIONS ON VIOLENT FAR-RIGHT GROUPS***

##### **ISSUE BRIEF #1**

##### ***Lessons Learned from the 1267 Sanctions Regime against Al-Qaeda and Islamic State in Iraq and Syria (ISIS)***

*Colin P. Clarke*

- Because terrorist groups like al-Qaeda and Islamic State in Iraq and Syria (ISIS) have been successful in adapting and innovating in response to counterterrorism measures, it is important to develop a flexible, responsive sanctions regime similar to the 1267 regime, but that can include new organizations and bodies designed to keep it relevant and applicable—and any new regime considered for violent far-right groups should be similarly flexible—both in terms of the various measures employed, but also with respect to the individuals and assets to be targeted.
- Due to ISIS' relatively unique ability to capture and administer large swaths of territory as it built a proto-state and diversified its funding portfolio, it is somewhat difficult to assess how effective sanctions were against the group.
- If certain terrorist threats concern only a limited number of states—for example, the right-wing threat is likely to be more prominent in North America, Europe, and Oceania, though it certainly exists elsewhere—there may be less of an impetus, or little sense of urgency, for states outside of those immediately impacted to act. In that sense, the threats posed by al-Qaeda and ISIS) were more transnational in nature, and as a result, generated global consensus more easily. Therefore, it will be crucial to work toward creating consensus, as well as to explore other applications of sanctions to counter the violent far-right threat.
- One of the primary challenges to evaluating the impact of sanctions against terrorist groups is the lack of an effective assessment framework, in addition to data gaps. The sensitive nature of data related to terrorism and counterterrorism is one of the primary reasons why it has been difficult to provide a comprehensive assessment of the United Nations' overall impact in this area.
- **Recommendations** include: focus on tailor-made sanctions regimes that can adapt to the terrorist threat, considering both multilateral and national options; establish metrics to assess implementation and impact of sanctions regimes; and invest in international cooperation for implementation.

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## ISSUE BRIEF #2

### *Trends in Violent Far-Right Extremism*

Mollie Saltskog

- The contemporary violent far-right movement features, to a large extent, the following key trends: a diffuse and non-formalized network with dense online connections; a limited reliance on traveling and in-person organization; and a prevalence of low-complexity, low-tech, and copy-paste attacks.
- Sanctions, listings, and proscriptions of violent far-right extremist groups and individuals could counter some of these identified trends—primarily financial and operational aspects, but also some ideological aspects, if to a lesser degree.
- Sanctions and proscriptions can also enable different tools, such as intelligence gathering and analysis, which further enhance a state's understanding of how some of the identified trends facilitate acts of violence within the movement. For example, this could include how cryptocurrency is traded within the movement and to what degree cryptocurrency is used in planning and carrying out an act of terrorism.
- It is, however, important to recognize the limitations of sanctions as a tool, especially when considering the nature of the violent far-right threat and the key trends highlighted in this brief. The fluidity, leader-lessness, and lack of clear command and control structures of the movement complicate the ability of governments to apply sanctions and designate/list/proscribe groups under current legal frameworks.
- **Recommendations** include: consider designating foreign violent far-right groups and individuals under either U.S. foreign terrorist organizations (FTOs) or Executive Order (E.O.) 13224 designation authorities; innovate to develop additional forms of regulations to counter the violent far-right movement, beyond sanctions; focus on strengthening international and multilateral cooperation among Five Eyes (FVEY) countries in countering the threat from the far-right terrorism, and build on that with relevant partners; and strengthen international cooperation to counter the narratives of the violent far-right movement.



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## ISSUE BRIEF #3

### ***Comparing Violent Far-Right Terrorist Designations among Five Eyes Countries***

*Jason Blazakis and Megan Rennebaum*

- Among the “Five-Eye” (FVEY) countries, Canada and the United Kingdom have most frequently used their terrorist designation tools to label violent far-right actors as terrorists.
- The United States, the most prolific country in the world in dispensing terrorist designations against transnational terrorist actors, has used its legal authorities very sparingly against violent far-right terrorists. Largely, this has been due to U.S. laws, such as the First Amendment, and the lack of domestic terrorist designation legal authorities.
- The lack of consonance between the approaches of Australia, Canada, New Zealand, and the United Kingdom on the one side and the United States on the other is unlikely to be bridged when it comes to using terrorist designation authorities against violent far-right groups.
- FVEY countries should measure the effectiveness of their designation regimes by examining how terrorist listings are being operationalized in each of their states – and as a collective group. Only the U.S. Department of the Treasury produces a yearly report that examines financial impacts imposed against U.S. designated terrorists. FVEY countries should publish all statistics related to the efficacy of the terrorist designation regimes.
- **Recommendations** include: establishing common metrics for assessing the impacts of sanctions; considering designating foreign based affiliates or supporters of US REMVE actors; investing in greater information collection to develop listings; making greater use of multilateral tools; and ensuring that counterterrorism sanctions do not adversely impact civil society space, financial inclusion, or the delivery of principled humanitarian assistance.





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## ISSUE BRIEF #4

### ***Lessons learned from Listing Violent Far-Right Extremist Groups in Canada***

*Jessica M. Davis*

- As of July 2022, Canada has listed nine entities in Canada as terrorists, all of which can be broadly categorized as belonging to the violent far-right movement.
- Canada's listings process has three levels of effect in Canada: operational effects (and largely financial); support effects (such as enabling investigations and analysis); and signaling effects that inform the Canadian public about shifts in terrorism threats.
- Canada's process also has potential unintended consequences, such as the possibility of individuals being "de-risked" by their bank and to serve as a catalyst for action for a radicalized individual suddenly cut off from the financial system.
- Canada's listings were unilateral, although some countries have subsequently listed, designated or proscribed similar groups.
- In Canada, as elsewhere, there is little concrete evidence of the effectiveness and outcomes of listing terrorist entities or information suggesting that these listings are useful for law enforcement.
- **Recommendations** include: Canada should work with partner countries to coordinate the designation or listing of entities, share information on Canadian listed entities with partner states, increase transparency around how it chooses groups for listing, and liaise with financial entities to prevent terrorist financing; and all states should establish metrics to assess the implementation and impact of sanctions or designations.

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## ISSUE BRIEF 1

### DETERRENCE AND DENIAL: THE IMPACT OF SANCTIONS AND DESIGNATIONS ON VIOLENT FAR-RIGHT GROUPS

*Lessons Learned from the 1267 Sanctions  
Regime against Al-Qaeda and Islamic State  
in Iraq and Syria (ISIS)*

**COLIN P. CLARKE**  
JULY 2022

THE SOUFAN CENTER

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## KEY FINDINGS

- Because terrorist groups like al-Qaeda and Islamic State in Iraq and Syria (ISIS)<sup>1</sup> have been successful in adapting and innovating in response to counterterrorism measures, it is important to develop a flexible, responsive sanctions regime similar to the 1267 regime, but that can include new organizations and bodies designed to keep it relevant and applicable—and any new regime considered for violent far-right groups should be similarly flexible—both in terms of the various measures employed, but also with respect to the individuals and assets to be targeted.
- Due to ISIS' relatively unique ability to capture and administer large swaths of territory as it built a proto-state and diversified its funding portfolio, it is somewhat difficult to assess how effective sanctions were against the group.
- If certain terrorist threats concern only a limited number of states—for example, the right-wing threat is likely to be more prominent in North America, Europe, and Oceania, though it certainly exists elsewhere—there may be less of an impetus, or little sense of urgency, for states outside of those immediately impacted to act. In that sense, the threats posed by al-Qaeda and ISIS were more transnational in nature, and as a result, generated global consensus more easily. Therefore, it will be crucial to work toward creating consensus, as well as to explore other applications of sanctions to counter the violent far-right threat.

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<sup>1</sup> This issue brief uses the terminology and spelling of al-Qaeda and Islamic State (IS), or Islamic State in Iraq and Syria (ISIS) more specifically; please note that the official UN names for the groups are *Al-Qaida* and *Islamic State in Iraq and the Levant (Da'esh)*; UN Security Council Resolution 1267 (1999): <http://unscr.com/en/resolutions/doc/1267>; see also, United Nations Security Council Consolidated List, <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>.

- One of the primary challenges to evaluating the impact of sanctions against terrorist groups is the lack of an effective assessment framework, in addition to data gaps. The sensitive nature of data related to terrorism and counterterrorism is one of the primary reasons why it has been difficult to provide a comprehensive assessment of the United Nations' overall impact in this area.
- **Recommendations** include: focus on tailor-made sanctions regimes that can adapt to the terrorist threat, considering both multilateral and national options; establish metrics to assess implementation and impact of sanctions regimes; and invest in international cooperation for implementation.

## INTRODUCTION

To fully understand what impact sanctions could have on violent far-right extremist groups it is essential to have a firm grasp on how sanctions have impacted other terrorist groups, particularly those with a transnational scope, including al-Qaeda, Islamic State, and their respective affiliates, franchise groups, and branches worldwide. These groups were the first to be deemed “threats to international peace and security” and subjected to a global sanctions regime established by the United Nations Security Council (UNSC).<sup>2</sup> The sanctions regime pursuant to UN Security Council Resolution (UNSCR) 1267 (henceforth, 1267 regime) was established in the aftermath

of the August 1998 East Africa Embassy bombings in Dar es-Salam, Tanzania and Nairobi, Kenya, perpetrated by al-Qaeda. One year later, in 1999, the Afghan Taliban, which was providing safe haven and sanctuary to al-Qaeda leader Osama bin Laden, refused to heed the Security Council's warnings that it must take action against al-Qaeda and bin Laden. The Taliban refused, and the terror attacks continued, with the October 2000 *USS Cole* bombing in Yemen.

As it became clear that more needed to be done to constrain al-Qaeda, the UN Monitoring Group (MG) was established just prior to the attacks of September 11, 2001. Its mandate was extended once, and the Monitoring Group produced five reports over two and a half years, before being dissolved in January 2004 and replaced by the Monitoring Team (MT).<sup>3</sup> The MT was established by the UNSC as a subordinate element of the 1267 Committee. The 1267 MT works closely with intelligence agencies and other national security entities across the globe. These partner organizations provide the MT with information that inform its global understanding of the threat landscape. Moreover, the Monitoring Team frequently accompanies the UN Counter-Terrorism Executive Directorate (CTED) which conducts country specific assessment visits to monitor implementation of a wide array of Security Council counterterrorism obligations. In addition to providing threat analyses, the MT supports states in building case files for proposed listings and also works with the UN and the office of the Ombudsperson, which

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<sup>2</sup> Howard Wachtel, “Assessing the Utility of the UN’s Terrorism Sanctions Regime 20 Years after 9/11,” *Securing the Future Initiative*, forthcoming, <https://sfi-ct.org/publications/>.

<sup>3</sup> Barak Mendelsohn, “Threat Analysis and the UN’s 1267 Sanctions Committee,” *Terrorism and Political Violence* 27, no. 4 (April 2014): 609-627. <https://doi.org/10.1080/09546553.2013.838157>.

was established as a liaison between the Council and listed individuals who wish to challenge their designation or otherwise communicate with Council members.<sup>4</sup>

Effective implementation of the 1267 regime requires understanding the means used by al-Qaeda to generate material support and move sums of money and personnel across borders. Consequently, reflecting these dynamics, the measures initially adopted as the 1267 framework were asset freezes, travel bans, and arms embargoes against al-Qaeda and Islamic State members. Before assessing and evaluating these measures, it is therefore important to first understand how groups like al-Qaeda and Islamic State derived their respective revenue streams and, equally as crucial, how these resources were allocated to buttress operational and organizational capabilities.

## AL-QAEDA

Since its inception in the mid-1980s, al-Qaeda raised funds through a variety of ways, including charities, donations from diaspora communities, kidnapping for ransom

(KFR), smuggling and trafficking, and a host of other revenue generating activities.<sup>5</sup> From the start, al-Qaeda maintained a global footprint, drawing recruits from dozens of countries. For Osama bin Laden, targeting the so-called “far enemy” required a transnational presence and the financial backbone to sustain it. The group’s fundraising methods evolved over time, beginning with the Soviet Afghan War from 1979 to 1989 and adapting with each subsequent conflict in which al-Qaeda operatives fought—Bosnia, Chechnya, Tajikistan, Afghanistan, Iraq, and Syria. Some of these methods were crude, while others were more sophisticated. As it did for many other terrorist groups, the internet offered al-Qaeda new opportunities to raise, send, and store funds. This cross-border connectivity also provided efficient means for facilitating logistical support that enhanced the group’s operational and organizational capabilities.<sup>6</sup>

This is not to suggest that al-Qaeda maintained a consistent, steady supply of funding. On the contrary, like most terrorist or insurgent groups, its funding ebbed and flowed, and the 1267 sanctions regime was designed to make raising and moving money more difficult.<sup>7</sup> Once al-Qaeda leadership and the organization’s chief financiers, facilitators, and logisticians were identified and

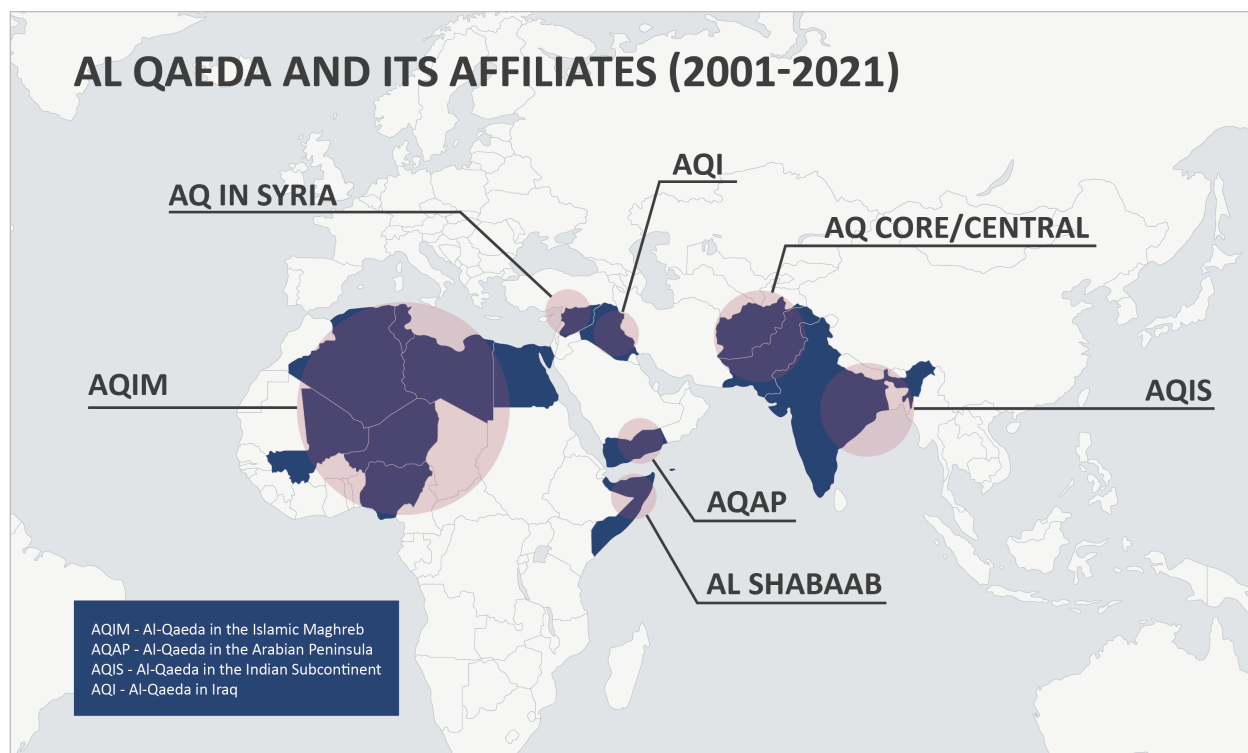
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<sup>4</sup> “Ombudsperson to the ISIL (Da’esh) and Al-Qaeda Sanctions Committee, <https://www.un.org/securitycouncil/ombudsperson>.

<sup>5</sup> Although both al-Qaeda and Islamic State are active terrorist groups, they are constantly evolving, and their present forms are not necessarily reflective of their historical selves. This report is concerned with their past behaviours and as such refers to their activities in the past tense.

<sup>6</sup> Matthew Levitt, “Al-Qa’ida’s Finances: Evidence of Organizational Decline?” *CTC Sentinel* 1 no. 5, (April 2008): 7. <https://www.ctc.usma.edu/wp-content/uploads/2010/06/Vol1Iss5-Art3.pdf>.

<sup>7</sup> Speakers at a virtual roundtable organized by The Soufan Center with the Airey Neave Trust highlighted the importance of the different implications of designations and proscriptions, with the latter making mere membership in the group a criminal offense; many designations processes, such as that under 1267, for example, did not make mere membership in al-Qaeda or ISIS illegal. For more, see: <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.



sanctioned, scrutiny of al-Qaeda's activities grew, making it a major risk to be caught with connections to the group. In 2005, al-Qaeda's then number two, Ayman al-Zawahiri, reached out to al-Qaeda in Iraq (AQI) leader Abu Musab al-Zarqawi to request \$100,000 in financial assistance.<sup>8</sup> In 2008, al-Qaeda was struggling to raise money and sustain a high operational tempo.<sup>9</sup>

Sanctions, including asset freezes and travel bans, made access to formal banking more difficult, and thus, it seems likely such sanctions could have been responsible, at least in part, for al-Qaeda's push to diversify its fundraising portfolio to include money

raised using a bottom-up approach. This meant that at least some of the onus for donating money shifted from wealthy donors and organizations to local efforts, supported by grassroots financing.<sup>10</sup> Despite this adaption, al-Qaeda still depended on money from a worldwide network of supporters and sympathizers. This global network raised money through a variety of legal and illegal activities and channeled the funds to al-Qaeda through charity organizations to circumvent sanctions. To keep funds flowing from deep-pocketed donors al-Qaeda pursued a sectarian agenda that resonated with hardliners in the region. Just as other groups have done, al-Qaeda's leadership consistently

<sup>8</sup> Ibid. 8.

<sup>9</sup> Hearing of the House Permanent Select Committee on Intelligence, "Annual Worldwide Threat Assessment," February 7, 2008. [https://www.dni.gov/files/documents/Newsroom/Testimonies/20080207\\_transcript.pdf](https://www.dni.gov/files/documents/Newsroom/Testimonies/20080207_transcript.pdf).

<sup>10</sup> Jodi Vittori, "Terrorist Financing and Resourcing," (New York: Palgrave Macmillan, 2011), 26.



appealed to the global *ummah*, or Muslim community, for financial assistance, ostensibly to help sustain the families of those al-Qaeda members imprisoned or dead.<sup>11</sup> In Syria, al-Qaeda-linked jihadists connected to Jabhat al-Nusra received a steady provision of financial contributions from wealthy individuals throughout the Persian Gulf.<sup>12</sup>

Al-Qaeda established, co-opted, and exploited charities and not-for-profit entities, including humanitarian groups and religious associations, to help finance itself.<sup>13</sup> Indeed, according to the EUROPOL Terrorism Situation and Trend Report 2022, “there are instances of terrorist groups using non-profit organizations to collect donations under the guise of charitable collections.”<sup>14</sup> This highlights that even in 2021, this is a clear example of the challenges associated with de-risking, as “good” charities are difficult to separate from “bad” ones and therefore measures taken to prevent terrorist abuse of the non-profit sector have had the unintended consequence of financial exclusion for many

civil society organizations.<sup>15</sup> These organizations collected, co-mingled, masked, maintained, transferred, and distributed the funds necessary to support the organization.<sup>16</sup> The network was global, with links to Albania, Bosnia, Croatia, Ethiopia, Indonesia, Kenya, Kosovo, Pakistan, Somalia, and Tanzania, among other countries.<sup>17</sup> These linkages extended beyond al-Qaeda to other jihadist groups, including Jemaah Islamiya, Lashkar-Taiba (LeT), and Tehrik-i-Taliban Pakistan (TTP).<sup>18</sup> As terrorism financing expert Matthew Levitt observed in 2008: “Even with the proliferation of local and self-led terrorist cells, traditional methods of terrorist financing—such as the abuse of charities, individual major donors and organized facilitation and financial support networks—remain a mainstay of al-Qa’ida financing.”<sup>19</sup> Still, al-Qaeda’s abuse of charities has been greatly diminished, a likely result of a combination of factors: Financial Action Task Force (FATF) recommendation 8, sanctions measures as discussed throughout this paper, the overall counter-terrorism pressure on the

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<sup>11</sup> Reuters, “Saudi Says Arrests Qaeda Suspects Planning Attacks,” *Reuters*, March 3, 2008, <https://www.reuters.com/article/us-saudi-qaeda/saudi-says-arrests-qaeda-suspects-planning-attacks-idUSL0335531920080303>.

<sup>12</sup> Bruce Hoffman, “Al-Qaida’s Uncertain Future,” *Studies in Conflict & Terrorism* 36, no. 8 (June 2013): 644. <https://doi.org/10.1080/1057610X.2013.802973>.

<sup>13</sup> Rohan Gunaratna, “The Post-Madrid Face of Al-Qaida,” *The Washington Quarterly* 27, no. 3 (June 2004): 95. <https://doi.org/10.1162/016366004323090278>.

<sup>14</sup> EUROPOL, Terrorism Situation and Trends Report 2022: [https://www.europol.europa.eu/cms/sites/default/files/documents/Tesat\\_Report\\_2022\\_0.pdf](https://www.europol.europa.eu/cms/sites/default/files/documents/Tesat_Report_2022_0.pdf)

<sup>15</sup> See for example: <https://web.law.duke.edu/sites/default/files/humanrights/tighteningpursestrings.pdf>.

<sup>16</sup> “The Role of Charities and NGO’s in the Financing of Terrorist Activities,” Hearing before the Subcommittee on International Trade and Finance of the Committee on Banking, Housing, and Urban Affairs. United States Senate, August 1, 2002. <https://www.govinfo.gov/content/pkg/CHRG-107shrg89957/html/CHRG-107shrg89957.htm>.

<sup>17</sup> Victor Comras, “Al-Qaida Finances,” in Giraldo and Trinkunas, eds., *Terrorism Financing and State Responses*, (Stanford: Stanford University Press, 2007), 121.

<sup>18</sup> Juan Miguel del Cid Gomez, “A Financial Profile of the Terrorism of Al-Qaeda and its Affiliates,” *Perspectives on Terrorism* 4, no. 4 (October 2010): 8-9.

<sup>19</sup> Levitt, “Al-Qa’ida’s Finances,” 7.

group, and greater international cooperation to counter its financing.

Another challenge to the 1267 sanctions regime was al-Qaeda's ability to earn money through difficult to monitor activities like fraud, in which small cells of sympathizers not directly connected to the group raised funds while attempting to avoid the scrutiny of authorities.<sup>20</sup> This shift may have accelerated following the advent of sanctions. Al-Qaeda cells have also raised money through the abuse of government welfare benefits and other methods seemingly unrelated to terrorist activity. One of the British perpetrators, who conducted the suicide attacks of July 7, 2005, committed bank fraud by deliberately defaulting on a £10,000 loan and overdrawing on his multiple bank accounts.<sup>21</sup> In Italy, tax fraud has generated funding for al-Qaeda-linked militants,<sup>22</sup> while in France, stolen credit card information has been used by Islamist militants to commit fraud online and finance attacks with the proceeds.<sup>23</sup> Armed robbery and theft are other small-dollar fundraising ventures that have made it possible for al-Qaeda militants to raise money outside of the reach of most sanctions measures. The same is true for smuggling and trafficking of illicit goods, including narcotics, and extortion

and protection payments demanded from individuals and businesses.

While based in Sudan, al-Qaeda was able to earn money through a range of legal businesses, including construction, manufacturing, currency trading, import-export companies, and agriculture.<sup>24</sup> At one point, it was believed that bin Laden owned 80 companies scattered across the globe.<sup>25</sup> Al-Barakaat, for example, was a network of companies founded in Mogadishu and headquartered in Dubai, used by al-Qaeda in as many as 40 different countries, with services as diverse as telecommunications, construction, remittances, and other banking services. Al-Barakaat, which became a sanctioned entity in 2001, managed, invested, and distributed funds for al-Qaeda, while simultaneously functioning as a source of financing and cash transfers.<sup>26</sup> Another workaround to avoid sanctions was the use of "mules," couriers that would physically transport large quantities of bulk cash, valuable commodities (gemstones, precious metals), and other items that could be converted to cash or used in nonmonetary transactions to create a complex series of exchanges used to obfuscate both the origin and final destination of the money. In Europe, terrorists and their supporters have exploited the interconnectivity of the bus and

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<sup>20</sup> Angel Rabasa, Peter Chalk, Kim Cragin, et al, "Beyond al-Qaeda: Part 1, The Global Jihadist Movement," (Santa Monica, CA: RAND Corporation, 2006), 57.

<sup>21</sup> "Terrorist Financing," Financial Action Task Force (FATF). February 2008, 14. <https://www.fatf-gafi.org/media/fatf/documents/reports/FATF%20Terrorist%20Financing%20Typologies%20Report.pdf>.

<sup>22</sup> del Cid Gomez, "A Financial Profile of Al-Qaeda and its Affiliates," 13.

<sup>23</sup> Timothy L. Thomas, "Al-Qaida and the Internet: The Danger of 'Cyberplanning,'" *Parameters* 23, no. 1 (Spring 2003): 117.

<sup>24</sup> Peter Bergen, "Holy Terror, Inc.: Inside the Secret World of Osama bin Laden," (New York: Free Press, 2001), 47-49.

<sup>25</sup> Hoffman, "Al-Qaida's Uncertain Future," 553.

<sup>26</sup> del Cid Gomez, "A Financial Profile of Al-Qaeda and its Affiliates," 10.

rail system within the Schengen Area to transport cash throughout the continent, a phenomenon with obvious implications for far-right terrorists and extremists operating in the same space.

Al-Qaeda's criminal activities also provided a significant portion of its operating budget, adopting an approach to fundraising that has been described as "eclectic and opportunistic."<sup>27</sup> In Afghanistan and Pakistan, al-Qaeda worked closely with the Haqqani Network to raise funds through a range of criminal activities.<sup>28</sup> In Yemen, al-Qaeda in the Arabian Peninsula (AQAP) colluded with local tribes to earn money through kidnapping.<sup>29</sup> Criminal gangs worked on commission for AQAP, scouring the streets of Sanaa searching for foreigners to abduct.<sup>30</sup> Al-Qaeda in the Islamic Maghreb (AQIM) militants regularly kidnapped Westerners, especially European citizens, and exchanged them for hefty ransoms paid by governments including Germany, Switzerland, Austria, Sweden, Holland, France and Spain. Al-Qaeda and its affiliates earned at least \$125 million from kidnapping between 2008-2014.<sup>31</sup>

In addition to the sanctions imposed by the UN 1267 sanctions regime, a broader crackdown on al-Qaeda financing included a

series of U.S. federal regulations that were designed to impose stricter requirements on financial institutions. These measures included implementation of rules and guidelines by national and international regulatory and standards-setting organizations, which stressed the importance of due diligence Know Your Customer (KYC) requirements, as outlined by the FATF's recommendations.<sup>32</sup> Government-regulated financial systems tightened controls on international bank-based money transfers, and charitable organizations supporting al-Qaeda were shuttered, while others were hampered after being added to the UN list of organizations that support terrorism. As described earlier, charities more broadly were impacted, generating longer term concerns about the impacts of counterterrorism measures on other policy priorities, including supporting a vibrant civil society sector and the protection of civil liberties. Under pressure from the United States, several Gulf countries were moved to regulate *hawala* transactions, requiring users to register and provide background information about the identity of the remitters and beneficiaries. In countries like Somalia, this placed many individuals at great risk, which in turn, may have inadvertently led them to become more dependent on illicit financial transfer

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<sup>27</sup> Phil Williams, "Terrorist Financing," in Paul Shemella ed., *Fighting Back: What Governments Can Do About Terrorism*. (Stanford, CA: Stanford University Press, 2011), 45.

<sup>28</sup> Vahid Brown, and Don Rassler, "Fountainhead of Jihad: The Haqqani Nexus, 1973-2012" (Oxford: Oxford University Press, 2013).

<sup>29</sup> Gregory D. Johnsen, "The Last Refuge: Yemen, Al Qaeda, and America's War in Arabia" (New York: W.W. Norton & Co., 2013).

<sup>30</sup> Ellen Knickmeyer, "Al Qaeda-Linked Groups Increasingly Funded by Ransom," *Wall Street Journal*, July 29, 2014, <https://www.wsj.com/articles/ransom-fills-terrorist-coffers-1406637010>.

<sup>31</sup> Rukmini Callimachi, "Ransoming Citizens, Europe Becomes Al Qaeda's Patron," *New York Times*, July 29, 2014, <https://www.nytimes.com/2014/07/30/world/africa/ransoming-citizens-europe-becomes-al-qaedas-patron.html>.

<sup>32</sup> Scott Helfstein, with John Solomon, "Risky Business: The Global Threat Network and the Politics of Contraband" (West Point: Combating Terrorism Center, 2014), [https://ctc.westpoint.edu/wp-content/uploads/2014/05/RiskyBusiness\\_final.pdf](https://ctc.westpoint.edu/wp-content/uploads/2014/05/RiskyBusiness_final.pdf).

networks.<sup>33</sup> In other cases, businesses that offered *hawala* services were required to obtain a license and report transactions to financial intelligence units, some of which were operating as part of central banks.

extortion, which garnered approximately \$360 million in 2015; and the 2014 looting of Mosul, during which ISIS stole about \$500 million from bank vaults.<sup>35</sup>

## ISLAMIC STATE

Having learned the lessons of dealing with al-Qaeda and its evolution, the 1267 sanctions regime seemed to be more prepared for the rise of Islamic State and its global network of affiliates. Islamic State's control of vast swaths of territory meant that the organization posed a different challenge than al-Qaeda had, since ISIS could raise money within the borders of its so-called caliphate without having to rely extensively on external actors or activities. Unlike other terrorist groups that relied almost exclusively on external state support, ISIS funded its operations through various crimes, ranging from oil theft to bank robbery to extortion.<sup>34</sup> As former Assistant Secretary for Terrorist Financing at the Department of the Treasury Daniel Glaser has noted, ISIS generated its wealth from three primary sources: oil and gas, which generated about \$500 million in 2015, primarily through internal sales; taxation and

*Having learned the lessons of dealing with al-Qaeda and its evolution, the 1267 sanctions regime seemed to be more prepared for the rise of Islamic State and its global network of affiliates.*

Soon after ISIS announced its state-building project in 2014, some estimates pegged the group's income at \$1 million per day.<sup>36</sup> The group was described as having "built its organization using a financial strategy characterized by ruthless efficiency and pragmatism," and alternative assessments

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<sup>33</sup> James Cockayne and Liat Shetret, "Capitalizing on Trust: Harnessing Somali Remittances for Counterterrorism, Human Rights and State Building," Center on Global Counterterrorism Cooperation, 2012, <https://www.globalcenter.org/wp-content/uploads/2012/07/CapitalizingOnTrust.pdf>.

<sup>34</sup> Phil Williams and Colin P. Clarke, "Iraqi and Syrian Networks," in Kim Thachuk and Rollie Lal, eds., *Terrorist Criminal Enterprises*, (Santa Barbara, CA: ABC-CLIO, 2018), 27-46.

<sup>35</sup> Daniel L. Glaser, "The Evolution of Terrorism Financing: Disrupting the Islamic State," in Matthew Levitt, ed., *Neither Remaining Nor Expanding: The Decline of the Islamic State*, Washington Institute for Near East Policy, Counterterrorism Lectures 2016–2017, August 2018, 43–7; Daniel L. Glaser, Testimony before the House Committee on Foreign Affairs Subcommittee on Terrorism, Nonproliferation, and Trade, and House Committee on Armed Services Subcommittee on Emerging Threats and Capabilities, June 9, 2016; "ISIS Financing 2015," Center for the Analysis of Terrorism, Paris, May, 2016.

<sup>36</sup> Vivienne Walt, "How Guns and Oil Net ISIS \$1 Million A Day," *Fortune*, July 24, 2014, <https://fortune.com/2014/07/24/isis-guns-oil/>.

forecasted its annual income to be between \$100 to \$200 million per year.<sup>37</sup> These estimates proved too conservative, as ISIS went on to become the wealthiest terrorist group in history.<sup>38</sup> At the height of its territorial control in 2015-2016, the Islamic State had generated over \$6 billion—the equivalent of the gross domestic product of Liechtenstein.<sup>39</sup> The Global Coalition to Defeat Daesh, led by the United States, launched a devastating military campaign against ISIS, specifically attacking its financing efforts. Even as ISIS' territorial control declined, it still retained financial power. After its last territory was retaken in Baghouz, Syria, in the spring of 2019, the group's surviving leadership is alleged to have smuggled as much as \$400 million out of Iraq and Syria and used it to invest in legitimate businesses—hotels, hospitals, farms, and car dealerships—throughout the region, including in Turkey, where some militants also reportedly made large purchases of gold.<sup>40</sup> This is a significant amount of money to raise despite the sanctions regime, raising questions about the impact of the regime itself. ISIS was adept at using financial facilitators, who were able to move money into and out of conflict zones through a range

of techniques, including smuggling networks and cash couriers.<sup>41</sup>

The consequences associated with UN listings tend to focus on the more formalized fundraising methods used by terrorist groups—banks, travel, trade—rather than those utilizing illicit and informal economies. Moreover, when ISIS was able to establish a state, it raised and spent its money mostly within that state-building system, even attempting to mint its own currency at one point. As UN 1267 sanctions expert Jacqueline Shire commented, “ISIS-controlled territory in a way that al-Qaeda never did, so in many ways, it was an entirely different problem set.”<sup>42</sup> Given the civil war in Syria and ongoing insurgency throughout parts of Iraq, states were unable to do much to restrict ISIS' financing juggernaut, and the UN also had limited means at its disposal that could have a tangible impact.

ISIS was different from previous terrorist groups because the territory it controlled provided extremely lucrative resources, such as oil, and a renewable funding source in the form of a taxable population. One of the core difficulties in degrading ISIS' considerable material wealth was that much of what it

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<sup>37</sup> Patrick B. Johnston and Benjamin Bahney, “Hit the Islamic State's Pocketbook,” *Newsday*, October 5, 2014, <https://www.newsday.com/opinion/commentary/hit-the-islamic-state-s-pocketbook-opinion-p96322>.

<sup>38</sup> Patrick B. Johnston, Mona Alami, Colin P. Clarke, and Howard J. Shatz, “Return and Expand? The Finances and Prospects of the Islamic State After the Caliphate,” (Santa Monica, CA: RAND Corporation, 2019), [https://www.rand.org/pubs/research\\_reports/RR3046.html](https://www.rand.org/pubs/research_reports/RR3046.html); see also: Colin P. Clarke, “ISIS's New Plans to Get Rich and Wreak Havoc,” *Foreign Policy*, October 10, 2018, <https://foreignpolicy.com/2018/10/10/isiss-new-plans-to-get-rich-and-wreak-havoc/>; and Colin P. Clarke, “After the Caliphate,” (Cambridge, UK: Polity Press, 2019).

<sup>39</sup> “Islamic State Has Been Stashing Millions of Dollars in Iraq and Abroad,” *The Economist*, February 22, 2018, <https://www.economist.com/middle-east-and-africa/2018/02/22/islamic-state-has-been-stashing-millions-of-dollars-in-iraq-and-abroad>.

<sup>40</sup> Renad Mansour and Hisham al-Hashimi, “ISIS Inc.,” *Foreign Policy*, January 16, 2018, <https://foreignpolicy.com/2018/01/16/isis-inc-islamic-state-iraq-syria/>.

<sup>41</sup> Jessica Davis, “Illicit Money: Financing Terrorism in the 21<sup>st</sup> Century,” (Boulder, CO: Lynne Rienner, 2021), 87.

<sup>42</sup> Interview, Jacqueline Shire, May 2022.

amassed was collected within its controlled territory. Indeed, as much as 80 percent of its fortune was acquired by mimicking one of the central functions of modern nation-states—that is, collecting taxes and tariffs from the local population.<sup>43</sup> Like many other contemporary terrorist groups, ISIS relied on a range of criminal activities, including, but not limited to, extortion, KFR, robbery and theft, and antiquities smuggling. ISIS may also have been involved with narcotics trafficking.<sup>44</sup> There is little evidence to suggest that foreign donations from nation-states were a significant funding source for ISIS, although wealthy individuals from the Gulf have been accused of financing terrorists in Syria.<sup>45</sup> The internal nature of ISIS' revenue streams made sanctions even more challenging as a means of combating its expansion and external operations. In this sense, ISIS is relatively unique in recent history as one of the few terrorist groups to generate most of its funding from the territory it held—revenue amassed from taxation and extortion, the sale of oil and various oil-related products, looting, confiscation of property and cash, and fines levied against the

population by the religious police for a litany of offenses.<sup>46</sup> ISIS' reputation as financially incorruptible—a defining characteristic inherited from its predecessors al-Qaeda in Iraq (AQI) and Islamic State of Iraq (ISI)—helped boost popular support for it, despite the savage and draconian manner in which it administered its territory.<sup>47</sup> This was especially true when ISIS was juxtaposed to the Iraqi government, considered rapacious and highly corrupt by large segments of the population.

ISIS was entrepreneurial and, to a large extent, able to sustain itself through a diverse portfolio of investments and ventures that were difficult for the international community to disrupt. As an upshot of this there is scant evidence to suggest that foreign donations were ever a significant source of funding for it, and the money it gained from KFR operations was never a “major” source of income.<sup>48</sup> As ISIS evolves and continues to establish global affiliates, these revenue streams will probably change; indeed, external funding from sympathetic state and non-state donors could one day comprise a much larger proportion of its coffers.<sup>49</sup> But

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<sup>43</sup> Mansour and al-Hashimi, “ISIS Inc.”

<sup>44</sup> Colin P. Clarke, “Drugs & Thugs: Funding Terrorism Through Narcotics Trafficking,” *Journal of Strategic Security* 9, no. 3 (Fall 2016); for more on how involvement in narcotics trafficking impacts terrorist groups, see Svante Cornell, “Narcotics and Armed Conflict: Interaction and Implications,” *Studies in Conflict and Terrorism* 30, no. 3 (2007): 207-227.

<sup>45</sup> Scott Bronstein and Drew Griffin, “Self-Funded and Deep-Rooted: How ISIS Makes its Millions,” *CNN*, October 7, 2014.

<sup>46</sup> Stefan Heibner, Peter R. Neumann, John Holland-McCowan, and Rajan Basra, “Caliphate in Decline: An Estimate of Islamic State's Financial Fortunes,” (London: The International Centre for the Study of Radicalisation and Political Violence, 2017); see also Rukmini Callimachi, “The Case of the Purloined Poultry: How ISIS Prosecuted Petty Crime,” *New York Times*, July 1, 2018.

<sup>47</sup> Patrick B. Johnston, Jacob N. Shapiro, Howard J. Shatz, et al, “Foundations of the Islamic State: Management, Money, and Terror in Iraq, 2005–2010,” (Santa Monica, CA: RAND Corp., 2016), [https://www.rand.org/pubs/research\\_reports/RR1192.html](https://www.rand.org/pubs/research_reports/RR1192.html).

<sup>48</sup> Heibner, et al, “Caliphate in Decline.”

<sup>49</sup> Colin P. Clarke, Kimberly Jackson, Patrick B. Johnston, et al, “Financial Futures of the Islamic State of Iraq and the Levant,” (Santa Monica, CA: RAND Corp., 2017), [https://www.rand.org/pubs/conf\\_proceedings/CF361.html](https://www.rand.org/pubs/conf_proceedings/CF361.html).



for the duration of IS' reign in Iraq and Syria, it remained incredibly difficult for the sanctions regime to limit ISIS revenue streams. In turn, the group's funding was directly tied to its ability to wage war.

The war against ISIS demonstrated that sanctions, one of the principal traditional tools for this area of policy, were demonstrably insufficient. Even the impact of the Counter-ISIS Coalition's targeted, strikes on oil operations and cash stores in Iraq and Syria in 2015 proved to be impermanent. A combination of civilian and military measures was required, with global backing, to target its material wealth and sustain the impact. ISIS will continue to seek both licit and illicit revenue streams to fund its operations.

Having covered the way these groups financed their operational and organizational capabilities, this brief will evaluate the sanctions measures themselves, as well as the strengths, weaknesses, and challenges associated with these measures over time.

## SANCTIONS MEASURES

Three primary sanctions measures formed the core of the 1267 sanctions regime—asset freezes, travel bans, and arms embargoes. Each was an important pillar of the sanctions regime and should be considered in combination with the others, not in isolation.

The assets freeze pillar meant that states were required to freeze the finances and assets of any and all individuals and entities designated by the sanctions regime. While proving causation between asset freezes and a decline in terrorist financing is impossible, these measures were believed to be a highly effective mechanism in preventing terrorist

groups from launching large-scale terrorist attacks. The aim of this pillar is to limit the access of terrorist financiers to the formal banking system, thus constraining their ability to make and move money, while also preventing them from engaging in legitimate business transactions.



The travel ban was devised to prevent designated terrorists from entering and transiting through territories that would facilitate their ability to plan, plot, and execute attacks. Preventing face-to-face meetings and interactions is an important part of limiting the growth of terrorist networks. When al-Qaeda and ISIS terrorists are unable to meet with fellow militants and other intermediaries, it inhibits operational planning and makes operational security more difficult. The travel ban is perceived as a deterrent, but also as a persuasive measure to dissuade known associates or “second-line supporters” of these groups from crossing international borders. Given that terrorists do frequently cross borders and would thus be vulnerable to these measures, it behooves the international community to focus capacity building and train and equip efforts for border security, to include implementation of technologies like biometrics.

The arms embargo requires each state to take measures to prevent the supply (direct or indirect), sale, and transfer of various types of arms, vehicles, and weapons from its territory to designated individuals and

entities. The arms embargo is designed to deny al-Qaeda and ISIS members the ability to acquire the materials necessary to execute terrorist attacks. Terrorist training is also a component, as the travel ban also plays a role in limiting the ability of terrorists to travel to and join existing training camps in weak states and ungoverned territories. By increasing the risk premium for weapons traffickers, the arms embargo seeks to restrict illegitimate sources of weapons, ammunition, and the components needed for bombmaking. Still, data on the effectiveness of arms embargoes are only as good as the reporting provided by states, many of which have struggled in this particular area.

### **Strengths**

Even though one of the major and relatively consistent criticisms from an array of stakeholders about the sanctions regime has been the lack of rigorous metrics to measure impact, experts note that the regime has yielded some benefits.<sup>50</sup> Namely, developing international consensus likely had knock-on effects in terms of effective counterterrorism, and by establishing international norms, resultant political signaling indicated what actions were considered beyond the pale. To enhance the effectiveness of measures, improvements in the Consolidated List development were undertaken, with many names being added in a more timely manner. For example, Jabhat al-Nusra and associated militants were added to the list mere months after being designated by the United States. Still, the expedited manner of some additions to the List has raised due process concerns in some cases. Nonetheless, 1267 sanctions are

binding under international law for all states and are an important tool of the international community that does not involve military force. The sanctions regime generally enjoys a broad base of political support among states and Security Council members, and in terms of symbolism, the Consolidated List in particular demonstrates a groundswell of international condemnation of the actions, means, and objectives of terrorist groups like al-Qaeda and IS.

The *Kadi* case had a significant impact on the UN 1267 regime. It was a European Union (EU) related case that went up to the European Court of Justice to deal with the issue of human rights and due process concerns regarding the delisting of an individual associated with al-Qaeda. As a result of the ruling, the EU was forced to remove him from the sanctions list and helped demonstrate the need for the creation of the Ombudsperson, an entity at the UN 1267 Committee that now reviews delisting petitions in an impartial manner. The appointment of an Ombudsperson demonstrated the regime's ability to adapt to legal and public opinion, thus enhancing the credibility of the regime. As noted by Christopher Michaelsen in 2010: "The establishment of the Ombudsperson office constitutes a significant improvement to the existing listing and de-listing procedure."<sup>51</sup>

While the efficacy and reliability of assets freeze measures can vary widely between states, this has not limited the private sector in making significant progress. Indeed, the global formal financial sector has continued to refine policies and develop stricter KYC rules, while also becoming more reliable in

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<sup>50</sup> Discussions with U.S. officials and sanctions experts, roundtable organized by The Soufan Center, Washington, D.C., May 2022.

<sup>51</sup> Christopher Michaelsen, "The Security Council's Al Qaeda and Taliban Sanctions Regime: 'Essential Tool' or Increasing Liability for the UN's Counterterrorism Efforts?" *Studies in Conflict and Terrorism* 33, no. 5, (2010): 457.

filing suspicious activity reports (SARs). Financial intelligence (FININT) can be an extremely effective tool in the arsenal of states and governments working to counter terrorism, if afforded priority and wielded in the right way.<sup>52</sup>

It is also important to recognize ancillary benefits associated with some of the measures.<sup>53</sup> For example, the travel ban has provided certain states the ability to leverage the UN regime to encourage other, sometimes recalcitrant states, to improve border and port security, focusing on building capacity in these areas and making strides to integrate new technologies into their respective approaches. This includes biometrics and the installation of technical equipment, while also enhancing the sophistication of national identity documents to minimize fraud and counterfeiting. Concurrently, many states have strengthened cooperation with international and regional entities such as INTERPOL, which maintains a database of lost and stolen travel documents and other useful tools. Monitoring Team reports have discussed the impact of arms embargoes, which forced al-Qaeda militants to improvise on weapons and ammunition, making it more difficult for the group to launch terrorist attacks or, when they occurred, to minimize the resultant damage. Progress in this area was also a likely driver for the passage and implementation of UNSCR 2253 (2015), which specified that sanctions already in force against al-Qaeda would also apply to ISIS.

## **Weaknesses**

There are a number of weaknesses associated with the 1267 regime which should be borne

in mind when discussing the use of a tool like sanctions toward other types of terrorist threats, to include violent far-right actors. Although it has made some strides, the Consolidated List itself has frequently been the target of intense criticism. Some states have expressed concern that the Consolidated List had unclear procedures for listing and delisting individuals, implying a lack of flexibility and agility for adding or removing names, while others note that their reluctance to put forth names to be considered has been due to lingering human rights concerns. Furthermore, states have complained that certain basic protections, afforded defendants in both criminal and civil matters (e.g. due process) are unavailable to listed and designated individuals. This is in addition to the challenges inherent in having countries employ their own national standards for evidence requirements needed for listings and de-listings.

Private sector entities that rely on the 1267 Consolidated List, including banks and financial institutions, find that many entries often lack necessary information required to properly identify an individual. Other criticisms include that the List remains a limited or distorted picture of the actual threat. Moreover, due to the intense political nature of the activity, listing individuals is not objective, and stronger states have more bargaining power than weaker or smaller states, which lack tangible leverage. Overall, political and legal controversies are seen as limiting the potential of the Consolidated List and, to a lesser extent, the 1267 regime more broadly.

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<sup>52</sup> Juan Zarate, "Treasury's War: The Unleashing of a New Era of Financial Warfare," (New York: Public Affairs, 2013).

<sup>53</sup> There are also costs, including constraining financial inclusion and increasing de-risking, among other issues.

Accordingly, some states have complained that the Consolidated List is not a useful operational tool, as it proved too cumbersome to adapt to changes in the nature of terrorist groups like al-Qaeda and IS. Without a clear understanding of the links between some of the individuals included on the List and these groups, there have been questions surrounding the intent or objective of the designations. There will also be some level of skepticism attached to the process or accusations of bad faith, with concern that some states could seek to include domestic political enemies on the List as a way to minimize political opposition, tainting these individuals with the title of “international terrorist” when the relationship or connection between that individual and a foreign terrorist groups is murky at best.

In other cases, like that of high-ranking al-Qaeda member Abu Yahya al-Libi, there have been serious lags between developments on the ground and the designation process. This happened with franchise groups and affiliates, including AQAP. To remedy this, analysts argue, the List should be viewed as a “live document” that can be changed frequently in line with the nature of the threat, which is never static. It should be noted, however, that working methods make change difficult and require consensus among most member states to change, a standard which is difficult to achieve. This issue partly stems from the dearth of analysis in some cases regarding the organizational structure of al-Qaeda and ISIS and how these groups have evolved over time. According to terrorism scholar Barak Mendelsohn, the shortcomings of the Consolidated List and associated measures demonstrate a “surprising neglect of what one would assume should be

a central aspect of its work: the identification and analysis of the threat against which the sanctions are directed.”<sup>54</sup>

### ***Additional Considerations***

While some of the critiques about the inherent weaknesses of the 1267 sanctions regime are fair, others fail to take account for the myriad challenges that are neither straightforward nor easily solved. For example, the decentralized nature of transnational terrorist groups like al-Qaeda and ISIS lead to a lack of clarity about who is, and who is not, associated with the various splinters and offshoots of the groups, a point especially relevant as greater international attention turns to their affiliates rather than the “core” organization. There is a clear lesson here for sanctions that might be designed to deal with violent far-right extremists and far-right terrorist groups. The sanctions regime has been challenged by several issues that have been counterproductive and worked at cross purposes to effective implementation. While some states lack the capacity to enforce the range of sanctions measures, others lack the political will. For others, it is simply not a priority, given other issues considered far more urgent. As the 1267 Monitoring Team has noted, “It will always be difficult to design, let alone enforce, sanctions against diverse groups of individuals who are not in one location, who can adopt different identities, and who need no special equipment to launch their attacks.”<sup>55</sup> Even in the face of all these challenges, it remains worthwhile to pursue sanctions because their impact, while admittedly difficult to measure, can reduce

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<sup>54</sup> Mendelsohn, “Threat Analysis and the UN’s 1267 Sanctions Committee,” p.610.

<sup>55</sup> “Recent Attacks Tragic Reminders Fight Against Terrorism far from Over, Security Council Told,” United Nations Security Council: Press Release, 13 September, 2004, <https://www.un.org/press/en/2004/sc8184.doc.htm>.

the frequency and lethality of terrorist attacks.

During the course of the two decade-long “Global War on Terrorism”, the UN Security Council often found itself lacking critical data regarding implementation efforts following on the resolutions adopted or the impact of its counterterrorism measures.<sup>56</sup> Indeed, the sensitive nature of data related to terrorism and counterterrorism is one of the primary reasons why it has been difficult to provide a comprehensive assessment of the UN’s overall impact in this area.<sup>57</sup> Some of this was directly related to a lack of reporting from states, because not all states consider this international obligation to be important. More consequentially, there was little concept of how to measure progress, other than anecdotally, along the three primary sanctions measures—asset freezes, travel bans, arms embargoes. By their nature, states are more bureaucratic, vertically structured, and cumbersome than decentralized networks of non-state actors. Nevertheless, measures like arms embargoes need to be more adroit in responding to the constant evolution of terrorists’ tactics. This includes anticipating or quickly adapting to changes in terrorist behavior, while offering states a clear-cut definition of what their respective obligations are and how these can be consistently met, a function that the UN Security Council Counter-Terrorism Executive Directorate (CTED) seeks to perform with regard to a wider set of UNSC counterterrorism obligations.<sup>58</sup>

*Even in the face of all these challenges, it remains worthwhile to pursue sanctions because their impact, while admittedly difficult to measure, can reduce the frequency and lethality of terrorist attacks.*

Lastly, the Monitoring Team struggled with sustaining momentum for the sanctions regime after initial interest in the program began to wane. Political will always plays an important role in whether states will be able to make progress once the threat begins to fade, change shape, or is overshadowed by other national priorities or international events—for example, Russia’s ongoing war in Ukraine. Moreover, there are powerful states, to include Russia, that benefit from (and indeed promote, even if surreptitiously) the proliferation of far-right extremism, as it keeps countries like the United States preoccupied and forced to expend crucial resources countering a domestic threat. If the threat is believed only to concern a limited number of states—for example, the right-wing threat is likely to be more prominent in North America, Europe, and Oceania—there may be less of an impetus or little sense of urgency for states outside of those

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<sup>56</sup> For more on this, visit the Securing the Future Initiative at [www.sfi-ct.org](http://www.sfi-ct.org).

<sup>57</sup> Naureen Chowdhury Fink, “Looking Back to Move Forward: The Role of the UN in Addressing Evolving Terrorist Threats,” IPI Global Observatory, June 7, 2021, <https://theglobalobservatory.org/2021/06/looking-back-to-move-forward-the-role-of-the-un-in-addressing-evolving-terrorist-threats/>.

<sup>58</sup> United Nations Security Council Counter-Terrorism Committee, <https://www.un.org/securitycouncil/ctc/>.

immediately impacted. In that sense, the threat posed by al-Qaeda and ISIS were perhaps more transnational in nature, and therefore perhaps more easily generated broader-based consensus globally, instead of by region.

## RECOMMENDATIONS

1. **Focus on tailor-made regimes that can adapt to the terrorist threat:** Threat analysis to drive effective counterterrorism strategies is not a direct comparison between al-Qaeda and ISIS on one hand, and far-right extremist groups on the other. There will be some similarities, but also many differences, so those designing potential sanctions to address the threat of violent far-right actors need to consider: how these networks are structured, how they raise, move, store, obscure, manage, and use funds; where they derive arms and ammunition; and how they seek to travel across borders to recruit new members and spread propaganda. Moreover, since many travel and logistical networks have been impacted by the COVID-19 pandemic, it could take time to identify patterns and trends being exploited by violent far-right actors in this space. It could be revelatory to conduct a comparative analysis of the groups sanctioned under the 1267 sanctions regime, and those violent far-right actors that might be eligible based on their individual profiles.<sup>59</sup>
2. **Establish metrics to assess implementation and impact of sanctions regimes:** Any future sanctions regime is going to suffer similar challenges as the 1267 regime unless it devotes resources and capacities to devising appropriate metrics that can provide a comprehensive overview of impact. It is important to be explicit about a theory of change in the design of sanctions, and the UNSC should ensure that assessment is conceptualized in the earliest stages of a sanctions regime, but also that assessment is robustly resourced. Presenting metrics in a way tailored to specific stakeholders and ensuring that data collection, and results are as transparent as possible will help gain multi-stakeholder buy-in from states. Since metrics can drive decision-making, the ways in which assessment results will be used by decision-makers must be a consideration throughout the assessment process. For this recommendation to fulfill its potential, it is essential that UN member states take it upon themselves to pay close attention to the collection and analysis of data.
3. **Invest in international cooperation for implementation:** Similar to the difficulty in sustaining momentum for a sanctions regime against al-Qaeda and IS, terrorist organizations with global reach, it will likely also be challenging to maintain a sanctions regime against violent far-right terrorists, particularly white supremacists and neo-Nazis. Many countries may consider this a “Western” issue, with Five Eyes (FVEY) countries and other European nations facing the lion’s share of the

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<sup>59</sup> For more on this topic, see the other Issue Briefs in this series, and in particular: Mollie Saltskog, “Trends in Violent Far-Right Extremism,” The Soufan Center, July 28, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.



threat.<sup>60</sup> Even if political will in non-Western countries is lacking, FVEY countries and other allies should capitalize upon pre-existing information sharing and intelligence cooperation best practices, seeking to disrupt violent far-right networks through the same (and potentially additional) sanctions measures such as arms embargoes, travel bans, asset freezes, and a Consolidated List that builds upon and improves some of the shortcomings facing the 1267 sanctions regime. This could include building groups of like-minded states (“FVEY and friends,” or Fourteen Eyes) to champion mechanisms that build a comprehensive sanctions regime that is less piecemeal and thus, serves as a force multiplier.

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<sup>60</sup> While the lion’s share of the incidents of far-right extremist and terrorism occur in the West, there was an arrest made in Singapore in December 2020 of a far-right extremist who had been planning an attack inspired by Christchurch. <https://www.scmp.com/week-asia/politics/article/3120789/far-right-vs-islamists-vicious-circle-extremism-southeast-asia>; there is also the issue of how to interpret “ethnically-motivated” violent extremism and whether this category applies to some of the violence occurring in India.

## ISSUE BRIEF 2

### DETERRENCE AND DENIAL: THE IMPACT OF SANCTIONS AND DESIGNATIONS ON VIOLENT FAR-RIGHT GROUPS

*Trends in Violent Far-Right Extremism*

**MOLLIE SALTSKOG**

JULY 2022

THE SOUFAN CENTER

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## KEY FINDINGS

- The contemporary violent far-right movement features, to a large extent, the following key trends: a diffuse and non-formalized network with dense online connections; a limited reliance on traveling and in-person organization; and a prevalence of low-complexity, low-tech, and copy-paste attacks.
- Sanctions, listings, and proscriptions of violent far-right extremist groups and individuals could counter some of these identified trends—primarily financial and operational aspects, but also some ideological aspects, if to a lesser degree.
- Sanctions and proscriptions can also enable different tools, such as intelligence gathering and analysis, which further enhance a state's understanding of how some of the identified trends facilitate acts of violence within the movement. For example, this could include how cryptocurrency is traded within the movement and to what degree cryptocurrency is used in planning and carrying out an act of terrorism.
- It is, however, important to recognize the limitations of sanctions as a tool, especially when considering the nature of the violent far-right threat and the key trends highlighted in this brief. The fluidity, leaderlessness, and lack of clear command and control structures of the movement complicate the ability of governments to apply sanctions and designate/list/proscribe groups under current legal frameworks.
- **Recommendations** include: consider designating foreign violent far-right groups and individuals under either U.S. foreign terrorist organizations (FTOs) or Executive Order (E.O.) 13224 designation authorities; innovate to develop additional forms of regulations to counter the violent far-right movement, beyond sanctions; focus on strengthening international and multilateral cooperation among Five Eyes (FVEY) countries in countering the threat from the far-right terrorism, and build on that with relevant partners; and strengthen international cooperation to counter the narratives of the violent far-right movement.

## INTRODUCTION

This Issue Brief will examine four key trends in the violent far-right landscape with a focus on how these facilitate *ideological, financial, and/or operational* aspects of the movement, and whether/how sanctions prove a useful tool in countering or constraining these trends within the movement. This brief is based on a combination of desk research, interviews with experts, practitioners, and government officials, as well as insights shared during two roundtable discussions hosted by The Soufan Center (TSC).<sup>1</sup>

This brief identifies four key trends associated with the violent far-right movement, with a view to considering the applicability and effectiveness of sanctions in this context. The first trend is the role of advanced technologies in violent far-right groups; specifically: social media, cryptocurrency, end-to-end encryption, and 3D-printing of firearms. The second trend is the recruitment of children and youth. The third trend is the trans-nationalization of the movement. The fourth trend is the phenomenon of ideological convergence of violent ideologies making up the contemporary violent far-right movement. Not all of these trends are either exhaustive of or exclusive to the violent far-right movement but can also be found in terrorist movements motivated by other ideologies. Where the violent far-right movement appears more adept at utilizing or benefitting from a specific trend, as compared to other terrorist movements, this is noted in the text.

The research and interviews conducted for this paper indicate that these trends frequently overlap and are, on occasion, mutually reinforcing. It is important to acknowledge the existence of organizations and groups—which sport clear command-and-control structures and formalized memberships—within the broader violent far-right ecosystem. The trends examined in this Issue Brief have, however, aided in defining the contemporary violent far-right movement as a diffuse and non-formalized, yet transnational, network supported by online connections. Within this network, facilitated by advanced technologies, a plethora of violent ideologies remain accessible from which to pick and choose to justify violence, coupled with tactics to mobilize toward an act of violence with a global audience—contributing to the prevalence of low-complexity, low-tech, and copy-paste attacks.

## TREND #1: HARNESSING THE ADVANCEMENT OF TECHNOLOGY

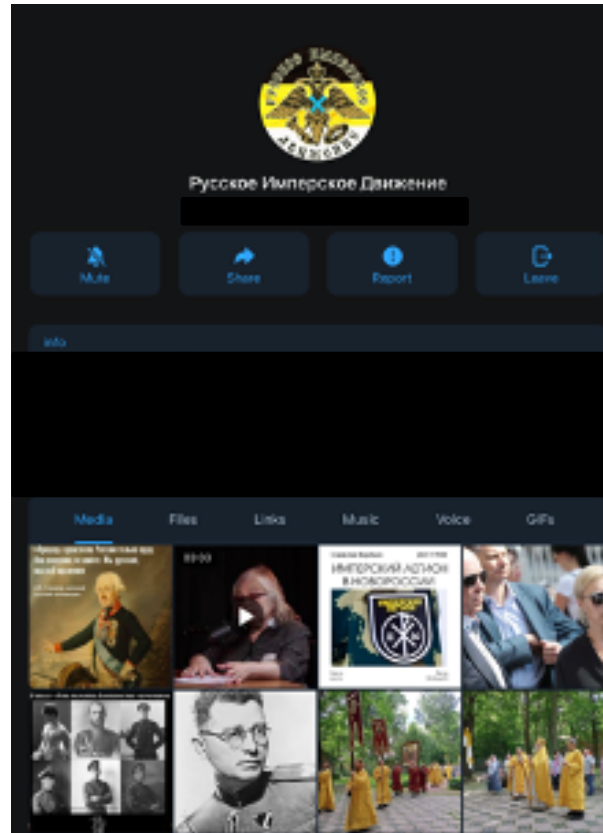
It is important to note that while this Issue Brief focuses specifically on how far-right extremist groups and individuals utilize these emerging technologies, violent extremists and terrorists espousing other ideologies also make use of the same to further their own goals. For example, there are key similarities between how the Salafi-jihadist movement

<sup>1</sup> One, held in Washington D.C. in May 2022, brought together U.S. government officials, diplomats representing states affected by the threat, as well as experts, and civil society organizations. A second virtual roundtable convened U.K. government officials, members of the Airey Neave Trust Board in London, U.N. officials and experts with a focus on the United Kingdom. For brief summaries and further information about the project visit: <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.

and the violent far-right movement have utilized the internet to facilitate radicalization, recruitment, and mobilization to violence.<sup>2</sup> Indeed, just as technological advances impact our everyday life, it also impacts most aspects of how terrorist and violent extremist actors further their hateful creed and goals of violence. In 2019, the U.S. Department of Homeland Security (DHS) noted, “Technological advances influence how people radicalize to violent extremism and mobilize to violence; empower violent extremists to portray attackers as role models; provide attackers with new tactical avenues and means of destruction; and create vulnerabilities to information operations, including by foreign states, that are designed to enhance the attractiveness of violent extremist causes.”<sup>3</sup>

### ***Social Media***

The growing violent far-right threat in the United States, the United Kingdom, and across western countries has been catalyzed by online radicalization and mobilization to violence as exemplified by some of the deadliest attacks. On May 14, 2022, a gunman motivated by white supremacy extremism and “the great replacement” theory killed 10 people—the majority of whom were African-American—in a supermarket in Buffalo, NY. His 180-page manifesto, filled with racism and hate,



The Russian Imperial Movement’s official Telegram channel (Source: Screenshot of Telegram channel, July 20, 2022)

detailed how he was almost exclusively radicalized and mobilized to violence online through social media platforms within two years.<sup>4</sup> The 2017 Finsbury Park mosque attacker in the United Kingdom, who drove a van through a crowd of worshippers, killing

<sup>2</sup> See, for example: The Soufan Center, “With Supremacy Extremism: The Transnational Rise of the Violent White Supremacist Movement,” September 2019, <https://thesoufancenter.org/wp-content/uploads/2019/09/Report-by-The-Soufan-Center-White-Supremacy-Extremism-The-Transnational-Rise-of-The-Violent-White-Supremacist-Movement.pdf> and Etehad, Melissa. “White Supremacists and Islamic State Recruits Have More in Common Than You Might Think,” Los Angeles Times, August 7, 2019, <https://www.latimes.com/world-nation/story/2019-08-07/domestic-terrorism-white-supremacists-islamic-state-recruits>.

<sup>3</sup> “Strategic Framework for Countering Terrorism and Targeted Violence,” (Department of Homeland Security, September 2019), 12, [https://www.dhs.gov/sites/default/files/publications/19\\_0920\\_plcy\\_strategic-framework-countering-terrorism-targeted-violence.pdf](https://www.dhs.gov/sites/default/files/publications/19_0920_plcy_strategic-framework-countering-terrorism-targeted-violence.pdf).

<sup>4</sup> Odette Yousef, “The Shooter in Buffalo, N.Y., Appeared to Have Become Radicalized Online,” *NPR*, May 15, 2022, <https://www.npr.org/2022/05/15/1099004689/the-shooter-in-buffalo-n-y-appeared-to-have-become-radicalized-online>.

one, also radicalized within a month both through consuming mainstream content, as well as white supremacy and Islamophobic conspiracy theories on social media.<sup>5</sup>

Social media has allowed violent far-right individuals and organizations to disseminate extremist content and facilitate the creation of a diffuse yet vast network of extremists within and across state borders to an unprecedented level. Far-right extremist organizations and individuals have utilized emerging communications technology, especially social media, for a range of activities—including networking, radicalizing, recruiting, financing, and planning attacks and other violent activities.<sup>6</sup> Violent far-right individuals have been inspired and influenced by others that have committed acts of terrorism, posting manifestos and live-streaming attacks online. Indeed, for far-right terrorists, the culture of manifestos and live-streams has become a unique facet of how violence is celebrated and furthered, and social media is the vehicle by which these are disseminated.<sup>7</sup> Social media thus allows for individuals who are not affiliated with a formal organization or group to feel affinity with the broader violent far-right movement and build a

community, gaining access to a global network of likeminded individuals.

At the same time, social media platforms have struggled to curb the proliferation of violent far-right content online to the point where experts are warning of the “mainstreaming” of far-right extremist conspiracy theories and ideologies online.<sup>8</sup> This is a concerning trend, because while liberal democracies must ensure the protection of free speech, mainstreaming complicates the efforts of regulators and enforcers to identify what should be defined as “extremist content.”<sup>9</sup> Where traditional platforms have sometimes managed to expel violence-promoting individuals and groups—for example, when technology firms deplatform individuals or organizations on terrorist lists—extremists have often sought refuge on less regulated platforms and niche forums such as Telegram, Gab, and 4Chan.

### ***Cryptocurrencies***

Evidence suggests that violent far-right individuals and groups have been early adopters of cryptocurrency to finance and fundraise. A 2021 investigation by Southern Poverty Law Center found that over 600

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<sup>5</sup> Vikram Dodd, “Terrorism in the UK: The Rising Threat of Far-Right Extremists,” *Guardian*, May 16, 2022, sec. UK news, <https://www.theguardian.com/uk-news/2022/may/16/terrorism-in-the-uk-the-rising-threat-of-far-right-extremists>.

<sup>6</sup> Michael Jensen and Patrick James, “The Use of Social Media by United States Extremists,” (National Consortium for the Study of Terrorism and Responses to Terrorism, July 2018), [https://www.start.umd.edu/pubs/START\\_PIRUS\\_UseOfSocialMediaByUSExtremists\\_ResearchBrief\\_July2018.pdf](https://www.start.umd.edu/pubs/START_PIRUS_UseOfSocialMediaByUSExtremists_ResearchBrief_July2018.pdf).

<sup>7</sup> Graham Macklin, “The Christchurch Attacks: Livestream Terror in the Viral Video Age,” *Combating Terrorism Center at West Point* 12, no. 16 (July 18, 2019), <https://ctc.westpoint.edu/christchurch-attacks-livestream-terror-viral-video-age/>.

<sup>8</sup> See, for example: Cynthia Miller-Idriss, “How Extremism Went Mainstream,” *Foreign Affairs*, January 3, 2022, <https://www.foreignaffairs.com/articles/united-states/2022-01-03/how-extremism-went-mainstream>; and Heather J. Williams et al., “The Online Extremist Ecosystem,” (Santa Monica, CA: RAND Corporation, n.d.), [https://www.rand.org/content/dam/rand/pubs/perspectives/PEA1400/PEA1458-1/RAND\\_PEA1458-1.pdf](https://www.rand.org/content/dam/rand/pubs/perspectives/PEA1400/PEA1458-1/RAND_PEA1458-1.pdf).

<sup>9</sup> Roundtable Discussion, hosted by The Soufan Center, Virtual, June 29, 2022.

crypto addresses were associated with known far-right extremist individuals or groups, including white supremacist ideologue Greg Johnson and neo-Nazi group the Goyim Defense League.<sup>10</sup> The Nordic white supremacy and neo-Nazi organization the Nordic Resistance Movement also uses bitcoin to finance their activities and encourage supporters to donate using cryptocurrencies, as the organization has been prevented from having a bank account.<sup>11</sup> Indeed, fundraising activities utilizing cryptocurrencies could prove a potential threat, primarily because crypto markets are less regulated than, for example, the formal banking system. Criminal groups and organizations are also taking advantage of this gap, which could create a further terrorism-crime nexus in which cryptocurrency proves to be the primary financial tool. In 2021, criminals laundered \$8.6 billion of cryptocurrency—a year-on-year increase of 30 percent.<sup>12</sup>

It is, however, important to note that the current applicability of cryptocurrencies to finance violent activities and organization within the violent far-right milieu, and other violence-promoting ideologies for that matter, is a complex issue. First, crypto currencies are increasingly becoming

regulated, allowing for traditional anti-money laundering tools to aid in countering the financing of terrorism. Second, individuals within the violent far-right movement still appear to differ in their beliefs on the efficacy of crypto currencies for financing purposes. For example, the Buffalo shooter mentioned that crypto was “worthless” for his violent operational plans.<sup>13</sup> Meanwhile, other violent far-right ideologues and known propagandists promote crypto currencies, like bitcoin, to their followers for their own financial profit.<sup>14</sup> Nevertheless, there are instances within the violent far-right movement in which crypto currencies serve as an ideological incentive, because it adopts a non-state based form of financing. Organizations like The Base and others that adhere to accelerationist ideology encourage members and followers to adopt pattern-of-life activities that are primarily “off-the-grid” to minimize government oversight, dependence, and surveillance.<sup>15</sup>

Still, little evidence exists that points to what exactly cryptocurrency is used for within the violent far-right movement. Specifically, whether cryptocurrencies are used for the creation of propaganda and other organizational activities, or if it is actually used to support and or commission of acts of terrorism. For example, January 6 organizer Nick Fuentes

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<sup>10</sup> Michael Edison Hayden and Megan Squire, “How Cryptocurrency Revolutionized the White Supremacist Movement,” *Southern Poverty Law Center*, December 9, 2021, <https://www.splcenter.org/hatewatch/2021/12/09/how-cryptocurrency-revolutionized-white-supremacist-movement>.

<sup>11</sup> Amanda Moller Berg, “Nazistiska NMR utestängda – från alla banker,” *Expressen*, November 9, 2017, <https://www.expressen.se/nyheter/nazistiska-nmr-utestangda-fran-alla-banker/>.

<sup>12</sup> “The Chainalysis 2022 Crypto Crime Report,” (Chainalysis, 2022), <https://go.chainalysis.com/2022-Crypto-Crime-Report.html>.

<sup>13</sup> Payton Gendron, Personal Manifesto.

<sup>14</sup> Erika Kinetz and Lori Hinnanti, “Far-Right Cryptocurrency Follows Ideology across Borders,” *AP NEWS*, September 28, 2021, sec. Cryptocurrency, <https://apnews.com/article/cryptocurrency-coronavirus-pandemic-technology-business-europe-f7f754fc2c68b0eb0d712239323f26c3>.

<sup>15</sup> Jacob Ware, “Siege: The Atomwaffen Division and Rising Far-Right Terrorism in the United States,” *ICCT Policy Brief*, July 2019, 20, <https://doi.org/10.19165/2019.2.05>.



received the bulk of a December 28, 2020, Bitcoin transaction—worth about \$250,000—which could have aided him organizationally leading up to and during the attack on the U.S. Capitol. However, he has maintained that he did not incite the violence nor enter the Capitol that day.<sup>16</sup> In addition, a 2019 report by RAND noted that the lack of widespread adaptation is likely a prohibiting factor for terrorist groups or extremist individuals, because “cryptocurrencies are not well matched with the totality of features that would be needed and desirable to terrorist groups.”<sup>17</sup> Indeed, research suggest that, among violent extremist organizations and individuals, crypto is used in less than five percent of organizational and operational financing, suggesting that the applicability is still minimal.<sup>18</sup>

### **3D Printing of Firearms**

The 3D printing of weapons, especially firearms, can aid an extremist group or organization in acquiring more lethal weapons for an attack. This evolution comes

at a time when more violent far-right groups and supporters appear to accept the notion of the use violence as a means of achieving political change.<sup>19</sup> In 2021, U.K. police warned of extremists potentially seeking to use 3D printed weapons after an individual adhering to neo-Nazi ideology was convicted of eight terrorism charges in the first terrorism case in the country involving a 3D printed gun.<sup>20</sup> High profile acts of violence using crude homemade weapons, such as that used in the assassination of former Japanese Prime Minister Shinzo Abe, may inspire wider adoption of improvised firearms by extremists.<sup>21</sup> Terrorism expert and researcher Rajan Basra has noted that the 3D printing of firearms is a worrisome trend in the European violent far-right movement, but it appears to not yet have been adopted to the same extent by the Salafi-jihadist movement.<sup>22</sup>

Using 3D printed firearms can be an attractive tactic to members of the far-right extremist movement intent on committing acts of violence as it offers two primary

<sup>16</sup> “Alt-Right Groups and Personalities Involved In the January 2021 Capitol Riot Received Over \$500K In Bitcoin From French Donor One Month Prior,” *Chainalysis*, January 14, 2021, <https://blog.chainalysis.com/reports/capitol-riot-bitcoin-donation-alt-right-domestic-extremism/>; “Nicholas J. Fuentes: Five Things to Know | ADL,” *ADL*, July 8, 2021, <https://www.adl.org/resources/blog/nicholas-j-fuentes-five-things-know>.

<sup>17</sup> Cynthia Dion-Schwarz, David Manheim, and Patrick B. Johnston, “Terrorist Use of Cryptocurrencies: Technical and Organizational Barriers and Future Threats,” (Santa Monica, CA: RAND Corporation, 2019), [https://www.rand.org/pubs/research\\_reports/RR3026.html](https://www.rand.org/pubs/research_reports/RR3026.html).

<sup>18</sup> Jessica Davis, “Illicit Money: Financing Terrorism in the 21st Century,” (Lynne Rienner Publishers, 2021): 171.

<sup>19</sup> Zack Beauchamp, “Accelerationism: the obscure idea inspiring white supremacist killers around the world,” *Vox*, November 18, 2019, <https://www.vox.com/the-highlight/2019/11/11/20882005/accelerationism-white-supremacy-christchurch>.

<sup>20</sup> Lizzie Dearden, “Police Issue Warning over Terrorist Use of 3D-Printed Guns as UK Neo-Nazi Jailed,” *Independent*, June 14, 2021, sec. News, <https://www.independent.co.uk/news/uk/crime/3d-printed-guns-terrorism-uk-morrice-b1865750.html>.

<sup>21</sup> Colin P. Clarke and Joseph C. Shelzi, “The Assassination of Shinzo Abe and the Threat Posed by DIY Weapons,” *Lawfare*, July 13, 2022, <https://www.lawfareblog.com/assassination-shinzo-abe-and-threat-posed-diy-weapons>.

<sup>22</sup> Rajan Basra, “The Future Is Now: The Use of 3D-Printed Guns by Extremists and Terrorists,” *GNET*, June 2022, <https://gnet-research.org/2022/06/23/the-future-is-now-the-use-of-3d-printed-guns-by-extremists-and-terrorists/>.

benefits. First, for individuals in countries where access to firearms is strictly regulated, it provides an avenue to more easily acquire lethal weapons. The 2021 arrest of a far-right extremist in Sweden highlights this; Swedish police records indicate that the man was likely planning a mass-casualty attack, and they found a half-written manifesto in his home alongside 3D printed-firearms and bomb-making material.<sup>23</sup> According to the Nordic Resistance Movement, the man had reportedly been denied a weapons license in Sweden because of his affiliation with the group, which could be one of the reasons why he sought instructions online on how to 3D print semi-automatic weapons.<sup>24</sup>

Second, even where access to firearms is not strictly regulated, such as in the United States, 3D printing of parts or the whole weapon makes it more difficult for law enforcement to trace before or in the aftermath of an attack. U.S. neo-Nazi groups, The Base (designated as a terrorist entity in New Zealand and Canada) and the Atomwaffen Division (AWD) (proscribed in the United Kingdom and Canada), have highlighted this particular benefit.<sup>25</sup>

While there are no examples to date of successful far-right attacks utilizing 3D-printed firearms, experts warn that each attack in which a 3D-printed weapon is used

serves as inspiration.<sup>26</sup> A prominent example is that of 27-year-old Stephan Balliet, who in 2019 attempted to attack a synagogue in Halle, Germany, during the Jewish holiday of Yom Kippur, and was the first known violent far-right attacker to use a 3D-printed firearm. However, the weapon frequently jammed or misfired during the attack, illustrating the difficulty of printing a fully-functioning, and reliable weapon. Still, it could be an inspiration for future attackers. Terrorism experts Bruce Hoffman and Jacob Ware warned that “the shooter sought to demonstrate the possibility of making simple, lethal, hard-to-trace, homemade guns... More such attempts will likely follow, each building on the other to become increasingly deadly.”<sup>27</sup> It appears that the man arrested in Sweden in 2021 with not yet completed 3D-printed weapons had drawn inspiration and learned from the Halle shooter; police found videos of the man test-firing a completed 3D-printed firearm, likely an attempt to identify and correct potential malfunctions prior to the attack itself.<sup>28</sup>

### ***The Use of Sanctions, Listings, and Proscriptions***

Sanctions, listings, and proscriptions of violent far-right groups and individuals could be useful in limiting or countering the utilization of emerging technology within the

<sup>23</sup> Mack Lamoureux, “Swedish Police Say They Thwarted Neo-Nazi Bombing and Mass Murder Plot,” *Vice*, May 31, 2022, <https://www.vice.com/en/article/y3va9g/sweden-neo-nazi-mass-murder-plot-arrest>.

<sup>24</sup> Radio Nordfront Broadcast, Nordic Resistance Movement.

<sup>25</sup> Eric Woods, “Right-Wing Extremists’ New Weapon,” *Lawfare*, March 15, 2020, <https://www.lawfareblog.com/right-wing-extremists-new-weapon>.

<sup>26</sup> Jacob Ware and Bruce Hoffman, “Is 3-D Printing the Future of Terrorism?,” *Wall Street Journal*, October 25, 2019, <https://www.wsj.com/articles/is-3-d-printing-the-future-of-terrorism-11572019769>.

<sup>27</sup> *Ibid.*

<sup>28</sup> “Köpte kemikalier, påbörjade manifest och hyllade Breivik – 25-åring åtalad,” *Dagens Nyheter*, May 27, 2022, <https://www.dn.se/sverige/fore-detta-nmr-medlem-atalas-for-att-ha-tillverkat-vapen-i-3d-skrivare/>.

violent far-right movement.<sup>29</sup> For example, it appears that governments are capable of dismantling and seizing the assets of crypto-wallets. In 2020, the U.S. Department of Justice (DOJ) announced “the government’s largest-ever seizure of cryptocurrency in the terrorism context,” which involved the dismantling of crypto-assets of designated FTOs: the al-Qassam Brigades, Hamas’s military wing, al-Qaeda, and Islamic State of Iraq and the Levant (ISIS).<sup>30</sup> Likewise, following the protests by truckers in Canada, the Canadian government, in addition to freezing bank accounts, also froze a crypto fundraising platform. While neither of the aforementioned examples are of sanctioned or proscribed violent far-right groups, it illustrates that the capability exists for governments to disrupt cryptocurrency financing within the movement.

In addition, sanctions and proscriptions can also provide governments, law enforcement, and the intelligence community with tools to enhance their understanding of how cryptocurrency is traded within the violent far-right movement, and to what degree cryptocurrency is used in planning and carrying out an act of terrorism. Likewise, sanctions, listings, and proscriptions would aid in taking down a group or individual’s social media content, particularly where

technology entities use sanctions lists as criteria for takedowns.<sup>31</sup> For example, in April of 2020 when the Russian Imperial Movement (RIM) was designated as a Specially Designated Global Terrorist (SDGT) entity along with three of the group’s leaders, YouTube and other social media platforms moved to have RIM’s accounts suspended. However, it is important to recognize the limitations of this tactic, as RIM still operates social media accounts on other less regulated platforms, like Telegram. Furthermore, over the past 20 years, terrorist organizations designated by the U.S. and allies, as well as sanctioned under the UN “1267” counterterrorism regime,<sup>32</sup> have continued to innovate to maintain a presence online and skirt social media censorship. Therefore, it is important that governments and social media platforms continue to work closely with, as well as utilize, resources and research from initiatives such as Tech Against Terrorism to understand terrorist organizations and extremists’ use of social media platforms.

For countering tactics, techniques, and procedures (TTPs) like 3D-printing of firearms, sanctions, proscriptions, and listings may not offer the most effective means of constraining behaviors. However, if an individual is providing material support or is

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<sup>29</sup> Speakers at a virtual roundtable organized by The Soufan Center with the Airey Neave Trust highlighted the importance of the different implications of designations and proscriptions, with the latter making mere membership in the group a criminal offense; many designations processes, such as that under 1267, for example, did not make mere membership in Al-Qaeda or ISIS illegal. For more see: <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.

<sup>30</sup> “Global Disruption of Three Terror Finance Cyber-Enabled Campaigns,” The United States Department of Justice, August 12, 2020, <https://www.justice.gov/opa/pr/global-disruption-three-terror-finance-cyber-enabled-campaigns>.

<sup>31</sup> “GIFCT Legal Frameworks Working Group,” (Global Internet Forum to Counter Terrorism, July 2021), <https://gifct.org/wp-content/uploads/2021/07/GIFCT-LegalFrameworks-WGroup.pdf>.

<sup>32</sup> For more on the impact of sanctions on Al-Qaida and ISIS under the UN 1267 regime see: Howard Wachtel, “Assessing the Utility of the UN’s Terrorism Sanctions Regime 20 Years after 9/11,” Securing the Future Initiative, Policy Brief, July 2022, <https://sfi-ct.org/publications/>.

affiliated with a proscribed organization, these tools can allow law enforcement to detect the dissemination of instructions or the process of printing 3D weapons. For example, in January 2022, four U.K. citizens accused of being members of a proscribed violent far-right group were also charged with illegally 3D-printing firearms.<sup>33</sup>

Lastly, it is important to recognize that sanctions, listings, and proscriptions are not the only avenues to counter or mitigate the harnessing of emerging technology by the violent far-right movement. Regulation will likely be a more important component. In the case of the 3D-printing of firearms, for example, how-to instructions found online are not necessarily disseminated by the violent far-right or other violent extremists, but also gun-enthusiast networks.<sup>34</sup> Experts attending the TSC roundtable discussion in Washington, D.C., highlighted the importance of implementing already existing anti-money laundering tools to limit the use of cryptocurrencies and virtual currencies by violent far-right groups.<sup>35</sup> There are already cryptocurrency companies that have taken specific steps to curb extremist activities on their platforms. For example, in 2017, the publicly traded cryptocurrency exchange Coinbase reportedly blocked transfers to the

neo-Nazi website, The Daily Stormer. In 2022, Coinbase's user agreement explicitly prohibited uses that "encourage hate, racial intolerance, or violent acts against others."<sup>36</sup>

## TREND #2: RECRUITMENT OF CHILDREN AND YOUTH

Several governments, practitioners, and experts have highlighted the disturbing trend of children and youth being radicalized and recruited into violent far-right ideologies, networks, and groups. In March 2022, the U.K.'s head of counterterrorism policing warned about a rise in the number of youths becoming caught up in far-right extremism; 20 children were arrested last year, 19 of whom were linked to violent far-right ideologies. In 2021, Dutch counter-terrorism agency NCTV warned that hundreds of teenagers may have become radicalized by the far-right "accelerationist" movement, posing a potential future terrorism threat.<sup>37</sup> Indeed, academics and experts have warned about how violent far-right networks and groups—largely operating online using a variety of tactics—specifically target children

<sup>33</sup> "Far-Right Terror: Group Used 3D Printer to Make Pistol Parts, Court Told," *BBC News*, January 20, 2022, sec. Leeds & West Yorkshire, <https://www.bbc.com/news/uk-england-leeds-60071389>.

<sup>34</sup> Yannick Veilleux-Lepage, "CTRL, HATE, PRINT: Terrorists and the Appeal of 3D-Printed Weapons," *International Centre for Counter-Terrorism*, July 13, 2021, <https://icct.nl/publication/ctrl-hate-print-terrorists-and-the-appeal-of-3d-printed-weapons/>.

<sup>35</sup> Roundtable discussion, hosted by The Soufan Center, Washington, D.C., May 24, 2022.

<sup>36</sup> "EX-10.1," accessed June 8, 2022, <https://www.sec.gov/Archives/edgar/data/0001705181/000119312521212476/d200515dex101.htm>.

<sup>37</sup> "Dutch Counter-Terror Agency Warns of Far Right 'Accelerationists,'" *DutchNews.Nl*, October 26, 2021, <https://www.dutchnews.nl/news/2021/10/dutch-counter-terror-agency-warns-of-far-right-accelerationists/>.

and youth for radicalization, a risk that has only increased due to the COVID-19 pandemic and the resultant increase in time spent online.<sup>38</sup> A study by the International Centre for the Study of Radicalisation (ICSR) also highlighted the phenomenon of youth-on-youth radicalization within the violent far-right movement. The study examined 10 far-right youth groups from across Western Europe, noting that all groups that “have emerged since 2018, have an average membership age of under 25 and are associated with arrests for hate crimes, incitement to violence or acts of violence.”<sup>39</sup> Indeed, in the U.K., several teenagers belonging to proscribed groups like National Action, the Sonnenkrieg Division (SKD), and Feuerkrieg Division (FKD) have been arrested and charged with terrorism over the past years. Last year, a boy who was only 14 years old when he became head of the British cell of FKD was convicted of terrorism charges,<sup>40</sup> also raising questions about the nature of leadership in such organizations.

A combination of factors, radicalization, and recruitment tactics make children and youth attractive targets for grooming within the violent far-right movement. Like within all violent extremist movements, children and youth are seen as easily manipulated and ripe for indoctrination, with a view to

potentially carry out acts of violence. The U.S.-based neo-Nazi organization The Base has actively targeted adolescents for recruitment across Europe.<sup>41</sup> Within the violent far-right network, specifically, the online eco-system and culture is attractive to children and youth. Memes, video games, “gamification” of live-streamed terrorist attacks, music, clothing brands, and fitness groups all create a sense of belonging and community, albeit with hate and violence at the center. Children and youth are also more tech-savvy and have managed to leverage emerging technology, like social media, to their advantage—avoiding censorship and creating online spaces where hate and violence becomes mainstream—thus enabling “youth-on-youth” radicalization. Patrik Hermansson, a researcher with Hope Not Hate focused on the U.K. right-wing movement, noted that the U.K. is often highlighted as a case study of the growing threat of youth recruitment and radicalization into the violent far-right movement, because the data exists in the U.K. to illustrate the trend. In Hermansson’s experience, however, this is not exclusively a U.K. problem, as he has observed young people from all over Europe being attracted to violent far-right groups and ideologies. Most worrisome is the attractiveness of accelerationist ideology among adolescents in the violent far-right

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<sup>38</sup> See for example: Cynthia Miller-Idriss, *The Extreme Gone Mainstream*, Princeton Studies in Cultural Sociology (Princeton University Press, 2018), <https://press.princeton.edu/books/hardcover/9780691170206/the-extreme-gone-mainstream>.

<sup>39</sup> Hannah Rose and AC, “‘We are Generation Terror!’: Youth-on-youth Radicalisation in Extreme-right Youth Groups,” International Centre for the Study of Radicalisation, 2021, <https://icsr.info/wp-content/uploads/2021/12/ICSR-CST-Report-We-are-Generation-Terror-Youth%E2%80%91on%E2%80%91youth-Radicalisation-in-Extreme%E2%80%91right-Youth-Groups.pdf>.

<sup>40</sup> Reuters, “Boy Spared Jail after Becoming UK’s Youngest Terrorism Offender,” *Reuters*, February 8, 2021, sec. United Kingdom, <https://www.reuters.com/world/uk/boy-spared-jail-after-becoming-uks-youngest-terrorism-offender-2021-02-08/>.

<sup>41</sup> Daniel De Simone and Ali Winston, “Neo-Nazi Militant Group Grooms Teenagers,” *BBC News*, June 21, 2020, sec. UK, <https://www.bbc.com/news/uk-53128169>.

movement, as it emphasizes the need to break down what already exists to start anew.<sup>42</sup>

Sanctions, listings, and proscriptions of violent far-right groups and individuals are potentially useful tools to limit or counter the recruitment of children and youth. Most obviously, proscriptions, listings, and sanctions can serve as a deterrence for children and youth to associate with or seek membership in an organization for fear of prosecution. All FVEY countries consider their legal mechanism for terrorism listings, proscriptions, or sanctions to have the goal of deterring membership. Hermansson explained that the U.K.'s proscription of violent far-right groups have, at least anecdotally, served as a deterrent against organizations like the Feurerkrieg Division (FKD), by advising online that prospective members with U.K. citizenship should think twice before applying for membership. Hermansson warned, however, that proscribing a group is not always a deterrent, as it can also serve to add “clout” or cachet for members of the group.<sup>43</sup>

If the deterrence factor fails, it presents governments with the option of arrest and prosecution to prevent acts of violence—though that presents unique challenges due to the legal statuses of minors. Despite the U.K. being one of the FVEY countries with the most proscribed violent far-right groups, the involvement of children and youth in violent far-right activity appears to only be increasing—illustrating the limitations of proscription of groups as a tool to prevent radicalization and mobilization to violence. Indeed, critics

of the U.K.'s terrorism laws have voiced concerns about the country's adopted hard line on viewing and downloading terrorist content online. This could have negative consequences where children get caught up in terrorism investigations or are inadvertently targeted by counterterrorism measures despite not having had malicious intent, and thus lose faith in the system and government.<sup>44</sup> It is important that actual mental health programming and other efforts be deployed as a first preventative response to safeguard minors, and that arrest and prosecution is not the go-to solution. The European Union (EU) Radicalization Awareness Network has also published a list of policy recommendations on how to actively engage youth in prevention programming, instead of treating children and youth as a “problem” when it comes to countering violent extremism.

### TREND #3: THE TRANSNATIONALIZATION OF THE MOVEMENT

While violent far-right individuals have sported transnational ties to likeminded individuals and organizations throughout history, the movement has, until recently, been largely associated with national identity and activities. In recent years, however, this has changed and governments, practitioners, academics, and researchers have all highlighted the increased transnational nature of the

<sup>42</sup> Interview with Patrik Hermansson, June 14, 2022.

<sup>43</sup> Ibid.

<sup>44</sup> “Radicalisation and Extremism - How Children May Be at Risk,” *Devon Children and Families Partnership*, accessed July 13, 2022, <https://www.dcfp.org.uk/child-abuse/radicalisation-and-extremism/>.

contemporary violent far-right movement.<sup>45</sup> The U.S. Office of the Director of National Intelligence noted in a 2021 domestic violent extremism (DVE) threat assessment that “U.S. [Racially and Ethnically Motivated Violent Extremists (REMVE)] who promote the superiority of the white race are the [Domestic Violent Extremist] actors with the most persistent and concerning transnational connections because individuals with similar ideological beliefs exist outside of the United States and these [extremists] frequently communicate with and seek to influence each other.”<sup>46</sup> The UN Counter-Terrorism Committee Executive Directorate (CTED) declared in April 2020 that it had been “alerted by Member States to their increasing concern at the growing and increasingly transnational threat posed by extreme right-wing terrorism.”<sup>47</sup>

Technology has been an aiding force for transnational ties—ideologically, financially,

and operationally—allowing for grievances, ideas, goods, and TTPs to travel across borders. The most potent aspect of this network can be found in how a far-right mass-casualty terrorist attack in Norway inspired a deadly attack in New Zealand, which in turn inspired several terrorist attacks in the United States.<sup>48</sup> The inspiration for and call to violence within the movement has thus become transnational, largely facilitated by technology. This highlights the important potential for sanctions measures to play a role in limiting the access of known terrorists to technology platforms and communications channels to further incite or radicalize others to violence.<sup>49</sup> The transnationalization of organizations within the movement also illustrates this relatively new trend. U.S.-based neo-Nazi organizations have established cells and inspired affiliated organizations in countries from Canada to Australia.<sup>50</sup> This is also reflected in the sanctions, listings, and proscriptions of

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<sup>45</sup> See, for example: Yassin Musharbash, “The Globalization of Far-Right Extremism: An Investigative Report,” *Combating Terrorism Center at West Point* 14, no. 6 (July 9, 2021), <https://ctc.westpoint.edu/the-globalization-of-far-right-extremism-an-investigative-report/>; and “White Supremacy Extremism: The Transnational Rise of the Violent White Supremacist Movement,” The Soufan Center, September 2019, <https://thesoufancenter.org/research/white-supremacy-extremism-the-transnational-rise-of-the-violent-white-supremacist-movement/>.

<sup>46</sup> “(U) Domestic Violent Extremism Poses Heightened Threat in 2021,” (Office of the Director of National Intelligence, March 1, 2021), <https://www.dni.gov/files/ODNI/documents/assessments/UnclassSummaryofDVEAssessment-17MAR21.pdf>.

<sup>47</sup> United Nations Security Council Counter-Terrorism Committee Executive Directorate, “Member States Concerned by the Growing and Increasingly Transnational Threat of Extreme Right-Wing Terrorism,” CTED Trends Alert, April 2020.

<sup>48</sup> Jack Scates, “Right-Wing Extremist Manifestos Create A Blueprint For Transnational Terrorism – Centre for Analysis of the Radical Right,” *Center for Analysis of the Radical Right*, June 2, 2021, <https://www.radicalrightanalysis.com/2021/06/02/right-wing-extremist-manifestos-create-a-blueprint-for-transnational-terrorism/>.

<sup>49</sup> Discussions with senior counterterrorism officials in New Zealand highlighted the importance of sanctions measures in impeding the access and communications of designated entities, particularly individuals, in an effort to stem the prospects for further incitement and mobilization. Interview, senior counterterrorism officials, New Zealand, June 2022.

<sup>50</sup> “The Atomwaffen Division: The Evolution of the White Supremacy Threat,” The Soufan Center, August 12, 2020, <https://thesoufancenter.org/research/the-atomwaffen-division-the-evolution-of-the-white-supremacy-threat/>.



A Member of the Nordic Resistance Movement Wearing a Rise Above Athletic Club T-shirt (Source: Screenshot from Nordic Resistance Movement official Telegram channel, September 6, 2021)

violent far-right groups and individuals in FVEY countries—many of which are originally U.S.-based groups or off-shoots of U.S. groups. There are also cases of violent far-right individuals who travel to connect with likeminded individuals, often at events such as conferences, concerts, or protests. In some cases, individuals have traveled to gain battlefield experience in conflict zones.<sup>51</sup>

Transnationalization has also allowed for increased opportunity for fundraising activities online and the sale of merchandise and far-right paraphernalia. U.S. white supremacist Robert Rundo actively promotes his brand through social media platforms like Telegram, selling merchandise to individuals across

Europe, including members of the Nordic Resistance Movement.<sup>52</sup> FVEY countries and other allies could build groups of like-minded states “to champion mechanisms that build a comprehensive sanctions regime that is less a patchwork and thus, serves as a force multiplier.”<sup>53</sup>

Without U.S. participation in sanctioning and designating violent far-right organizations, entities, and individuals, countering or mitigating the threat posed by the transnationalization of the movement will be difficult. However, the U.S. Government has noted that:

“The structure of the transnational [REMVE] movement is fluid, and oftentimes intentionally leaderless, where groups – should they exist – often lack clear command and control structures. This is, by design, a well-honed tactic of the movement to evade law enforcement efforts in the United States and abroad. Therefore, designating REMVE groups and/or their members under U.S. counterterrorism authorities remains extremely challenging due to a lack of reliable and credible information about their organizational structures, which is critical in assessing key facts including, for example, whether activities of an individual who claims some sort of undefined affiliation to, or association

<sup>51</sup> “White Supremacy Extremism: the Transnational Rise of the Violent White Supremacist Movement,” The Soufan Center, September 2019, <https://thesoufancenter.org/research/white-supremacy-extremism-the-transnational-rise-of-the-violent-white-supremacist-movement/>.

<sup>52</sup> Screenshot from Nordic Resistance Movement-linked Telegram chat, March 4, 2021.

<sup>53</sup> For more on this topic, see the other Briefs in this series and in particular, Colin P. Clarke, “Lessons Learned from the 1267 Sanctions Regime against Al-Qaeda and Islamic State in Iraq and Syria (ISIS),” The Soufan Center, July 28, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>



with, a group can be attributed to the organization.”<sup>54</sup>

Additionally, the United States has limitations to its terrorism sanction and designation regime, preventing it from applying it to groups with majority U.S. membership, given the nature of constitutional protections.<sup>55</sup>

While Canada, the U.K., and New Zealand have listed and proscribed U.S. groups that are important nodes in the transnational network of the violent far-right movement, these listings and proscriptions have a limited ability to hamper the ideological, financial, and operational aspects of groups in the absence of U.S. measures. For example, Canada’s listing of the U.S. violent far-right group the Proud Boys indeed prevents the organization from having a bank account in Canada. However, since this group largely operates from the United States, it is not clear how useful the Canada listing has been in financially hurting the group. What’s more, research suggests that the Proud Boys changed the organization’s name in Canada.<sup>56</sup> This is an inherent shortcoming of terrorism

listings, proscriptions, and sanctions that was raised by experts and practitioners from FVEY countries during roundtable discussions hosted by TSC, namely that groups frequently change their names to circumvent sanctions, listings, or proscriptions. In order to address this challenge, the U.K., for example, has made concerted efforts to amend the proscription of violent far-right groups, like National Action, to include different re-iterations of the group’s name.<sup>57</sup>

It is important to note that the application of sanctions, listings, and proscriptions against violent far-right groups also carries the weight of signaling, to the international community, allies, and partners, a country’s willingness to combat a specific terrorism threat. During TSC’s roundtable discussions, experts and practitioners raised the issue of the notable lack of United States designations of violent far-right groups as FTOs or Specially Designated Global Terrorist (SDGT) entities, with the exception of the Russian Imperial Movement (RIM).<sup>58</sup> This stands in particularly stark contrast to the United States’ leading

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<sup>54</sup> U.S. Government, “Survey Response by U.S. Government Regarding REMVE Designations,” provided to the Soufan Center on May 2022.

<sup>55</sup> For more on this topic, see the other Briefs in this series and in particular, Jason Blazakis, “Comparing Violent Far-Right Terrorist Designations among Five Eyes Countries,” The Soufan Center, July 28, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.

<sup>56</sup> For more on this topic, see the other Briefs in this series and in particular, Jessica M. Davis, “Lessons learned from Listing Violent Far-Right Extremist Groups in Canada,” The Soufan Center, July 28, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.

<sup>57</sup> Roundtable Discussion, hosted by The Soufan Center, Washington, D.C., May 24, 2022.

<sup>58</sup> Roundtable Discussion, hosted by The Soufan Center, Washington, D.C., May 24, 2022; Roundtable Discussion, hosted by The Soufan Center, Virtual, June 29, 2022.

role in designating Salafi-jihadist groups as FTOs.

One solution for the U.S. to apply sanctions against violent far-right groups, while adhering to domestic legislation and upholding protections of the constitution, is to target foreign violent far-right groups and individuals.<sup>59</sup> In June 2022, New Zealand adopted such an approach when listing the “American Proud Boys.”<sup>60</sup> Further, an international sanctions expert and researcher interviewed for this brief suggested that the United States should be more creative in its approach to apply sanctions that could potentially disrupt the violent far-right transnational network. For example, the potential financial ties between sanctioned individuals under the Global Magnitsky Act and violent far-right groups or individuals could be a useful avenue.<sup>61</sup> This could potentially prove especially useful in disrupting western violent far-right groups’ and individuals’ ties to Russian groups and individuals sanctioned originally for human rights abuses and corruption. According to the U.K. Parliament’s report on Extreme

Right-Wing Terrorism, “Russia has a longstanding history of using proxy actors to exert political influence and cause social unrest, and it is highly likely that it perceives exerting influence via Far-Right groups as an effective way to exacerbate tensions in the West.”<sup>62</sup>

## TREND #4: IDEOLOGICAL CONVERGENCE

One of the challenges within the contemporary violent far-right movement is the diversity of ideologies that motivate violence but cannot be simply categorized. While violence is an underpinning factor within the movement, an individual or group can be motivated by a list of perceived grievances, conspiracy theories, and ideologies. Moreover, government officials and experts have noted the phenomenon of what terrorism expert Bruce Hoffman has labeled “ideological convergence” take root in the movement.<sup>63</sup> This has also been frequently described as a

<sup>59</sup> For more on this topic, see the other Briefs in this series and in particular, Jason Blazakis, “Comparing Violent Far-Right Terrorist Designations among Five Eyes Countries,” The Soufan Center, July 28, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.

<sup>60</sup> “Statement of Case to Designate the American Proud Boys as a Terrorist Entity” (New Zealand Police, June 20, 2022), <https://www.police.govt.nz/sites/default/files/publications/statement-of-case-the-american-proud-boys-terrorist-entity-20-june-2022.pdf>.

<sup>61</sup> TSC-conducted interview on July 7, 2022 with an international sanctions expert and researcher.

<sup>62</sup> “Extreme Right-Wing Terrorism” Intelligence and Security Committee of Parliament, UK Parliament, July 13, 2022, [https://isc.independent.gov.uk/wp-content/uploads/2022/07/E02710035-HCP-Extreme-Right-Wing-Terrorism\\_Accessible.pdf](https://isc.independent.gov.uk/wp-content/uploads/2022/07/E02710035-HCP-Extreme-Right-Wing-Terrorism_Accessible.pdf).

<sup>63</sup> Bruce Hoffman and Jacob Ware, “The Terrorist Threat from the Fractured Far Right,” *Lawfare*, November 1, 2020, <https://www.lawfareblog.com/terrorist-threat-fractured-far-right>.



Telegram channel promoting Eco-Fascism and Accelerationism (Source: Telegram, March 18, 2021)

shift toward a “nebulous movement” or “salad bar” ideology.<sup>64</sup> Specifically, an individual becomes radicalized and

potentially mobilizes toward an act of violence motivated by a wide range of ideologies that overlap, converge, or even contradict one another.<sup>65</sup>

These different ideological elements still inform an extremist belief system that underpins violence as a political solution. One of the most common examples of ideological convergence is that of eco-fascism. This ideology blends what may be considered traditional violent far-right and traditional extreme left-wing ideologies with one caveat: the perseverance of the environment for the perceived white race.<sup>66</sup> Eco-fascists also frequently blame minorities and ethnic groups for the degradation of the environment. Several far-right terrorists have included eco-fascist ideology in their manifestos, including the 2019 Christchurch mosque shooter, the 2019 El Paso shooter, and the 2022 Buffalo shooter.<sup>67</sup> Another example of ideological convergence is that of neo-Nazi groups, like the Atomwaffen Division and the Base, venerating Salafi-jihadist groups, attacks, and leaders, like Osama bin Laden.<sup>68</sup> The affinity between the violent far-right movement and Salafi-jihadism was on full display following the U.S.

<sup>64</sup> Cristopher Wray, “Worldwide Threats to the Homeland,” Testimony, Federal Bureau of Investigation, September 24, 2020, <https://www.fbi.gov/news/testimony/worldwide-threats-to-the-homeland-092420>; and Colin Clarke and Al Aqeedi, “What Terrorism Will Look Like in the Near Future,” *New Lines Institute*, June 29, 2021, <https://newlinesinstitute.org/nonstate-actors/what-terrorism-will-look-like-in-the-near-future/>.

<sup>65</sup> “IntelBrief: The Counterterrorism Challenge of ‘Salad Bar’ Ideologies,” The Soufan Center, March 29, 2021, <https://thesoufancenter.org/intelbrief-2021-march-29/>.

<sup>66</sup> Graham Macklin, “The Extreme Right, Climate Change and Terrorism,” *Terrorism and Political Violence* 34, no. 5 (July 4, 2022): 979–96, <https://doi.org/10.1080/09546553.2022.2069928>.

<sup>67</sup> Oliver Milman, “Buffalo Suspect May Be Latest Mass Shooter Motivated by ‘Eco-Fascism,’” *The Guardian*, May 17, 2022, <https://www.theguardian.com/us-news/2022/may/17/buffalo-shooting-suspect-eco-fascism>.

<sup>68</sup> Ben Makuch and Mack Lamoureux, “Neo-Nazis Are Glorifying Osama Bin Laden,” *Vice*, September 17, 2019, <https://www.vice.com/en/article/bjwv4a/neo-nazis-are-glorifying-osama-bin-laden>.

withdrawal from Afghanistan and the subsequent take-over by the Taliban. In an online encrypted chat forum, accelerationists celebrated what they considered the defeat of the U.S. military and the global world order, admiring the Taliban's accomplishments with some arguing that it was a "sign" of what would happen when they eventually take up arms against their own governments.<sup>69</sup> The ideological convergence of the violent far-right movement presents a unique threat to governments, societies, law enforcement, and the intelligence community. Chiefly, because the threat is difficult to define and, in large part, lacks the organizational structures with which many seasoned counter-terrorism professionals are familiar.

Sanctions, listings, and proscriptions may not prove particularly useful in countering or limiting the threat posed by ideological convergence, unless a single individual or group consistently posed a similar threat while justifying them with different narratives. The United States and allies are still struggling with defining a terminology for the extreme and violent far-right, with the U.S. labeling it "DVE" (domestic violent extremism) and reflecting different ideologies ranging from REMVE to Militia Violent Extremism (MVE) and Conspiracy-driven

violent extremism, to name a few. The U.S. is, however, unusual in differentiating between domestic and international terrorism, reflected in the challenges with regard to terminology. In the U.K., it has now been named "Extreme Right Wing Terrorism" (ERWT),<sup>70</sup> while European countries may refer to it as right-wing extremism. Australia, New Zealand, and Canada utilize some variation of ideologically-motivated violent extremism.<sup>71</sup> Ideological convergence further complicates the efforts of speaking a common language to describe a growing terrorism threat. The U.K. Parliament Report on Extreme Right Wing Terrorism published on 13 July, 2022, stressed the importance of a common terminology to define the threat, including for prosecution purposes.<sup>72</sup>

## RECOMMENDATIONS

1. **Consider designating foreign violent far-right groups and individuals under either U.S. FTO or E.O. 13224 designation authorities:** While the nature of the violent far-right movement complicates the potential applicability of sanctions, listings, and proscriptions, several experts

<sup>69</sup> Geneva Sands, "White Supremacist Praise of the Taliban Takeover Concerns US Officials | CNN Politics," *CNN*, September 1, 2021, <https://www.cnn.com/2021/09/01/politics/far-right-groups-praise-taliban-takeover/index.html>.

<sup>70</sup> "Extreme Right-Wing Terrorism," Intelligence and Security Committee of Parliament, UK Parliament, July 13, 2022, [https://isc.independent.gov.uk/wp-content/uploads/2022/07/E02710035-HCP-Extreme-Right-Wing-Terrorism\\_Accessible.pdf](https://isc.independent.gov.uk/wp-content/uploads/2022/07/E02710035-HCP-Extreme-Right-Wing-Terrorism_Accessible.pdf).

<sup>71</sup> For more on this topic, see the other Briefs in this series and in particular, Jessica M. Davis, "Lessons learned from Listing Violent Far-Right Extremist Groups in Canada," The Soufan Center, July 28, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.

<sup>72</sup> "Extreme Right-Wing Terrorism," Intelligence and Security Committee of Parliament, UK Parliament, July 13, 2022, [https://isc.independent.gov.uk/wp-content/uploads/2022/07/E02710035-HCP-Extreme-Right-Wing-Terrorism\\_Accessible.pdf](https://isc.independent.gov.uk/wp-content/uploads/2022/07/E02710035-HCP-Extreme-Right-Wing-Terrorism_Accessible.pdf).

have stressed that an important aspect of these tools to counter terrorism is to signal ideological agnosticism when dealing with political violence. The United States should determine whether any non-U.S. based individuals or groups on the U.K., Canadian, New Zealand, or Australian terrorist lists can be sanctioned under either its FTO or E.O. 13224 designation authorities. It will also be important for the United States to inventory and, where applicable, utilize other sanctions regimes to disrupt the transnational violent far-right network. For example, the United States should consider investigating potential financial ties between individuals sanctioned under the Global Magnitsky Act and violent far-right groups and individuals. The U.S. could also work diplomatically with other states, particularly FVEYs partners, to support listings in other countries to further circumscribe the operating space for far-right terrorists in partner states.

2. **Innovate to develop additional forms of regulations to counter the violent far-right, beyond sanctions:** Sanctions, listings, and proscriptions will not exclusively curb the trends that currently define the contemporary violent far-right movement. Apart from utilizing these authorities, it will also be important for FVEY countries to continue to innovate on other forms of regulations—such as the 3D printing of guns, anti-money laundering regulations on cryptocurrencies, and social media regulatory frameworks—to complement sanctions, listings, and proscriptions where necessary. For example, incorporating financial technology companies in the membership and mandates of organizations like the Global Internet Forum to Counter Terrorism (GIFCT) and Tech Against Terrorism.

3. **Focus on strengthening cooperation among FVEY countries in countering the threat from far-right terrorism:** The landscape remains largely understudied as compared to other forms of violent ideologies, especially Salafi-jihadism, which also hampers the understanding and effectiveness of analysts, law enforcement, prevention experts, and other frontline practitioners in responding to key and emerging trends that facilitate violence. In addition, as illustrated by the findings of this brief, the threat is also rapidly evolving. As such, increased funding and resources to research the evolving violent far-right landscape will be key to formulate and implement evidence-based policy recommendations. For example, FVEY countries should consider establishing an informal forum to share information, intelligence, trends, best practices, and connect frontline practitioners with one another, as well as relevant international partners like the United Nations and the Global Counter-terrorism Forum.
4. **Strengthen international cooperation efforts to counter the narratives of the violent far-right movement:** The “mainstreaming” of violent far-right narratives, coupled with the phenomenon of ideological convergence, present challenges for how to prevent recruitment and radicalization within the movement, especially of vulnerable populations such as youths. Apart from signaling accountability by sanctioning, listing, or proscribing violent far-right groups and individuals as terrorists, it will also be important that FVEY countries cooperate with other stake-holders, such as the European Union and the United Nations, to counter extremist narratives, including incitement to terrorism, while also learning from past experiences about what works – and

what doesn't.<sup>73</sup> For example, the EU Radicalization Awareness Network has pushed for more inclusion of youth in policy-making and the development of prevention practices. Building on international efforts to counter incitement and terrorist narratives, promote youth, peace, and security agenda, and strengthen the roles of civil society organizations, frequently engaged in critical prevention and rehabilitation efforts, will be a key component of collective efforts to address violent far-right extremism, in individual states as well as the transnational dimensions.

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<sup>73</sup> "Countering Terrorist Narratives & Strategic Communications: Lessons Learned for Tackling Far-Right Terrorism," The Soufan Center, June 2021, [https://thesoufancenter.org/wp-content/uploads/2021/06/TSC-Issue-Brief\\_June-2021\\_COUNTERING-TERRORIST-NARRATIVES.pdf](https://thesoufancenter.org/wp-content/uploads/2021/06/TSC-Issue-Brief_June-2021_COUNTERING-TERRORIST-NARRATIVES.pdf).

## ISSUE BRIEF 3

### DETERRENCE AND DENIAL: THE IMPACT OF SANCTIONS AND DESIGNATIONS ON VIOLENT FAR-RIGHT GROUPS

*Comparing Violent Far-Right Terrorist Designations among Five Eyes Countries*

JASON BLAZAKIS & MEGAN RENNEBAUM  
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## KEY FINDINGS

- Among the “Five-Eye” (FVEY) countries, Canada and the United Kingdom have most frequently used their terrorist designation tools to label violent far-right actors as terrorists.
- The United States, the most prolific country in the world in dispensing terrorist designations against transnational terrorist actors, has used its legal authorities very sparingly against violent far-right terrorists. Largely, this has been due to U.S. laws, such as the First Amendment, and the lack of domestic terrorist designation legal authorities.
- The lack of consonance between the approaches of Australia, Canada, New Zealand, and the United Kingdom on the one side and the United States on the other is unlikely to be bridged when it comes to using terrorist designation authorities against violent far-right groups.
- FVEY countries should measure the effectiveness of their designation regimes by examining how terrorist listings are being operationalized in each of their states – and as a collective group. Only the U.S. Department of the Treasury produces a yearly report that examines financial impacts imposed against U.S. designated terrorists. FVEY countries should publish all statistics related to the efficacy of the terrorist designation regimes.
- **Recommendations** include: establishing common metrics for assessing the impacts of sanctions; consider designating foreign based affiliates or supporters of US REMVE actors; investing in greater information collection to develop listings; making greater use of multilateral tools; and ensuring that counterterrorism sanctions do not adversely impact civil society space, financial inclusion, or the delivery of principled humanitarian assistance.

## INTRODUCTION

This paper seeks to examine the array of terrorist designations<sup>1</sup> undertaken by “Five-Eye” (FVEY) countries (i.e. Australia, Canada, New Zealand, the United Kingdom, and the United States) against violent far-right terrorists, often also referred as racially and ethnically motivated violent extremist (REMVE)<sup>2</sup> actors. While not a focus of the papers, non-FVEY countries, most notably Germany, have also implemented measures to restrict the activities of violent far-right actors. Thus, this paper will evaluate whether non-FVEY measures can help inform broader policy determinations related to violent far-right terrorism designations. What lessons learned, if any, can the FVEY countries draw from other national experiences? Furthermore, are there multilateral regimes, such as the United Nations Security Council Resolution (UNSCR) 1267<sup>3</sup> counterterrorism sanctions regime (henceforth, 1267 regime), that can inform FVEY policies within the field of terrorist designations?<sup>4</sup>

The brief will also explore which actors, entities, and individuals have been proscribed and what overlap, if any, exists between the FVEY listing regimes. Most importantly, the paper seeks to explore what impacts violent far-right listings have had, if any. For instance, what are the consequences and impacts of a proscription/designation carried out pursuant to the legal authorities of the FVEY countries? In other words, have designations resulted in asset freezes, prosecutions, or any immigration related consequences for violent far-right groups? Finally, are there any normative or symbolic benefits to the designations of violent far-right actors? If so, what may those benefits look like and how do they contribute to countering violent far-right threats? And, how do targeted designations of violent far-right actors contribute to international peace and security while also balancing important human and civil rights considerations?

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<sup>1</sup> For the purposes of this paper, the terms designations, terrorist listings, and proscriptions will be used interchangeably.

<sup>2</sup> This brief uses both the terminology of violent far-right extremists to address a broader scope of the threat across national jurisdictions, as well as racially and ethnically motivated violent extremist (REMVE) actors, which is often used in the United States. Within this milieu, the bulk of the focus of this paper will be on white supremacists.

<sup>3</sup> Sanctions established pursuant to UN Security Council Resolution 1267 (1999) and subsequent iterations, imposing sanctions on al-Qaeda, Islamic State (IS; also Daesh/ISIL), and their affiliates and associates; See UN Security Council resolution 1267 (1999), S/RES1267 (15 October 1999), available from <http://unscr.com/en/resolutions/doc/1267>.

<sup>4</sup> For more on this topic, see the other Issue Briefs in this series, and in particular: Colin P. Clarke, “Lessons Learned from the 1267 Sanctions Regime against Al-Qaeda and Islamic State in Iraq and Syria (ISIS),” The Soufan Center, July 28, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>; and Howard Wachtel, “Assessing the Utility of the UN’s Terrorism Sanctions Regime 20 Years after 9/11,” Securing the Future Initiative, forthcoming in 2022, <https://sfi-ct.org/publications/>.



As this brief will illuminate, the answers to these questions are not straightforward. Important legal differences, particularly related to the United States First Amendment,<sup>5</sup> will complicate cooperation between FVEY terrorist designation regimes. To date, there is minimal overlap between the terrorist designations deployed by FVEY countries.

Before examining the various proscription measures adopted against violent far-right actors, it is important to take a step back to discuss the brief history of terrorism-related sanctions and how they have been chiefly deployed by FVEY countries.

## HISTORY OF FVEY TERRORISM LISTINGS

Prior to the al-Qaeda attacks of September 11, 2001 (9/11) in the United States,<sup>6</sup> the

international community, for the most part, used terrorism designations sparingly; however, there are a few notable exceptions. For example, the U.S. Department of State use of terrorism sanctions pre-dates 9/11. In 1996, the U.S. Congress passed a law that provided the U.S. Department of State the legal authorities to designate Foreign Terrorist Organizations (FTOs), with the U.S. Department of State first utilizing this legal tool when it sanctioned 30 groups in 1997.

Likewise, the United Kingdom wielded proscription authorities prior to 9/11.<sup>7</sup> In 2000, the Terrorism Act determined that the Home Secretary may “proscribe an organization if they believe it is concerned in terrorism.”<sup>8</sup> It is noteworthy, however, that the U.K. has outlawed, first in 1931, various iterations of the Irish Republican Army long before the adoption of the Terrorism Act of 2000. Despite these examples, and a handful of others, the international community made more officious use of sanctions as a tool of statecraft in the months following 9/11. Here,

<sup>5</sup> The First Amendment specifies, among other things, that the U.S. Congress shall not pass laws that abridge the freedom of speech. See U.S. Const. amend. I, available from <https://constitution.congress.gov/constitution/amendment-1/>.

<sup>6</sup> This issue brief uses the terminology and spelling of al-Qaeda and Islamic State (IS), or Islamic State in Iraq and Syria (ISIS) more specifically; please note that the official UN names for the groups are *Al-Qaida* and *Islamic State in Iraq and the Levant* and/or *Da’esh*.

<sup>7</sup> Speakers at a virtual roundtable organized by The Soufan Center with the Airey Neave Trust highlighted the importance of the different implications of designations and proscriptions, with the latter making mere membership in the group a criminal offense; many designations processes, such as that under 1267, for example, did not make mere membership in Al-Qaeda or ISIS illegal. For more see: <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.

<sup>8</sup> “Policy Paper: Proscribed terrorist groups or organizations.”, United Kingdom Home Office, last updated November 26, 2021, <https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2/proscribed-terrorist-groups-or-organisations-accessible-version>.

two specific resolutions bear noting. While UNSCR 1267 was adopted several years prior to 9/11, the regime expressed concern regarding the Taliban's provision of sanctuary to Osama bin Laden. Indeed, it wasn't until October 6, 2001, when al-Qaeda was first sanctioned by the UN for its terrorist activity.<sup>9</sup> Over time, the 1267 regime would incorporate hundreds of terrorist groups and individuals who have acted for or on behalf of al-Qaeda or Islamic State (IS). While many countries simply adopt the UN's 1267 list and use it as their own domestic version of a terrorist list, other nation-states, like the FVEY countries, have gone a step—or several—further.

There can be little doubt, though, that the passage of UNSCR 1373 in 2001 provided the impetus for governments to establish more robust measures to tackle terrorism financing. UNSCR 1373,<sup>10</sup> adopted on September 28, 2001, requires, among other things, that UN member states criminalize terrorist financing and freeze without delay the financial assets of individuals and organizations involved in the financing of terrorism. These key elements of UNSCR 1373 became the foundation from which many countries established their own domestic designations regimes, resulting in criminal prosecutions of terrorist financiers and the blocking of assets associated with designated domestic actors. While UNSCR 1373 did not result in the direct creation of a world-wide UN list of sanctioned terrorists, it did provide the

impetus from which future domestic designation regimes would be hatched.

The timing of the adoption of UNSCR 1373 and rapid expansion of the 1267 sanctions regime is striking; both were informed by the events of September 11, 2001. In fact, as this paper will demonstrate, the bulk of the FVEY focus in using terrorist designations as a tool to counter terrorists has focused on violent transnational Islamist groups like IS and al-Qaeda. Moreover, the UN has not provided a legally viable sanctions regime that allows for the international community to sanction entities and individuals associated with groups unless there is a clear link to these two groups. As a consequence of the international community's response to 9/11 and the prolific rise of Islamic State in Iraq and Syria (ISIS) in 2014, policies and actions, such as sanctions, have primarily focused on violent Islamist groups which were perceived as the most immediate threat to international peace and security.

## DESIGNATIONS AND PROSCRIPTIONS: A COMPARISON AMONG FIVE EYES STATES

As a consequence of this astigmatic world view of the threat, violent far-right actors have been able to largely operate outside of

<sup>9</sup> For more on this topic, see the other Issue Briefs in this series, and in particular: Colin P. Clarke, "Lessons Learned from the 1267 Sanctions Regime against Al-Qaeda and Islamic State in Iraq and Syria (ISIS)," The Soufan Center, July 28, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>;

"Al-Qa'ida Narrative Summary", Al-Qaida, United Nations Security Council, accessed May 4, 2022. [https://www.un.org/securitycouncil/sanctions/1267/aq\\_sanctions\\_list/summaries/entity/al-qaida](https://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list/summaries/entity/al-qaida).

<sup>10</sup> United Nations Security Council resolution 1373 (2001), S/RES/1373 (2001) (28 September 2001), available from [https://www.unodc.org/pdf/crime/terrorism/res\\_1373\\_english.pdf](https://www.unodc.org/pdf/crime/terrorism/res_1373_english.pdf).

states' counterterrorism efforts. As detailed below, few violent far-right groups have been designated as terrorist entities. Fewer still are the number of individuals in such groups who have been proscribed by FVEY countries.

The United Kingdom was the first FVEY country to proscribe a violent far-right group. In 2016, the U.K.'s Home Secretary, using legal authorities pursuant to the Terrorism Act of 2000,<sup>11</sup> proscribed the group National Action, widely associated with the individual who killed Member of Parliament (MP) Jo Cox. According to the U.K. Home Office, the group was listed because it "conducted provocative street activities and stunts aimed at intimidating local communities."<sup>12</sup> The Home Office narrative also highlighted the group's social media presence as a mechanism to recruit and radicalize young individuals by promoting virulently racist content.<sup>13</sup> In an effort to circumscribe the proscriptions, National Action has changed its name on multiple occasions. In 2017, the Home Office issued an order that added Scottish Dawn and National Socialist Anti-Capitalist Action as alternative names to National Action's listing. Later, in February 2020, the U.K. Home Office added System Resistance Network as an alias to National Action's listing. National Action would not be the last

violent far-right group proscribed by the U.K. Home Office. In fact, the U.K. would go on to actively list multiple violent far-right groups as terrorist organizations throughout 2020 and 2021, listing the Atomwaffen Division, Feuerkrieg Division, Sonnenkrieg Division, and The Base, all pursuant to the Terrorism Act of 2000. In describing these groups, the U.K. Home Office noted their racist, neo-Nazi, and anti-Semitic tendencies.

Canada is now the most prolific among FVEY countries in its use of underlying legal authorities to list violent far-right groups as terrorist entities. The Canadian Government uses the 2001 Anti-Terrorism Act (ATA)<sup>14</sup> to designate terrorist organizations, and the Governor in Council makes final terrorist listing determinations based on the recommendations sent forward by the Minister of Public Safety.<sup>15</sup> The Canadian Government began wielding its terrorist listing authorities against REMVE actors in 2019, when Blood & Honour and Combat 18 were designated. In describing the groups, the Canadian Government underscored their adherence to neo-Nazi ideology, members' violent activities, including murder, and firebombing of a building primarily inhabited by ethnic minorities.<sup>16</sup> In 2021, the Canadian Government designated multiple violent far-

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<sup>11</sup> "Policy Paper: Proscribed terrorist groups or organizations.", United Kingdom Home Office, last updated November 26, 2021, <https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2/proscribed-terrorist-groups-or-organisations-accessible-version>.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> "Anti-Terrorism Act.", Justice Laws Website, Government of Canada, accessed May 23, 2022, <https://laws-lois.justice.gc.ca/eng/acts/A-11.7/index.html>.

<sup>15</sup> "About the Listing Process.", Public Safety Canada, Government of Canada, accessed May 23, 2022, <https://www.publicsafety.gc.ca/cnt/ntnl-scrtr/cntr-trrrsm/lstd-ntts/bt-lstng-prcss-en.aspx>.

<sup>16</sup> "Currently Listed Entities.", Public Safety Canada, Government of Canada, accessed May 23, 2022, <https://www.publicsafety.gc.ca/cnt/ntnl-scrtr/cntr-trrrsm/lstd-ntts/crrnt-lstd-ntts-en.aspx#59>.

right actors, to include the Aryan Strikeforce, the Atomwaffen Division, Proud Boys, Russian Imperial Movement, and The Base. In describing the rationale for listing these entities, the Canadian Government highlighted the groups' racist tendencies, violent actions, and in the case of the Proud Boys, its involvement in the January 6, 2021 insurrection.<sup>17</sup>

Notably, Canada also listed in 2021 the U.S.-based anti-government militia group, the Three Percenters. In describing the basis for listing the Three Percenters, the Canadian Government noted that, "[The] Three Percenters have been linked to bomb plots targeting... Muslim communities... and a Three Percenter was arrested and eventually convicted of shooting and wounding five men at a Black Lives Matter demonstration."<sup>18</sup> Thus, Canada's listing of the Three Percenters underscores the group's racist tendencies—something the group holds in common with the other violent far-right actors on Canada's terrorist list. In listing eight violent far-right organizations out of 76 groups<sup>19</sup> on Canada's overall terrorist list, 10.5% of its list consists

of such organizations. In contrast, the U.K. Government has listed five violent far-right groups out of 78, or just over 6% of its list.

In contrast to the U.K. and Canada, Australia's list of designated groups consists of only 29 organizations.<sup>20</sup> Australia's underlying legal authority for listing terrorist groups stems from Division 102 of the Criminal Code Act of 1995,<sup>21</sup> which was amended in 2002 by passage of the Security Legislation Amendment (Terrorism) Act.<sup>22</sup> Within the Australian Government, the Ministry of Home Affairs, led by the Home Minister, has the lead in listing terrorist groups.<sup>23</sup> Of the 29 groups listed by the Australian Government, three can be categorized as violent far-right organizations—the Nationalist Socialist Order<sup>24</sup> (listed in 2022), Sonnenkrieg Division (listed in 2021), and The Base (also listed in 2021)—constituting approximately 10% of Australia's terrorist list.

In contrast to the early efforts by the U.K., Canada, and Australia to designate violent far-right groups, the Government of New

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<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> This list of 76 does not include James Mason, the only REMVE individual appearing on Canada's terrorist list.

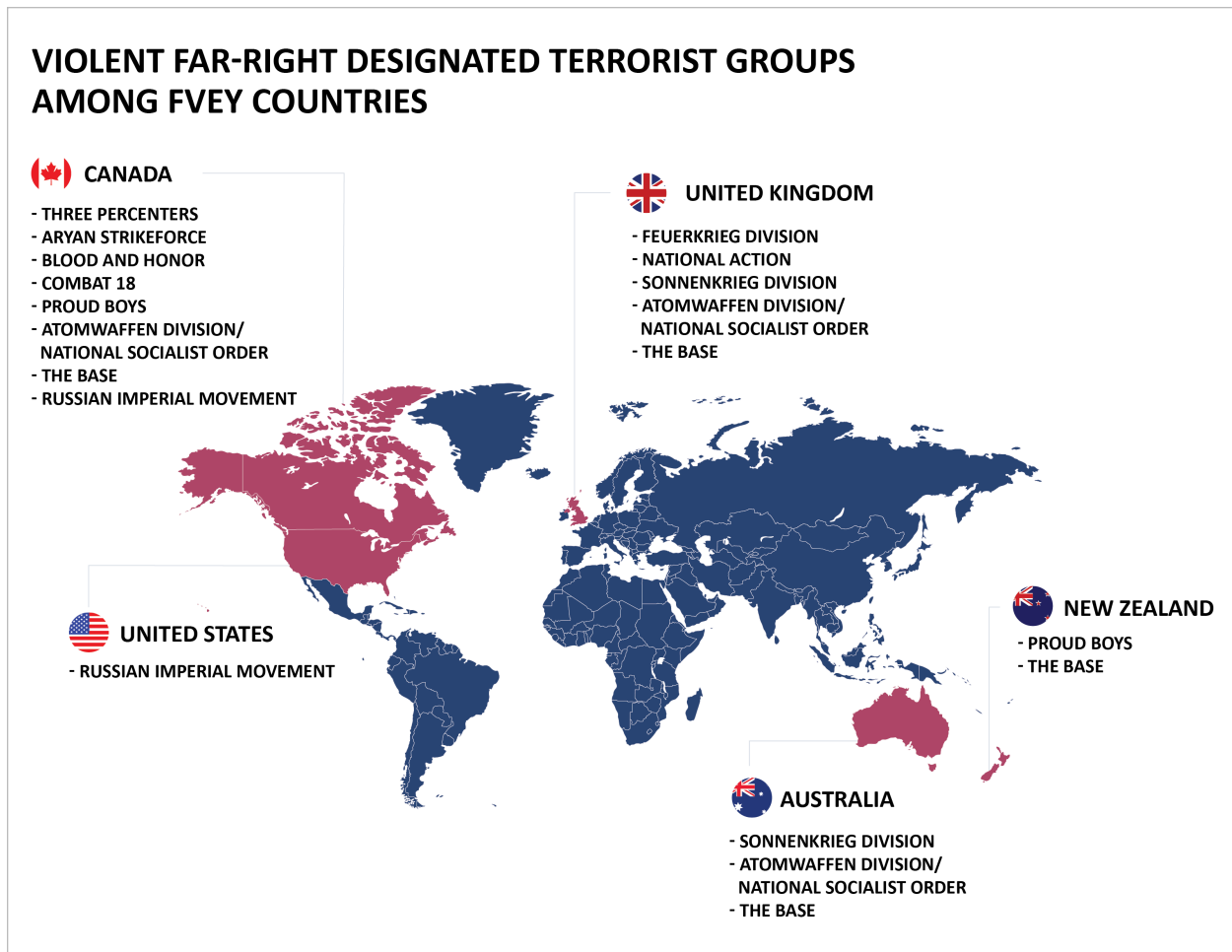
<sup>20</sup> "Listed Terrorist Organisations.", Australian National Security, Australian Government, accessed May 23, 2022, <https://www.nationalsecurity.gov.au/what-australia-is-doing/terrorist-organisations/listed-terrorist-organisations>.

<sup>21</sup> Ibid.

<sup>22</sup> *Security Legislation Amendment (Terrorism) Act 2002 No. 62* (Cth). [http://classic.austlii.edu.au/au/legis/cth/num\\_act/slaa2002451/sch1.html](http://classic.austlii.edu.au/au/legis/cth/num_act/slaa2002451/sch1.html).

<sup>23</sup> "Protocols for listing terrorist organisations.", Australian National Security, Australian Government, accessed May 23, 2022, <https://www.nationalsecurity.gov.au/what-australia-is-doing/terrorist-organisations/protocol-for-listing>.

<sup>24</sup> The Nationalist Socialist Order (NSO) is an alternative name for the Atomwaffen Division; however, unlike the U.K. and Canada, the Australian Government lists NSO as the primary operating name.



Zealand carried out its first designations of such organizations (i.e. The Base and the American Proud Boys) in late June 2022.<sup>25</sup> As will be briefly discussed later, New Zealand has also listed one violent far-right individual as a terrorist pursuant to New Zealand law. The legal authority for New Zealand to list individuals and entities as terrorists derives

from the Terrorism Suppression Act (TSA) of 2002.<sup>26</sup> The TSA provides the Prime Minister with authority to list terrorists; however, the process to designate terrorists is led by New Zealand's Police Agency, resulting in, as of June 2022, 21 groups and one individual being listed as terrorists.<sup>27</sup> Unlike the other FVEY countries, New Zealand provides the

<sup>25</sup> The Soufan Center, "Intel Brief: New Zealand Designates The Base And The American Proud Boys as Terrorist Entities," June 30, 2022, <https://thesoufancenter.org/intelbrief-2022-june-30/>.

<sup>26</sup> Terrorism Suppression Act 2002 (NZ). [https://www.legislation.govt.nz/act/public/2002/0034/latest/DLM151491.html?search=ts\\_act%40bill%40regulation%40deemedreg\\_terrorism+suppression+act\\_resel\\_25\\_a&p=1](https://www.legislation.govt.nz/act/public/2002/0034/latest/DLM151491.html?search=ts_act%40bill%40regulation%40deemedreg_terrorism+suppression+act_resel_25_a&p=1).

<sup>27</sup> "Terrorist Designation Process," New Zealand Police, accessed May 28, 2022, <https://www.police.govt.nz/sites/default/files/publications/terrorist-designations-process-legal-framework-paper-03-10-2017.pdf>.

full statement of case related to the entity or individual listed as a terrorist and primarily uses open source information to construct the underlying basis for the actor's designation as a terrorist.<sup>28</sup>

Unlike New Zealand, the United States uses all-source information, including classified information, to designate terrorist entities pursuant to U.S. law.<sup>29</sup> The United States leverages two legal tools to designate terrorists. First, the U.S. Secretary of State can designate "Foreign Terrorist Organizations" (FTOs) pursuant to section 219 of the Immigration and Nationality Act (INA).<sup>30</sup> Second, the U.S. Departments of State and Treasury share authority to designate foreign entities and individuals as terrorists pursuant to Executive Order (E.O.) 13224.<sup>31</sup> As of May 2022, the U.S. Department of State's list of Foreign Terrorist

Organizations had 68 groups on it; however, none are REMVE groups.<sup>32</sup> On April 7, 2020, the U.S. Secretary of State designated the Russian Imperial Movement (RIM) pursuant to E.O. 13224 and placed them on the Specially Designated Nationals (SDN) List. In announcing the RIM's designation, the Secretary of State at that time, Michael R. Pompeo, explained in a press statement that it was, "the first time in history the department has designated a white supremacist group."<sup>33</sup>

A review of the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) SDN list makes apparent that no government has designated more individuals as terrorists than the United States.<sup>34</sup> Among those designated, the State Department in 2020 added three REMVE SDNs to OFAC's SDN list. Those designated by the U.S. Department of State were three senior RIM members,

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<sup>28</sup> "Lists Associated with Resolution 1373," New Zealand Police Agency, accessed May 28, 2022, <https://www.police.govt.nz/advice/personal-community/counterterrorism/designated-entities/lists-associated-with-resolution-1373>.

<sup>29</sup> "Foreign Terrorist Organizations," Bureau of Counterterrorism, U.S. Department of State, accessed May 28, 2022, <https://www.state.gov/foreign-terrorist-organizations/>.

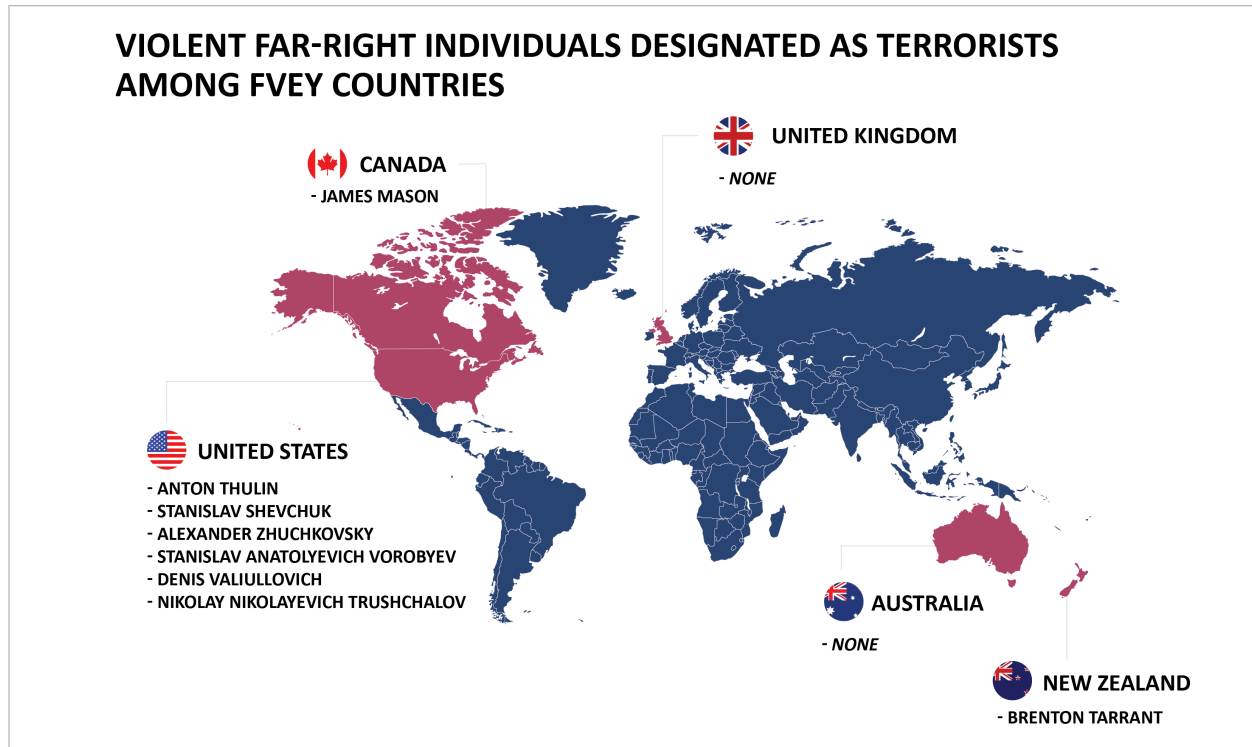
<sup>30</sup> U.S. Government. "Survey Response by U.S. Government Regarding REMVE Designations," provided to the Soufan Center on May 2022.

<sup>31</sup> Ibid.

<sup>32</sup> "Foreign Terrorist Organizations," Bureau of Counterterrorism, U.S. Department of State, accessed May 28, 2022, <https://www.state.gov/foreign-terrorist-organizations/>.

<sup>33</sup> U.S. Department of State, "United States Designates Russian Imperial Movement and Leaders as Terrorists," Press Statement by Michael R. Pompeo, April 7, 2020, <https://2017-2021.state.gov/united-states-designates-russian-imperial-movement-and-leaders-as-global-terrorists/index.html>.

<sup>34</sup> "Specially Designated Nationals and Blocked Persons List," U.S. Department of Treasury, last updated May 27, 2022, <https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists>.



Stanislav Anatolyevich Vorobyev, Denis Valiullovich Gariyev, and Nikolay Nikolayevich Trushchalov, for “providing training for acts of terrorism that threaten the national security and foreign policy of the United States.”<sup>35</sup> More than two years later after the initial RIM designation, on June 15, 2022, the U.S. Departments of State and Treasury designated three more REMVE-linked individuals.<sup>36</sup> Yet, despite the hundreds of groups and individuals designated by the U.S. Departments of State and Treasury, RIM (and RIM-linked individuals) remains alone in the realm of REMVE actors among U.S. designations.

With only two exceptions, the U.S. Department of State’s and Treasury’s designations of RIM-linked individuals represent the only REMVE-related direct designations of *individuals* among FVEY countries. One exception is New Zealand’s listing of Brenton Tarrant pursuant to the TSA. Tarrant was listed as a terrorist following his 2019 attack that resulted in the deaths of 51 individuals who were worshipping at the al Noor Mosque and Linwood Islamic Centre.<sup>37</sup> Canada has also designated one individual linked with the violent far-right,

<sup>35</sup> U.S. Department of State, “United States Designates Russian Imperial Movement and Leaders as Terrorists,” Press Statement by Michael R. Pompeo, April 7, 2020, <https://2017-2021.state.gov/united-states-designates-russian-imperial-movement-and-leaders-as-global-terrorists/index.html>.

<sup>36</sup> “U.S. Sanctions Members of Russian Violent Extremist Group,” U.S. Department of the Treasury, U.S. Department of Treasury Pres Statement, June 15, 2022, accessed Jun 20, 2022, <https://home.treasury.gov/news/press-releases/jy0817>.

<sup>37</sup> “Statement of the Case to Designate Brenton Harrison Tarrant As A Terrorist Entity,” New Zealand Police, accessed May 28, 2022, <https://www.police.govt.nz/sites/default/files/publications/statement-of-case-brenton-harrison-tarrant.pdf>.

James Mason.<sup>38</sup> Mason is an American neo-Nazi associated with the Atomwaffen Division and designated by the Canadian government for providing ideological and tactical instructions on how to form a terrorist group.<sup>39</sup> Australia and the United Kingdom have not designated any REMVE individuals pursuant to their legal authorities. Thus, the United States has been the most prolific country in designating individuals—but not groups—with REMVE connections.

In sum, FVEY countries have used their terrorist listing authorities sparingly against REMVE actors. Few violent far-right groups and individuals have been categorized formally as terrorists. Inherently, the infrequency of use will limit the impact terrorist listings have on violent far-right threats. Nonetheless, reviewing the efficacy of violent far-right designations is crucial.

## MEASURING EFFECTIVENESS AND OUTCOMES

Measuring the effectiveness of counterterrorism efforts is notoriously difficult. This truism holds for the assessment of the impact

terrorist proscriptions have had on influencing the behavior of violent far-right actors. With one exception, FVEY countries do not publish any statistics or figures related to the impact of designations. Moreover, most state actors remain wary of publicly discussing limitations or challenges with the sanctions regimes, or with the impacts of counterterrorism efforts more broadly. As is explained in more detail below, the exception pertains to the U.S. Department of the Treasury's Terrorist Assets Report (TAR), which details the assets of designated terrorist groups that have been blocked by financial institutions. The lack of publicly available information related to the impact of terrorist designations is problematic, making it nearly impossible to determine whether the government funding and bureaucratic labor that go into designating terrorists is worth the return on investment.

The sanctioning of terrorists, by design, is meant to serve as a preventative tool, but also a deterrent to stop the flow of funds and support that can be used in a terrorist attack. In limiting the public's understanding of the impact of designations, it is difficult to determine whether sanctions are being deployed in a preventative or punitive manner.<sup>40</sup> Without such visibility, it is difficult to hold executive branches to account for the resources they devote to sanctioning

<sup>38</sup> For more on this topic, see the other Issue Briefs in this series, and in particular: Jessica M. Davis, "Lessons learned from Listing Violent Far-Right Extremist Groups in Canada," The Soufan Center, July 28, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>;

Bethan Johnson and Matthew Feldman, "The Race War May No Longer Be Digitised: James Mason's Designation as a Terrorist Entity in Canada," Global Network on Extremism & Technology, July 29, 2021, <https://gnet-research.org/2021/07/29/the-race-war-may-no-longer-be-digitised-james-masons-designation-as-a-terrorist-entity-in-canada/>.

<sup>39</sup> Government of Canada, "Government of Canada lists four new terrorist entities," News Release, Public Safety Canada, Government of Canada, June 25, 2021, <https://www.canada.ca/en/public-safety-canada/news/2021/06/government-of-canada-lists-four-new-terrorist-entities.html>.

<sup>40</sup> Alexander Chang, "Jason Blazakis Discusses the Complex Nature of Terrorist Designations," National Consortium for the Study of Terrorism and Responses to Terrorism, University of Maryland, July 23, 2020, <https://start.umd.edu/news/jason-blazakis-discusses-complex-nature-terrorist-designations>.



terrorists. Yet, despite the inability to determine holistically the impacts terrorist designations are having on violent far-right actors, discernable results can be traced back to the deployment of a violent far-right sanction elicited from anecdotal information.

In Canada, pursuant to the 2001 ATA, the consequences of a terrorist listing mean that for designated individuals or groups, property, including finance, can become blocked and ultimately subject to seizure. Additionally, Canada has made it an offense for an individual to knowingly participate in or contribute to, directly or indirectly, any activity of a terrorist group. Among FVEY countries, Canada's twin approach of linking terrorist listings to asset blocks/seizures and criminal penalties is typical. While Canada does not provide any data related to asset blocks, seizures, or criminal prosecutions that can be linked to an individual's support to a listed entity, Canada's terrorist listings of violent far-right actors have nonetheless had impact. Recently, in May 2022, a 19-year-old Canadian man was charged for participating in activities that enhanced the capabilities of a listed terrorist entity, the Atomwaffen Division.<sup>41</sup> The individual was charged with "hate crimes,"<sup>42</sup> and the culprit reportedly attacked a trans support center.<sup>43</sup> According

to terrorism financing expert and author, Jessica Davis, Canada's listing of the Proud Boys has possibly resulted in financial institutions deciding to close accounts associated with Proud Boys members.<sup>44</sup> Davis has also noted that, if the individuals were excluded from the financial sector, such action would likely prompt court challenges.<sup>45</sup> Financial institutions' decisions to sever relationships with clients that have links to violent far-right actors would represent a clear example of impact. The Proud Boys case in Canada raises an interesting theoretical constitutional question: how can individuals associated with listed entities, like the Proud Boys, who have not been charged with a crime, function in societies, like Canada, which emphasize use of the formal financial system? Moreover, when financial institutions derisk from violent far-right actors, this could push them towards carrying out financial activities outside of the formal financial sector, such as using cryptocurrency, making it more difficult for law enforcement and regulators to track financial flows.<sup>46</sup>

Despite these very few tangible legal impacts related to a listing, Canadian listings have also resulted in non-legal impacts. For example, the Canadian 2019 decision to list Blood & Honour and Combat 18 had the

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<sup>41</sup> Royal Canadian Mounted Police, "One Individual Charged With Contributing To Terrorist Activity Following An RCMP Investigation," News Release, May 6, 2022, <https://www.rcmp-grc.gc.ca/en/news/2022/individual-charged-contributing-terrorist-activity-an-rcmp-investigation>.

<sup>42</sup> Ibid.

<sup>43</sup> Mack Lamoureux, "Man Accused of Attack a Trans Centre Charged With Terrorism Connections," *Vice News*, May 6, 2022, <https://www.vice.com/en/article/pkpnzv/trans-centre-attack-seth-bertrand-neo-nazi-group>.

<sup>44</sup> Remarks by Jessica Davis at The Soufan Center Roundtable, "Deterrence and Denial: The Impact of Sanctions and Designations of Violent Far-Right Groups," May 24, 2022.

<sup>45</sup> Ibid. There are no pending legal challenges in the Canadian court system at this time.

<sup>46</sup> For more on this topic, see the other Issue Briefs in this series, and in particular: Jessica M. Davis, "Lessons learned from Listing Violent Far-Right Extremist Groups in Canada," The Soufan Center, July 28, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.

concrete effect of Facebook removing their Facebook Group pages, which were an important tool for recruitment and the dissemination of virulent neo-Nazi propaganda.<sup>47</sup> Simply put, the Canadian listing of these neo-Nazi groups had the impact of curtailing the group's access to the world's largest social media platform, thus removing an important portal into the lives of prospective recruits.

Like Canada, there are anecdotal reports that the United Kingdom's proscription of REMVE actors has had an impact. Like Canada, the U.K. does not provide comprehensive statistics regarding the impact its proscription regime has had in countering terrorist actors. The U.K.'s 2000 Terrorism Act outlines a severe set of offenses for those who violate it. First, unlike Canada, the U.K.'s Terrorism Act of 2000 criminalizes mere membership in a proscribed organization. Second, the Act criminalizes support, such as financing, to proscribed organizations. Third, and perhaps most controversially, the U.K. criminalizes the publication (and wearing) of images and public support for propaganda associated with a proscribed organization.<sup>48</sup> Since the U.K. designated its first violent far-right organization, National Action, three years prior to any other FVEY country designation, the government has had ample opportunity to operationalize the proscription. On May

17, 2022, U.K. courts convicted Alex Davies, the cofounder of National Action, for being a member of the group and for recruiting on its behalf. Specifically, the press release detailing Davies' conviction noted that National Action is determined to incite a "race war." The U.K. counterterrorism policing press release also noted that Davies represented the 19th individual connected to National Action to be successfully prosecuted because of links to a proscribed organization.<sup>49</sup> In 2019, the U.K. successfully prosecuted two teenagers who were members of the proscribed group known as the Sonnenkrieg Division for threatening violence against British royal, Prince Harry. Again, like Davies, the individuals were motivated by race, saying that violence against Harry was justified because he was a "race traitor," reflecting the vitriolic commentary against his marriage to Megan Markle.<sup>50</sup> The marriage between a British royal and a woman of color has been a flashpoint for white supremacist groups like National Action.

The U.K.'s ability to prosecute individuals for membership, incitement of violence, or mere advocacy on behalf of proscribed organizations raises questions about how far the U.K. system of proscription could go to imposing limitations on free speech. Other governments, most notably the United

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<sup>47</sup> The Soufan Center, "White Supremacy Extremism: The Transnational Rise of the White Supremacist Movement," September 27, 2019.

<sup>48</sup> U.K. Terrorism Act of 2000, accessed on May 28, 2022, <https://www.legislation.gov.uk/ukpga/2000/11/contents>; "Policy Paper: Proscribed terrorist groups or organizations," United Kingdom Home Office, last updated November 26, 2021, <https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2/proscribed-terrorist-groups-or-organisations-accessible-version>.

<sup>49</sup> U.K. Counter Terrorism Policing, "National Action Co-founder Alex Davies Guilty of Membership of Banned Organization," Counter Terrorism Policing News, May 17, 2022, <https://www.counterterrorism.police.uk/national-action-co-founder-alex-davies-guilty-of-membership-of-banned-neo-nazi-group/>.

<sup>50</sup> Lizzie Dearden, "Teenage Neo-Nazis Jailed for Inciting Terror Attacks Against Prince Harry and Other Targets," *Independent*, June 18, 2019, <https://www.independent.co.uk/news/uk/crime/neo-nazi-trial-terror-prince-harry-michal-szewczuk-oskar-dunn-koczorowski-a8963396.html>.

States, would not be able to replicate the U.K.'s ability to prosecute members of REMVE groups. Specifically, in a response to inquiries by The Soufan Center, U.S. officials explained, "It is important to stress that U.S. counterterrorism sanctions authorities can only be applied to foreign persons or organizations and cannot be used to designate individuals or organizations that are predominantly based in the United States, and that the United States cannot designate groups based solely on protected speech."<sup>51</sup> This lack of consonance between FVEY regimes' use of designations or proscriptions to include (but not limited to) violent far-right actors, is no more acutely apparent than the political differences between the U.K. and the United States.

While the U.K. has successfully prosecuted numerous individuals associated with violent far-right groups, the United States has not.<sup>52</sup> Despite this, the United States has had some successful prosecutions of individuals associated with REMVE groups. U.S. officials have noted the consequences of its FTO designations as follows: "All funds of the organization under the control of U.S. institutions are frozen"; "Aliens who are members or representatives of, provide material support to, solicit funds for, or recruit members for the FTO are ineligible for U.S. visas and other immigration-related

benefits"; and "It is illegal for persons subject to the jurisdiction of the United States to knowingly provide material support or resources to the organization, and violators are subject to significant civil and criminal penalties, including lengthy terms of imprisonment."<sup>53</sup>

U.S. officials explained the consequences associated with an E.O. 13224 designation as, "all property and interests in property of the designated individuals and entities that are subject to U.S. jurisdiction are blocked, and U.S. persons are generally prohibited from engaging in any transactions with them. Foreign financial institutions that knowingly conduct or facilitate any significant transaction on behalf of SDGTs could also be subject to U.S. sanctions."<sup>54</sup>

In terms of measuring the effectiveness of the U.S. regime, as noted earlier, the United States does maintain publicly available information regarding blocked assets associated with FTO and SDGT designations. According to the U.S. Department of Treasury's Terrorist Assets Report (TAR), 65 groups have had assets blocked, of which the most significant impact has been on Hizballah, which has close to \$23 million in assets currently blocked.<sup>55</sup> The TAR is the world's gold standard when it comes to measuring the financial impact of terrorist

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<sup>51</sup> U.S. Government, "Survey Response by U.S. Government Regarding REMVE Designations," provided to the Soufan Center on May 2022.

<sup>52</sup> Intelligence and Security Committee of Parliament, "Extreme Right-Wing Terrorism," July 2022, [https://isc.independent.gov.uk/wp-content/uploads/2022/07/E02710035-HCP-Extreme-Right-Wing-Terrorism\\_Accessible.pdf](https://isc.independent.gov.uk/wp-content/uploads/2022/07/E02710035-HCP-Extreme-Right-Wing-Terrorism_Accessible.pdf).

<sup>53</sup> U.S. Government, "Survey Response by U.S. Government Regarding REMVE Designations," provided to the Soufan Center on May 2022.

<sup>54</sup> U.S. Government, "Survey Response by U.S. Government Regarding REMVE Designations," provided to the Soufan Center on May 2022.

<sup>55</sup> U.S. Department of the Treasury, "Terrorist Assets Report," September 8, 2021, accessed on May 29, 2022, <https://home.treasury.gov/system/files/126/tar2020.pdf>.

designations. While the U.S. government does not make data related to the prosecution of individuals for providing support to FTOs publicly available, a 2015 U.S. Government Accountability Office study that reviewed the State Department's implementation of the FTO regime noted, "between January 1, 2009 and December 31, 2013, over 80 individuals were convicted of terrorism or terrorism-related crimes, that included providing material support or resources to an FTO."<sup>56</sup> While the U.S. Government does not provide publicly available information regarding determinations to reject visa requests of individuals who are linked to designated FTOs, the 2015 Government Accountability Office (GAO) report uncovered useful data regarding the immigration impact of FTO designations. The report explained, "according to State Bureau of Consular Affairs data, between fiscal years 2009-2013... 187 individuals were denied immigrant visas on the basis of involvement in terrorist activities and associations with terrorist organizations."<sup>57</sup>

Between the 2021 TAR and the 2015 GAO report, the United States designations regime is having an impact on countering the activities of individuals associated with

designated terrorist groups. While the metrics are incomplete, there are numerous Department of Justice press releases that indicate that the U.S. government routinely prosecutes individuals for providing material support to designated FTOs. This was particularly the case during the rise of the Islamic State (2014-2016) and Jabhat al-Nusrah in Iraq and Syria when a number of American foreign terrorist fighters and would-be terrorist fighters were arrested and prosecuted for material support.

Nonetheless, the U.S. has not been able to replicate this success on the REMVE front because designations, simply put, have *only* been deployed against RIM. In part, this is because of a concern regarding the use of designations tools that could infringe First Amendment rights and because the United States does not have the legal framework in place to designate domestic terrorist groups. Despite this, the U.S. Government on September 4, 2020, creatively charged two far-right individuals associated with the Boogaloo Bois<sup>58</sup> (undesigned pursuant to U.S. law) for trying to provide material support to Hamas, a U.S. Department of State designated FTO.<sup>59</sup> While this represents an imaginative way to leverage terrorist

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<sup>56</sup> U.S. Government Accountability Office, "Combatting Terrorism: Foreign Terrorist Organization Designation Process and U.S. Agency Enforcement Actions," Report to Congressional Requesters, June 2015, Page 13.

<sup>57</sup> Ibid.

<sup>58</sup> While the Boogaloo Bois is traditionally seen as an anti-government group, the organization has distinct REMVE qualities to it. See Alex Newhouse and Nate Gunesch, "The Boogaloo Movement Wants To Be Seen as Anti-Racist, But It Has a White Supremacist Fringe," Middlebury Institute of International Studies at Monterey's Center on Terrorism, Extremism, and Counterterrorism, May 30, 2020, <https://www.middlebury.edu/institute/academics/centers-initiatives/ctec/ctec-publications/boogaloo-movement-wants-be-seen-anti-racist-it>.

<sup>59</sup> U.S. Department of Justice, Office of Public Affairs, "Two Self-Described 'Boogaloo Bois' Charged With Attempting to Provide Material Support to Hamas," News Release, September 4, 2020, <https://www.justice.gov/opa/pr/two-self-described-boogaloo-bois-charged-attempting-provide-material-support-hamas>.

designations, it is not a sustainable way to tackle the significant REMVE and anti-government challenge in the United States; it is highly unlikely that other anti-government or white supremacist groups would work with an Islamist organization like Hamas.<sup>60</sup> Nonetheless, in a survey response to The Soufan Center, representatives from the U.S. Government noted, “In addition to terrorism designations, the United States also relies on other tools to counter terrorism and violent extremism, including REMVE, such as information sharing, counter-messaging, watchlisting and screening, engaging with technology companies, and building partner capacity to protect soft targets including synagogues and mosques.”<sup>61</sup>

Additionally, the U.S. Government has been able to prosecute, albeit not for terrorism-related offenses, a number of REMVE and anti-government linked individuals, most notably members of the Proud Boys, Oath Keepers and Three Percenters—all of whom played notable roles in the January 6, 2021 insurrection. The United States has not pursued terrorism related charges against the January 6th insurrectionists because U.S. laws that aim to prosecute terrorists are primarily oriented towards activities that are

conducted on behalf of foreign-based groups.<sup>62</sup>

There is very little information regarding the impact Australian and New Zealand terrorist listings have had against individuals linked to violent far-right groups. Between the two countries, they have only designated five groups and one individual. However, there is evidence that Australia has arrested individuals, such as Thomas Sewell who is associated with the Australian neo-Nazi group known as the National Socialist Network.<sup>63</sup> Sewell was charged in May 2021 for armed robbery amongst other alleged crimes.<sup>64</sup> New Zealand’s designation of Tarrant, a high-profile violent far-right actor, has had little preventative effect on him since he is in prison. In an interview with The Soufan Center, a representative of the New Zealand Government clarified that Tarrant’s designation has had an important practical effect;<sup>65</sup> specifically, Tarrant’s manifesto is ostensibly outlawed, making it more difficult for his outlandish theories to spread.

As demonstrated, comprehensively measuring the effectiveness of terrorist designations deployed against violent far-right actors has been difficult. While there is limited

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<sup>60</sup> Jason M. Blazakis, “The Intangible Benefits of a Domestic Terrorism Statute,” *Georgetown Journal of International Affairs*, June 24, 2021, <https://gjia.georgetown.edu/2021/06/24/the-intangible-benefits-of-a-domestic-terrorism-statute/>.

<sup>61</sup> U.S. Government, “Survey Response by U.S. Government Regarding REMVE Designations,” provided to the Soufan Center on May 2022.

<sup>62</sup> Mary B. McCord and Jason Blazakis, “A Road Map for Congress to Address Domestic Terrorism,” *Lawfare*, February 27, 2019, <https://www.lawfareblog.com/road-map-congress-address-domestic-terrorism>.

<sup>63</sup> This organization is not currently listed as a terrorist group by the Government of Australia and is distinct from Australia’s listing of the Nationalist Socialist Order which has three aliases (Atomwaffen Division, AWD, and Nuclear Weapons Division) under Australia’s listing.

<sup>64</sup> Michael McGowan, “Australian neo-Nazi Tom Sewell Charged By Counter-Terrorism Police,” *The Guardian*, May 14, 2021, <https://www.theguardian.com/australia-news/2021/may/14/australian-neo-nazi-tom-sewell-arrested-by-counter-terrorism-police>.

<sup>65</sup> TSC Interview with senior counterterrorism and sanctions officials, Government of New Zealand, June 2022.

anecdotal evidence that the U.K. and Canada have operationalized their violent far-right proscriptions, neither country provides public evidence regarding the impact of its listings. Moreover, since the United States, Australia, and New Zealand have selectively used their terrorism designation authorities against violent far-right actors, there are insufficient or no metrics of success, or failure, that can be evaluated. The lack of evidence, however, does not mean that these countries cannot tackle the violent far-right challenge, or that sanctions are the only, necessary tool to such ends.

In fact, one non-FVEY country, Germany, which does not have a domestic terrorism listing regime, has been able to prosecute several individuals associated with neo-Nazi groups. Terrorism expert Anna Meier has explained that Germany has been able to do so because its laws have deemed neo-Nazi groups as unconstitutional, since they are predisposed to being against “German values.”<sup>66</sup> The German constitutional ban of neo-Nazis, and the proscription approaches taken by governments like the U.K. and Canada, are unlikely models for the United States because its legal system makes it impossible to designate domestic groups, such as the Proud Boys and Atomwaffen Division. One possible exception could be some flexibility the United States may have in designating foreign-based affiliates of REMVE groups, like the Proud Boys or Atomwaffen Division. Despite the lack of terrorist designations, the United States has been able to prosecute REMVE actors successfully. Moreover, shortly after the U.S. designation of the RIM, Facebook was quick to take down the group’s page, and YouTube removed its channel. These actions highlight that technology companies take U.S. designations

seriously and that government applied sanctions drive content removal decisions.

Nonetheless, unlike its Canadian and U.K. counterparts, the United States has been deprived of the powerful signaling and normative benefits often associated with the deployment of designations against REMVE actors. In this sense, heretofore, the United States has missed the chance to unequivocally state that it holds the threat posed by REMVE actors at the same level posed as Salafi-jihadist and ethno-nationalist terrorist groups which dominate the State Department’s FTO list. This glaring discrepancy has prompted multiple initiatives by the legislative branch and broader public to call upon the U.S. Government to designate more REMVE actors as terrorists. As will be discussed in the following section, the United States’ ability to heed these calls or emulate the U.K. or Canadian approaches will be difficult unless other practical matters are first addressed.

It is also important to consider what role the multilateral community, especially the United Nations, can play in complementing FVEY country terrorist designation programs designed to counter the financial activities of REMVE actors. The UN has played a vital role, by adopting UNSCR 1373, in creating the underlying basis for governments to use domestic designations as a tool to counter terrorist financing. The UN’s importance in the area of sanctions has been underscored by the Financial Action Task Force and specifically its recommendation (recommendation 6) that calls on “countries to implement targeted financial sanctions regimes to comply with the United Nations Security Council Resolutions relating to the prevention and suppression of terrorism and






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<sup>66</sup> Anna Meier, “Is Official Terrorist Content Illegal Online? Terrorist Designation and the Online Realm,” The Tech Against Terrorism Podcast, Season 2, Episode 9, April 12, 2022.

terrorist financing.”<sup>67</sup> Moreover, there are bodies within the United Nations that are able to assist states, to include FVEY countries, in countering REMVE financing. As Naureen Chowdhury Fink and Jason M. Blazakis have observed, “states could work through CTED to develop a stronger monitoring capacity on international far-right financing and develop more tailored legal and policy responses, as they are already doing on broader counterterrorism compliance.”<sup>68</sup> The UN’s capacity building, research, and expertise and convening authority could help operationalize the use of terrorist designations as a tool to counter REMVE financing. While

UN1267 listings of REMVE actors are not likely, they may not be necessary if domestic terrorist listing capacities are augmented. The UN could also, with appropriate state-based funding, potentially develop metrics that can measure state success in countering REMVE financing.

The challenge of violent far-right extremism must be met by a whole-of-community approach. Sanctions alone will not stop the financial or operational activities of violent far-right actors. Nonetheless, there are terrorist-designation related steps that FVEY countries can take to meet the challenge.

Counterterrorism Sanctions	 Australia	 Canada	 United States	 United Kingdom	 New Zealand
Legislation/Doctrine	<ul style="list-style-type: none"> <li>• Criminal Code Act of 1995 (5.3, 5.5, Division 104 &amp; 105)</li> </ul>	<ul style="list-style-type: none"> <li>• Criminal Code of Canada (consolidated);</li> <li>• Counter-terrorism provisions added in the Anti-Terrorism Act of 2000</li> </ul>	<ul style="list-style-type: none"> <li>• Section 219 of the Immigration and Nationality Act (INA);</li> <li>• Executive Order 13224;</li> <li>• Section 6(j) of the Export Administration Act;</li> <li>• Section 40 of the Arms Export Control Act;</li> <li>• Section 620A of the Foreign Assistance Act;</li> <li>• Section 411 of the USA Patriot Act of 2001 (8 U.S.C. § 1182)</li> </ul>	<ul style="list-style-type: none"> <li>• Terrorism Act 2000 (Section 4; Section 3(6));</li> <li>• Counter-Terrorism and Sentencing Act 2021</li> </ul>	<ul style="list-style-type: none"> <li>• Terrorism Suppression Act 2002 (TSA) (Section 22)</li> </ul>
Type	Listing and Sanctions	Listings and Sanctions	Designations and Sanctions	Proscription	Designation

<sup>67</sup> The Financial Action Task Force, “Targeted Financial Sanctions Related to Terrorism and Terrorist Financing (Recommendation 6),” accessed on June 20, 2022. <https://www.fatf-gafi.org/documents/documents/bpp-finsanctions-tf-r6.html#:~:text=FATF%20Recommendation%206%20requires%20countries,successor%20resolutions%2C%20and%20UNSCR%201373.>

<sup>68</sup> Jason M. Blazakis and Naureen Chowdhury Fink, “The International Far-Right Terrorist Threat Requires a Multilateral Response,” *Lawfare*, April 4, 2021, <https://www.lawfareblog.com/international-far-right-terrorist-threat-requires-multilateral-response>.

## RECOMMENDATIONS

1. **Establish common metrics for assessing the impacts of sanctions:** FVEY countries should establish metrics for measuring the successful implementation of terrorist designations. It will otherwise remain difficult to determine the amount of financial and bureaucratic capital that should be expended in developing terrorist listings. The United States TAR should be replicated in the other FVEY countries since it illuminates the financial impact of U.S. terrorist designations.
2. **Consider designating foreign based affiliates or supporters of U.S. REMVE actors:** The United States is the world's leader in the deployment of terrorist designations, but it has never labeled a REMVE actor as an FTO and has only listed one group, RIM, as a terrorist entity pursuant to E.O. 13224. In this regard, the United States should determine whether any non-U.S. based individuals or groups on the U.K., Canadian, or Australian terrorist lists can be sanctioned under either its FTO or E.O. 13224 designation authorities. While there is little doubt that the U.S. has requested additional information from these countries regarding the underlying bases for their own proscription of REMVE actors, the engagement on these issues should be iterative and regularly occurring.
3. **Invest in greater information collection to develop listings:** If the United States is unable to receive sufficient information from U.K., Canadian, or Australian

counterparts regarding the bases for their own proscriptions of REMVE groups, the United States should invest more resources into collecting intelligence on foreign-based REMVE actors. This is an area the Department of State's Deputy Coordinator for Counterterrorism recently identified as a deficiency, noting that the department "would love to be able deploy this tool everywhere, [but] we just don't have the resources and staff and the information."<sup>69</sup> The U.S. Congress should review whether the Counterterrorism Finance and Designations Office in the Department of State's Counterterrorism Bureau has sufficient staff resources to pursue REMVE designations. Because intelligence information is highly relevant to the State Department's terrorist designations process, the U.S. Congress should identify what level of prioritization the U.S. Intelligence Community has given to the overseas collection of information of REMVE actors.

4. **Make greater use of multilateral tools:** Multilateralism, such as the sanctioning of terrorists under UNSCR 1267 and the adoption of UNSCR 1373, has been a key feature in demonstrating international resolve in the fight against terrorism financing. While emulating the UN 1267 regime in the REMVE-space is unlikely due to the lack of consonance (including differences between FVEYE countries that stem from vastly different legal traditions) amongst countries in how they define terrorism, the United Nations, especially the UN Counter-Terrorism Executive Directorate (CTED) can play a pivotal role in defining the REMVE threat. In this regard, CTED could build upon its April

<sup>69</sup> Irfan Saeed, interviewed by Natasha Del Toro and Mark Greenblatt, "Episode Six: Limits," Verified (podcast), Season 3, Episode 6, March 1, 2022, accessed May 29, 2022, <https://www.verifiedpod.com/episodes/episod-six-limits>.



2020 report that documented a 320% increase in attacks by far-right individuals over the past five years.<sup>70</sup> Information collected by CTED and its analysis could be leveraged by countries that are interested in sanctioning REMVE actors.

5. **Ensure that counterterrorism sanctions do not adversely impact civil society space, financial inclusion, or the delivery of principled humanitarian assistance:** With the global rise of far-right violence, there will be increasing pressure on governments to counter the REMVE threat. Avoiding the temptation to designate REMVE actors without thinking through the secondary or third-order effects will be a mistake. Thus, considering past civil society and human rights concerns can make for a more effective targeted designations regime. To do that, engaging with civil society and legal organizations in advance of rapid expansion of sanctions will be paramount. If FVEY countries continue to use terrorist designations as a tool against REMVE entities and individuals or consider some form of an international or regional regime, it will be important to ensure that civil society prevention and rehabilitation work is not stifled, and that sanctions do not become a politicized tool. Sanctions can have unintended consequences, as demonstrated in Somalia and Yemen where delivery of important services were perceived as being jeopardized by the U.S. designations of groups like al-Shabaab (Somalia) and the Houthis (Yemen). In places like Afghanistan, U.N. designations of groups and individuals relating to al-Qaida, ISIS or the Taliban have

prompted concern among humanitarian agencies about the potential risks or interacting with designated groups. Verdicts like the *Kadi* case in Europe highlight also the importance of integrating a due process mechanism into any sanctions regime in order to boost compliance and effectiveness.

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<sup>70</sup> United Nations Counter Terrorism Executive Directorate, “Member States Concerned By The Growing and Increasingly Transnational Threat of Extreme Right-Wing Terrorism,” CTED Trends Alert, April 2020, [https://www.un.org/securitycouncil/ctc/sites/www.un.org.securitycouncil.ctc/files/files/documents/2021/Jan/cted\\_trends\\_alert\\_extreme\\_right-wing\\_terrorism.pdf](https://www.un.org/securitycouncil/ctc/sites/www.un.org.securitycouncil.ctc/files/files/documents/2021/Jan/cted_trends_alert_extreme_right-wing_terrorism.pdf).

## ISSUE BRIEF 4

### DETERRENCE AND DENIAL: THE IMPACT OF SANCTIONS AND DESIGNATIONS ON VIOLENT FAR RIGHT GROUPS

*Lessons Learned from Listing Violent Far-Right  
Extremist Groups in Canada*

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JULY 2022

THE SOUFAN CENTER

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## KEY FINDINGS

- As of July 2022, Canada has listed nine entities in Canada as terrorists, all of which can be broadly categorized as belonging to the violent far-right movement.
- Canada's listings process has three levels of effect in Canada: operational effects (and largely financial); support effects (such as enabling investigations and analysis); and signaling effects that inform the Canadian public about shifts in terrorism threats.
- Canada's process also has potential unintended consequences, such as the possibility of individuals being "de-risked" by their bank and to serve as a catalyst for action for a radicalized individual suddenly cut off from the financial system.
- Canada's listings were unilateral, although some countries have subsequently listed, designated or proscribed similar groups.
- In Canada, as elsewhere, there is little concrete evidence of the effectiveness and outcomes of listing terrorist entities or information suggesting that these listings are useful for law enforcement.

## IDENTIFYING CANADA'S EXTREME RIGHT THREAT

In June 2019, Canada listed two violent far-right extremist groups as terrorist entities: *Blood and Honour* and *Combat 18*, the first listings of their kind in Canada.<sup>1</sup> In February 2021, the government listed four more entities: *The Base*, *Atomwaffen Division*, *Russian Imperial Movement*, and the *Proud Boys*. As part of their rationale for listing, the government included the Proud Boys' participation and "pivotal role" at the US Capitol.<sup>2</sup> In June 2021, the government followed up these listings with three more: the *Three Percenters*, *James Mason* (author of neo-Nazi propaganda "Siege") and *Aryan Strikeforce*. These listings mark a departure for Canada from its usual listings fare: until 2019, the list was primarily composed of jihadist or ethno-nationalist groups. The inclusion of neo-Nazi, extreme right, and accelerationist groups and individuals signals to the Canadian public that the terrorism threat in Canada has shifted, and now includes a greater diversity of actors.

These listings were reactive rather than proactive, for Canada is no stranger to extreme right, anti-government, and anti-Islamic violence. For instance, in June 2014, Justin Bourque killed three Royal Canadian Mounted Police (RCMP) officers in an act of anti-government and anti-police violence,<sup>3</sup> and in January 2017, Alexandre Bissonnette killed six men at a mosque in Quebec City.<sup>4</sup> There have also been a series of other attacks including a June 2021 attack on a Muslim family in London, Ontario, that resulted in the perpetrator being charged with murder, with a terrorism enhancement.<sup>5</sup> These listings essentially tell Canadians what they already know: that Canada has a problem with violent far-right extremism, or as the Canadian government calls it, ideologically-motivated violent extremism.

<sup>1</sup> Speakers at a virtual roundtable organized by The Soufan Center with the Airey Neave Trust highlighted the importance of the different implications of designations and proscriptions, with the latter making mere membership in the group a criminal offense; many designations processes, such as that under 1267, for example, did not make mere membership in Al-Qaeda or ISIS illegal. For more see: <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>

<sup>2</sup> "Currently Listed Entities," Public Safety Canada, Government of Canada, updated on February 3, 2021, <https://www.publicsafety.gc.ca/cnt/ntnl-scrtr/cntr-trrrsm/lstd-ntts/crrnt-lstd-ntts-en.aspx#511>.

<sup>3</sup> Jane Taber, "Justin Bourque Targeted Mounties, Hearing Told," *The Globe and Mail*, October 27, 2014, <https://www.theglobeandmail.com/news/national/justin-bourque-faces-sentencing-hearing-for-killing-mounties/article21311962/>.

<sup>4</sup> "Deadly 2017 Quebec City Mosque Shooting: Timeline of Events," *CityNews Montreal*, January 29, 2022, sec. Canada, <https://montreal.citynews.ca/2022/01/29/timeline-quebec-mosque-shooting/>.

<sup>5</sup> Matthew Trevithick, "September 2023 Trial Date Set in London, Ont. Attack on Muslim Family," *Global News*, April 12, 2022, <https://globalnews.ca/news/8754373/london-nathaniel-veltman-van-attack-trial-date/>.

## CANADA'S LISTING OF TERRORIST ENTITIES

Under Canadian law, individuals and entities (groups, organizations or companies) can be listed as terrorist entities. The decision to list an entity is made by the Governor in Council (effectively the federal Cabinet) on the recommendation of the Minister of Public Safety. In order to provide the Minister information upon which to base this recommendation, members of the Canadian security and intelligence community provide information as part of a listings package. That information can be classified or unclassified, although the public rationale for listing is often very brief and based on unclassified information. The process of creating listings packages is usually led by the Canadian Security Intelligence Service (CSIS) or the RCMP, who are the 'lead pen' on criminal or security intelligence reports. In some cases, they might draft the listings package based entirely on their own information, or might request or incorporate information from other departments and agencies in Canada, including Canada's financial intelligence unit, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), as well as other members of the security and intelligence community in Canada.<sup>6</sup>

The legal threshold for listing is that reasonable grounds to believe (an evidence-based belief that something is probable)<sup>7</sup>

have to be established that an entity (or individual) has:

- A. knowingly carried out, attempted to carry out, participated in or facilitated a terrorist activity; or
- B. that the entity has knowingly acted on behalf of, at the direction of or in association with an entity referenced in A.

Terrorist activity is further defined under Canadian law as an act committed in whole or in part for a political, religious, or ideological purpose or cause that intentionally causes serious bodily harm to a person through violence, endangers a person's life, causes serious risk to the health or safety of the public or a segment of the public, causes substantial property damage, or causes serious interference or disruption to an essential service.<sup>8</sup>

In practice, the listings threshold is relatively light. A single terrorism incident can qualify a group or entity for inclusion on the list, and there is no requirement for any of the criteria to have been carried out in Canada. In essence, terrorism anywhere in the world can result in a listing. This has resulted in a great deal of variation of the entities listed, ranging from groups with an extensive list of terrorist attacks to their name (such as Al Qaeda, or Islamic State), to a single individual (James

<sup>6</sup> Jessica Davis, "Consequences of Terrorist Listings in Canada," *Insight Intelligence* (blog), September 7, 2021, <https://insightintel.substack.com/p/consequences-of-terrorist-listings>.

<sup>7</sup> Craig Forcece and Leah West, *National Security Law, Second Edition* (Toronto: Irwin Law Inc., 2020), 217, <https://irwinlaw.com/product/national-security-law-2-e/>.

<sup>8</sup> *Criminal Code*, RSC 1985, c-C46 s 83.01 (1), available from <https://laws-lois.justice.gc.ca/eng/acts/c-46/page-14.html#docCont>.

Criminal Code Section	Number of Counts Charged	Number of Counts Convicted	Average Sentence
Participation (s. 83.18)	43	22	6.09 years
Leaving Canada to participate (s. 83.181)	6	3	7.5 years
Facilitation (s. 83.19)	10	3	6 years
Commission of an indictable offense for the benefit of a terrorist group (s. 83.2)	41	13	18.18 years
Instructing (s. 83.21)	4	3	11 years

**Figure 1:** Terrorism Convictions in Canada; source: *Nesbitt & Hagg*

Mason, a “life-long American neo-Nazi”) who has not perpetrated a terrorist attack but is listed for his provision of tactical direction for the operation of a terrorist group, and ideological and propaganda support for neo-Nazi groups like Atomwaffen Division.<sup>9</sup>

## WHAT THE LISTINGS ACHIEVE

When a group becomes a listed entity in Canada, the group *itself* is not outlawed, and it is not a crime to be a member of the group.<sup>10</sup> However, if an individual contributes

to a terrorist group, either directly or indirectly, this does become a criminal offence if the purpose of that contribution is to enhance the ability of the terrorist group to facilitate or carry out terrorist activity. Essentially, any contribution to a group, either through money or activity, could be a criminal offence. For example, Prapaharan Thambathurai pled guilty to charges of providing or making available property or services for a terrorist group (the Liberation Tigers of Tamil Elam or LTTE).<sup>11</sup> Conceivably, the listing of terrorist entities and associated criminal code provisions could also criminalize other activities, such as driving a prospective bomber to a target, or perhaps hosting a

<sup>9</sup> “Currently Listed Entities,” Public Safety Canada, Government of Canada, updated on February 3, 2021, <https://www.publicsafety.gc.ca/cnt/ntnl-scr/cntr-trrrsm/lstd-ntts/crrnt-lstd-ntts-en.aspx>.

<sup>10</sup> Craig Forcece and Kent Roach, “Yesterday’s Law: Terrorist Group Listing in Canada,” *Terrorism and Political Violence* 30, no. 2 (March 4, 2018): 259–77, <https://doi.org/10.1080/09546553.2018.1432211>.

<sup>11</sup> Michael Nesbitt and Dana Hagg, “An Empirical Study of Terrorism Prosecutions in Canada: Elucidating the Elements of the Offences,” *Alberta Law Review Society* 57, no. 3 (2020), <https://doi.org/10.29173/alr2590>.

terrorist website. At the moment, there is little case law in Canada around activities other than attack planning or leaving Canada to participate in a terrorist group or terrorist activity, illustrated in *Figure 1*.

It also becomes a criminal offence to provide property or financial services to the benefit of a terrorist entity. In short, this means that you cannot finance a terrorist group (or terrorist activity), but you might be able to provide a listed entity (such as a person) with funds for non-terrorist purposes. Of course, the nuances of these distinctions are easy to obscure, and a lack of case law on this issue means there is little clarity in terms of the contours of how this law could, or should, be applied. In practice, it is likely that an individual listed as an entity could obtain an exemption to the prohibition on receiving funds, since individuals undertake many activities and have many requirements for food, shelter, etc., that would not constitute terrorist activity. However, the same argument would be difficult to make for a listed group, organization, or company.

Beyond these primary impacts of listings, there are also secondary impacts. Like many of their global counterparts, Canadian banks, credit unions, and other financial entities have a strong aversion to risk, real or

perceived. In practice, this means that if individuals are publicly identified as members or associates of a listed terrorist entity, banks and financial entities are likely to take action to “de-risk” the client. This tends to result in closing of accounts and difficulty for the individual in finding other banks that will accept them as a client.

There are few concrete and public examples of entities being de-risked by their banks in Canada. However, some charities have reported difficulties in establishing bank accounts and conducting transactions, particularly when those charities or non-profit organizations operated in high risk or conflict zones.<sup>12</sup> Individuals de-risked by their banks are rarely reported; however, in the case of these more recent listings, the likelihood of banks having identified individuals as being associated with a listed terrorist entity such as the Proud Boys is much higher due to the domestic nature of some of these entities.<sup>13</sup> On the other hand, the lack of court cases challenging the listing of some of these newer entities suggests that the de-risking issue has had little impact. Canadians de-risked by their banks would have greater incentive to challenge a Canadian anti-terrorism law than a foreign entity might, as it would impact them to a far greater extent than a foreign entity that

<sup>12</sup> Anver M. Emon and Nadia Z. Nasan, “Under Layered Suspicion: A Review of CRA Audits of Muslim-Led Charities,” April 2021, [https://uploads-ssl.webflow.com/6014cdeca65f7f2af7e18187/605eb346393ed260c23713e2\\_Under\\_Layered\\_Suspicion\\_Report\\_Mar2021.pdf](https://uploads-ssl.webflow.com/6014cdeca65f7f2af7e18187/605eb346393ed260c23713e2_Under_Layered_Suspicion_Report_Mar2021.pdf).

<sup>13</sup> Jessica Davis, “Proud Boys Financing,” Substack newsletter, *Insight Intelligence* (blog), June 10, 2021, <https://insightintel.substack.com/p/proud-boys-financing>.

rarely, if ever, does business in Canada. In some cases, such as the Proud Boys, the very listing of them as a group has been contentious.<sup>14</sup> In contrast, there has been little media attention or concern with the listing of other terrorist entities, with a few notable exceptions.<sup>15</sup>

The listings themselves also have secondary effects in Canada. For instance, the listings might facilitate the arrest and disruption of other terrorist activities, including the arrest of one individual in May of 2022 on “alleged links” to the group.<sup>16</sup> The RCMP noted in their press release that the individual was associated with a listed terrorist entity, placing emphasis on that listing. Yet, operationally-speaking, the listing process has no bearing on law enforcement’s evidentiary requirements. To prove a terrorism charge, law enforcement and prosecutors will need to “prove” the terrorist group or terrorist activity, and are not able to rely on the listing process as sufficient. Nevertheless, other security and intelligence agencies might find the listings useful for their operations and analysis. For example, FINTRAC, Canada’s financial intelligence unit, likely uses the list

of designated entities to guide their analytic work, and banks and other financial entities use the list to facilitate reporting suspicious transactions to FINTRAC.<sup>17</sup>

Listings also have a tertiary effect in Canada. Listings facilitate a discussion in Canada between the government and civil society, and serve as a tool for the Government of Canada to signal to the public changes in the threat landscape and to a certain extent, soft prioritization. The listing process, combined with other communications tools used by the security and intelligence community in Canada (such as annual threat reports)<sup>18</sup>, is an important way that the government shares information about terrorism threats.

The listings process does have some unintended negative consequences for individuals on the periphery of the process and for the process itself. For instance, it is possible for individuals unaffiliated with the listed terrorist entities to be caught up in responses to listings, such as de-risking if banks or financial entities rely on dated information from social media or risk advisory companies for their risk assessment

<sup>14</sup> Leah West, “The Complicated Consequences of Canada’s Proud Boys Terrorist Listing,” *Lawfare* (blog), February 9, 2021, <https://www.lawfareblog.com/complicated-consequences-canadas-proud-boys-terrorist-listing>.

<sup>15</sup> Bernie M. Farber and Hasan Alam, “The Saturday Debate: Was It Right to Declare the Proud Boys a Terrorist Group?,” *Toronto Star*, February 20, 2021, sec. Opinion, <https://www.thestar.com/opinion/contributors/the-saturday-debate/2021/02/20/the-saturday-debate-was-it-right-to-declare-the-proud-boys-a-terrorist-group.html>.

<sup>16</sup> Steve Rukavina, “RCMP Conduct Raids in Central Quebec Targeting Atomwaffen Division Neo-Nazi Group | CBC News,” *CBC News*, June 16, 2022, <https://www.cbc.ca/news/canada/montreal/quebec-raid-atomwaffen-division-neo-nazi-group-1.6491005>.

<sup>17</sup> FINTRAC, “Terrorist Financing Assessment: 2018,” 2018, 29, <https://www.fintrac-canafe.gc.ca/intel/assess/tfa-2018-eng.pdf>; FINTRAC, “Special Bulletin on Ideologically Motivated Violent Extremism: A Terrorist Activity Financing Profile,” 2021, <https://www.fintrac-canafe.gc.ca/intel/bulletins/imve-eng.pdf>.

<sup>18</sup> CSIS, “CSIS Public Report 2020,” n.d., <https://www.canada.ca/en/security-intelligence-service/corporate/publications/2020-public-report.html>.

processes. Further, the financial exclusion inherent in being associated with a listed terrorist entity could in and of itself spur an individual (in combination with other factors) to take action on their extremist ideas and mobilize to violence, potentially including a spontaneous attack.<sup>19</sup> In some listings cases, particularly those where there is little evidence of Canada-based activity (not a criteria for listing, but one that Canadians might expect to be prioritized), critics of the government have argued that particular listings were politicized. While the decision to list a group is indeed a political decision (given that it is made by elected officials), this does not necessarily mean that it is politicized. Unfortunately, given the limited information released by the government in support of its listings, and the lack of transparency around the prioritization of groups for listing, this critique has gained some traction.

Canada's listings process involves a number of actors with different interests, and results in three different types of effects. While the primary effects are largely financial in nature and target the listed entities directly, the secondary effects likely enable other aspects of government response such as investigation and analysis. The tertiary effects of listing terrorist entities allow the government to share information with Canadians, and essentially signal threat and soft

prioritization. However, the practical effects and outcomes of the listings process lack concrete information and metrics, making it difficult to assess the intended and unintended effects and consequences of the process.

## MISSING THE MARK

Despite Canada's listing of a number of extreme right groups as terrorist entities, to date, the practical implications for many of these groups appears limited. In part, this is due to the unilateral nature of many of these listings. Only recently did New Zealand designate the "American Proud Boys" as a terrorist entity under their laws. While other groups are listed in other Five Eyes (FVEY) countries, the lack of listings or designation in the United States, where many of these groups have organizational and operational bases and support, means that there are few practical implications for these groups.

Take, for example, the case of a Proud Boys fundraising site. One such site, owned and operated by Enrique Tarrio,<sup>20</sup> was fully accessible in Canada for many months after the listing of the group as a terrorist entity, and it appeared as though a Canadian cryptocurrency exchange was providing the

<sup>19</sup> Canadian Security Intelligence Service, "Mobilization To Violence (Terrorism) Research - Key Findings" (Ottawa: Canadian Security Intelligence Service, May 3, 2018), <https://www.canada.ca/en/security-intelligence-service/corporate/publications/mobilization-to-violence-terrorism-research-key-findings.html>.

<sup>20</sup> April Glaser, "The Swag Shop of the Far Right," *Slate Magazine*, February 7, 2019, <https://slate.com/technology/2019/02/proud-boys-1776-shop-paypal-square-chase-removed.html>.



website with payment processing services.<sup>21</sup> Only in July 2022 was the website suspended, presumably by the hosting provider, and it's unclear whether the Canadian listing of the group had any impact on their decision to suspend the account.

To date, Canada has listed many groups that fall into the ideologically-motivated violent extremism category, and all of those are what could broadly be conceived of as violent far-right extremists. There have also been a handful of arrests and charges relating to these groups and this type of extremist violence over the last few years. The Canadian listings (and other legal designations) are also used by the terrorism content analytics platform to define terrorist content that member companies should remove from their platforms.<sup>22</sup> As with many other aspects of listings and designations, there is little concrete information on the operational impact of listings on far-right groups and content removal.

## RECOMMENDATIONS

1. **Canada should work with partner countries to coordinate the designation or listing of entities.** While unilateral listings have some desired outcomes (such as signaling) that will be of interest to policy makers, they should work with partner countries to coordinate proscription for greater impact. This will help prevent groups, movements, individuals, and entities from engaging in jurisdictional arbitrage, essentially taking advantage of states with weaker or non-existent proscriptions.<sup>23</sup>
2. **Canada should share information on Canadian listed entities with partner states,** and in particular the United States, to facilitate the designation process. Canada should be open to supporting the United States, should it choose to designate foreign branches of US-domiciled terrorist entities, such as the “Canadian Proud Boys” or the “Canadian Three Percenters”.<sup>24</sup>

<sup>21</sup> Jessica Davis, “Proud Boys Financing,” Substack newsletter, *Insight Intelligence* (blog), June 10, 2021, <https://insightintel.substack.com/p/proud-boys-financing>.

<sup>22</sup> “Inclusion Policy | Terrorist Content Analytics Platform,” Terrorism Content Analytics Platform, accessed July 11, 2022, [https://www.terrorismanalytics.org/policies/inclusion-policy?utm\\_source=Tech+Against+Terrorism&utm\\_campaign=967c52a44e-EMAIL\\_CAMPAIGN\\_2022\\_05\\_27&utm\\_medium=email&utm\\_term=0\\_cb464fdb7d-967c52a44e-141408947](https://www.terrorismanalytics.org/policies/inclusion-policy?utm_source=Tech+Against+Terrorism&utm_campaign=967c52a44e-EMAIL_CAMPAIGN_2022_05_27&utm_medium=email&utm_term=0_cb464fdb7d-967c52a44e-141408947).

<sup>23</sup> See Recommendation 3 in Mollie Saltkog, “Deterrence and Denial: Trends in Violent Far-Right Extremism,” The Soufan Center, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>; and Recommendation 3 in Colin P. Clarke, “Deterrence and Denial: Lessons Learned from the 1267 Sanctions Regime against Al-Qaeda and Islamic State in Iraq and Syria (ISIS),” The Soufan Center, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.

<sup>24</sup> See Recommendation 2 in Jason M. Blazakis and Megan Rennebaum, “Deterrence and Denial: Comparing Violent Far-Right Terrorist Designations among Five Eyes Countries,” The Soufan Center, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.

3. **Canada should increase transparency around how it chooses groups for listing,** how it prioritizes them within its listing process, and share more information in the public designation. These improvements would help reduce the appearance of politicization of these decisions and enhance the signaling effects of the listings regime.
4. **All states should establish metrics** to assess the implementation and impact of sanctions or designations and encourage international sanctions regimes to also establish these metrics.<sup>25</sup>
5. **When financial entities in Canada continue to provide financial services to listed terrorist entities,** or websites providing services to terrorist entities, Canadian law enforcement should liaise with the companies in question, consider terrorist financing criminal charges, and if or when those services are disrupted by these initiatives, issue a public statement to encourage greater adoption and compliance with the law.

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<sup>25</sup> See Recommendation 2 in Colin P. Clarke, "Deterrence and Denial: Lessons Learned from the 1267 Sanctions Regime against Al-Qaeda and Islamic State in Iraq and Syria (ISIS)," The Soufan Center, 2022, <https://thesoufancenter.org/projects/deterrence-and-denial-the-impact-of-sanctions-and-designations-on-violent-far-right-groups/>.

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### Project Resources, Publications, and Events

For all materials relating to this project, including events summaries, publications, and related resources, please visit the TSC website at [www.soufancenter.org](http://www.soufancenter.org):





# THE SOUFAN CENTER

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The Soufan Center (TSC) is an independent non-profit center offering research, analysis, and strategic dialogue on global security challenges and foreign policy issues, with a particular focus on counterterrorism, violent extremism, armed conflict, and the rule of law. Our work is underpinned by a recognition that human rights and human security perspectives are critical to developing credible, effective, and sustainable solutions. TSC fills a niche role by producing objective and innovative reports and analyses, and fostering dynamic dialogue and exchanges, to effectively equip governments, international organizations, the private sector, and civil society with key resources to inform policies and practice.